

Rating: BUY | CMP: Rs130 | TP: Rs156

August 16, 2021

Q1FY22 Result Update

■ Change in Estimates | ■ Target | ■ Reco

Change in Estimates

	Current FY22E	Previous FY23E	Current FY22E	Previous FY23E
Rating	BUY	BUY		
Target Price	156	156		
Sales (Rs. m)	9,657	11,137	9,657	11,137
% Chng.	-	-	-	-
EBITDA (Rs. m)	1,861	2,257	1,861	2,257
% Chng.	-	-	-	-
EPS (Rs.)	4.2	5.2	4.2	5.2
% Chng.	-	-	-	-

Key Financials - Consolidated

Y/e Mar	FY20	FY21	FY22E	FY23E
Sales (Rs. m)	8,179	7,026	9,657	11,137
EBITDA (Rs. m)	1,557	1,476	1,861	2,257
Margin (%)	19.0	21.0	19.3	20.3
PAT (Rs. m)	1,218	1,210	1,374	1,684
EPS (Rs.)	3.8	3.7	4.2	5.2
Gr. (%)	21.5	(0.7)	13.6	22.6
DPS (Rs.)	0.9	1.2	1.0	1.3
Yield (%)	0.7	0.9	0.8	1.0
RoE (%)	25.3	20.7	19.9	20.9
RoCE (%)	28.1	21.8	23.7	25.0
EV/Sales (x)	4.9	5.4	3.9	3.4
EV/EBITDA (x)	25.6	25.8	20.5	16.7
PE (x)	34.4	34.6	30.5	24.9
P/BV (x)	7.9	6.6	5.6	4.8

Key Data

	TRVT.BO TRIV IN
52-W High / Low	Rs.136 / Rs.65
Sensex / Nifty	55,583 / 16,563
Market Cap	Rs.42bn/ \$ 564m
Shares Outstanding	323m
3M Avg. Daily Value	Rs.135.04m

Shareholding Pattern (%)

Promoter's	67.78
Foreign	12.38
Domestic Institution	15.23
Public & Others	4.61
Promoter Pledge (Rs bn)	-

Stock Performance (%)

	1M	6M	12M
Absolute	(4.4)	33.4	97.2
Relative	(8.6)	25.1	34.4

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Triveni Turbine (TRIV IN)

Rating: BUY | CMP: Rs130 | TP: Rs156

Strong order inflow

Quick Pointers:

- Order inflow was at highest level in last four years at Rs2.7bn in Q1FY22 and management expects ordering momentum to continue in FY22.
- Management indicated enquiry generation remains robust from both domestic and exports market and will likely increase further in coming quarters.

Triveni Turbine (TRIV) reported decent quarterly performance led by pickup in domestic market (up 37.7% YoY), while exports were impacted due to travel restriction and disruption faced by clients. Lower contribution of exports (33% of revenue vs 46% in Q1FY21) impacted EBITDA margins during the quarter, though it is expected to normalize with exports pick up and rise in share of aftermarket segment. Order inflow came in at Rs2.7bn (highest in last four years) driven by strong growth in both domestic and exports market. Order backlog stands strong at Rs7.3bn (1x TTM revenue). Enquiry pipeline remains robust with domestic/exports enquiry generation growing by 136%/21% YoY. Given strong enquiry pipeline, management is confident of bagging healthy order inflow in FY22 and sectors like cement, steel, distillery, chemical, food, paper, pulp and pharma are anticipated to be key growth drivers.

We believe, 1) company's lean working capital, 2) healthy cash flows, balance sheet 3) long term growth prospects (~diversification in new types of turbines) and 4) strong margin profile will support its valuations and future projections. Given strong enquiry pipeline, management focus on cost rationalization and improving operational efficiency, we expect company to generate revenue/PAT CAGR of 26%/18% from FY21 to FY23E. The stock is currently trading at 30.5x/24.9x FY22E/FY23E. We maintain 'Buy' rating on stock with a TP of Rs156 (same as earlier).

Domestic markets drive the growth: Consol sales grew 11.4% YoY to Rs1.8bn (PLe ~Rs1.7bn) led by strong growth in domestic market (up 38% YoY), while exports declined 20% YoY. EBITDA declined 7.5% to Rs358mn (PLe ~Rs302mn) with EBITDA margins contracting by 398bps YoY to 19.4%. Margins were impacted due to lower revenue contribution from exports markets 33% vs 46% in Q1FY21. PBT came in at Rs361mn on back of higher other income (up 18.6% YoY). PAT came in at Rs278mn above PLe of ~Rs211mn, led by better than expected operational performance.

Order inflow highest in last four years: OI came in at Rs2.7bn, led by growth across both domestic (up 92% YoY) and exports market (up 83% YoY). API turbines are witnessing growth in enquiry generation and order booking. OB stands strong at Rs7.3bn (1x TTM revenue) providing revenue visibility for next few quarters. Segments like process co-generation, waste to heat recovery, API and distillery from sectors like cement, steel, chemical, food, paper, pulp and pharma to be key growth driver for FY22.

Exhibit 1: Lower contribution of exports drag EBITDA margin

Y/e March (Rs mn)	Q1FY21	Q2FY21	Q3FY21	Q4FY21	Q1FY22	YoY gr. (%)	QoQ gr. (%)	FY21	FY20	YoY gr. (%)
Revenue	1,652	1,853	1,736	1,785	1,841	11.4	3.1	7,026	8,179	(14.1)
Total Revenues	1,652	1,853	1,736	1,785	1,841	11.4	3.1	7,026	8,179	(14.1)
Expenditure	1,265	1,358	1,389	1,538	1,483	17.2	(3.6)	5,550	6,622	(16.2)
as % of sales	76.6	73.3	80.0	86.2	80.6			79.0	81.0	
Consumption of RM	864	858	865	975	999	15.6	2.5	3,562	4,411	(19.2)
as % of sales	52.3	46.3	49.8	54.6	54.3			50.7	53.9	
Employee Cost	217	209	216	227	235	8.1	3.4	870	1,016	(14.4)
as % of sales	13.2	11.3	12.4	12.7	12.8			12.4	12.4	
Other expenditure	184	290	308	336	249	35.5	(26.0)	1,118	1,195	(6.5)
as % of sales	11.1	15.7	17.7	18.8	13.5			15.9	14.6	
EBITDA	387	496	347	247	358	(7.5)	44.7	1,476	1,557	(5.2)
Depreciation	51	52	50	50	50	(1.8)	0.2	202	201	0.5
EBIT	336	444	297	197	308	(8.4)	55.9	1,274	1,356	(6.0)
Other Income	47	48	54	42	56	18.6	30.9	191	146	31.0
Interest	3	2	3	4	2	(30.0)	(41.7)	11	33	(65.8)
PBT	380	490	348	236	361	(4.9)	52.9	1,454	1,468	(1.0)
Total Tax	93	73	86	45	88	(5.4)	95.1	296	342	(13.3)
Adjusted PAT	287	416	263	191	274	(4.7)	43.0	1,157	1,127	2.7
(Profit)/loss from JV's/Ass/MI	(15)	13	13	42	4	-	-	53	91	-
PAT after MI	273	429	275	233	278	1.8	19.2	1,210	1,218	(0.7)
Extra ordinary items	-	(185)	-	-	-	-	-	(185)	-	-
Reported PAT	273	244	275	233	278	1.8	19.2	1,025	1,218	(15.9)
Adjusted EPS	0.8	1.2	0.9	0.7	0.9	1.8	19.2	3.7	3.8	(0.7)
Margins (%)	Q1FY21	Q2FY21	Q3FY21	Q4FY21	Q1FY22	bps	bps	FY21	FY20	bps
EBIDTA	23.4	26.7	20.0	13.8	19.4	(398)	559	21.0	19.0	197
EBIT	20.3	24.0	17.1	11.1	16.7	(361)	567	18.1	16.6	155
EBT	23.0	26.4	20.1	13.2	19.6	(336)	639	20.7	18.0	273
PAT	16.5	13.2	15.9	13.0	15.1	(142)	204	14.6	14.9	(31)
Effective Tax rate	24.4	15.0	24.6	19.0	24.3	(14)	524	20.4	23.3	(288)

Source: Company, PL

Conference Call Highlights:

- Management indicated enquiry generation remains strong from both domestic and exports market; expect to increase further in FY22.
- Exports impacted, owing to travel restriction and disruption at customer end in Q1FY22.
- EBITDA margin were impacted (contracted by 398bps YoY to 19.4%), due to lower contribution from exports market (33% of revenue vs 46% in Q1FY21) though it is expected to normalize with exports picking up and rise in share of aftermarket segment.
- Management indicated it will focus on value engineering products, cost optimization, operational efficiency and price hikes to mitigate impact of increase in raw material cost.
- In domestic market, the enquiry generation grew 136% YoY mainly driven by steel and process co-generation including distillery and cement.
- In exports market, the enquiry generation grew by 21% YoY from Biomass and other renewable IPP as well as process co-generation.
- Order inflow came in at Rs2.7bn (highest in last four years), mainly from domestic market Rs2bn (up 91.8% YoY) and exports Rs 734mn (up 83% YoY).
- Enquiry pipeline and order booking in API remains strong and is expected to contribute 5-10% of order inflow next year.
- Given strong enquiry pipeline specially from product side, management expects order inflow momentum to continue in FY22.
 - Management indicated product segment order inflow in H1 to surpass FY21 level.
 - Export order inflow is expected to improve with easing of travel restriction in coming quarters.
- Management indicated segment like process co-generation, waste to heat recovery, API and distillery, from sector like cement, steel, chemical, food, paper, pulp and pharma to be key growth driver for FY22.
- Order book stands at Rs7.3bn up 7.4% YoY, led by growth in after market segment (up 14.8% YoY).
- **Outlook:** Management indicated given strong order book and enquiry pipeline revenue to be strong in FY22 compared to FY21 and with improving revenue mix EBITDAM to be ~20-21% same as FY21.

Financials

Income Statement (Rs m)

Y/e Mar	FY20	FY21	FY22E	FY23E
Net Revenues	8,179	7,026	9,657	11,137
YoY gr. (%)	(2.6)	(14.1)	37.4	15.3
Cost of Goods Sold	4,411	3,562	5,232	5,923
Gross Profit	3,768	3,464	4,425	5,214
Margin (%)	46.1	49.3	45.8	46.8
Employee Cost	1,016	870	1,159	1,336
Other Expenses	768	798	966	1,114
EBITDA	1,557	1,476	1,861	2,257
YoY gr. (%)	2.9	(5.2)	26.1	21.3
Margin (%)	19.0	21.0	19.3	20.3
Depreciation and Amortization	201	202	228	241
EBIT	1,356	1,274	1,632	2,016
Margin (%)	16.6	18.1	16.9	18.1
Net Interest	33	11	39	45
Other Income	146	191	241	278
Profit Before Tax	1,468	1,268	1,835	2,250
Margin (%)	18.0	18.1	19.0	20.2
Total Tax	342	296	461	566
Effective tax rate (%)	23.3	23.4	25.1	25.1
Profit after tax	1,127	972	1,374	1,684
Minority interest	-	-	-	-
Share Profit from Associate	91	53	-	-
Adjusted PAT	1,218	1,210	1,374	1,684
YoY gr. (%)	21.5	(0.7)	13.6	22.6
Margin (%)	14.9	17.2	14.2	15.1
Extra Ord. Income / (Exp)	-	(185)	-	-
Reported PAT	1,218	1,025	1,374	1,684
YoY gr. (%)	21.5	(15.9)	34.1	22.6
Margin (%)	14.9	14.6	14.2	15.1
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	1,218	1,025	1,374	1,684
Equity Shares O/s (m)	323	323	323	323
EPS (Rs)	3.8	3.7	4.2	5.2

Source: Company Data, PL Research

Balance Sheet Abstract (Rs m)

Y/e Mar	FY20	FY21	FY22E	FY23E
Non-Current Assets				
Gross Block	3,153	3,368	3,568	3,768
Tangibles	3,153	3,368	3,568	3,768
Intangibles	-	-	-	-
Acc: Dep / Amortization	727	929	1,157	1,398
Tangibles	727	929	1,157	1,398
Intangibles	-	-	-	-
Net fixed assets	2,426	2,440	2,411	2,370
Tangibles	2,426	2,440	2,411	2,370
Intangibles	-	-	-	-
Capital Work In Progress	111	49	49	49
Goodwill	-	-	-	-
Non-Current Investments	238	291	527	1,018
Net Deferred tax assets	(72)	(51)	(51)	(51)
Other Non-Current Assets	70	42	48	56
Current Assets				
Investments	1,295	2,679	2,679	2,679
Inventories	1,727	1,596	2,249	2,593
Trade receivables	1,253	771	1,191	1,373
Cash & Bank Balance	684	1,164	1,111	1,603
Other Current Assets	376	308	435	501
Total Assets	8,222	9,419	10,801	12,361
Equity				
Equity Share Capital	323	323	323	323
Other Equity	4,978	6,053	7,094	8,371
Total Networth	5,302	6,376	7,417	8,694
Non-Current Liabilities				
Long Term borrowings	0	-	-	-
Provisions	-	-	-	-
Other non current liabilities	-	-	-	-
Current Liabilities				
ST Debt / Current of LT Debt	10	-	-	-
Trade payables	617	745	926	976
Other current liabilities	2,222	2,247	2,407	2,640
Total Equity & Liabilities	8,222	9,419	10,801	12,361

Source: Company Data, PL Research

Cash Flow (Rs m)					Key Financial Metrics				
Y/e Mar	FY20	FY21	FY22E	FY23E	Y/e Mar	FY20	FY21	FY22E	FY23E
PBT	1,559	1,321	1,835	2,250	EPS	3.8	3.7	4.2	5.2
Add. Depreciation	201	202	228	241	CEPS	4.4	4.4	5.0	6.0
Add. Interest	33	11	39	45	BVPS	16.4	19.7	22.9	26.9
Less Financial Other Income	146	191	241	278	FCF	5.4	5.4	1.7	4.4
Add. Other	(97)	(134)	-	-	DPS	0.9	1.2	1.0	1.3
Op. profit before WC changes	1,697	1,400	2,102	2,536	Return Ratio(%)				
Net Changes-WC	594	796	(897)	(337)	RoCE	28.1	21.8	23.7	25.0
Direct tax	414	323	461	566	ROIC	36.6	48.8	39.3	40.0
Net cash from Op. activities	1,877	1,873	743	1,633	RoE	25.3	20.7	19.9	20.9
Capital expenditures	(115)	(132)	(200)	(200)	Balance Sheet				
Interest / Dividend Income	2	13	-	-	Net Debt : Equity (x)	(0.4)	(0.6)	(0.5)	(0.5)
Others	(1,175)	(2,026)	(226)	(488)	Net Working Capital (Days)	106	84	95	98
Net Cash from Invt. activities	(1,288)	(2,144)	(426)	(688)	Valuation(x)				
Issue of share cap. / premium	-	-	-	-	PER	34.4	34.6	30.5	24.9
Debt changes	11	(2)	-	-	P/B	7.9	6.6	5.6	4.8
Dividend paid	(182)	0	(332)	(408)	P/CEPS	29.5	29.7	26.1	21.8
Interest paid	(33)	(11)	(39)	(45)	EV/EBITDA	25.6	25.8	20.5	16.7
Others	(5)	(5)	-	-	EV/Sales	4.9	5.4	3.9	3.4
Net cash from Fin. activities	(209)	(19)	(371)	(452)	Dividend Yield (%)	0.7	0.9	0.8	1.0
Net change in cash	380	(290)	(53)	493					
Free Cash Flow	1,762	1,738	543	1,433					

Source: Company Data, PL Research

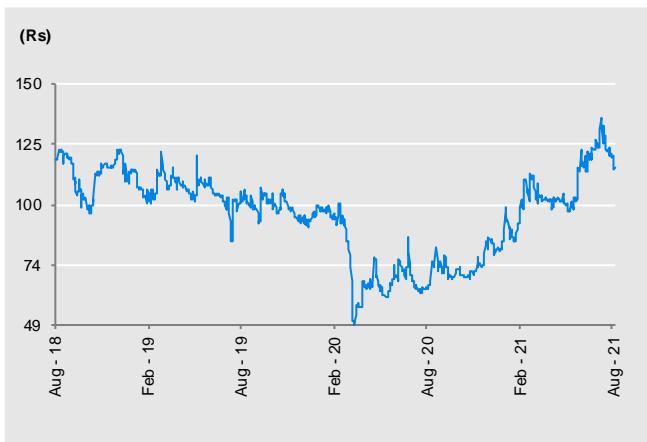
Quarterly Financials (Rs m)

Y/e Mar	Q2FY21	Q3FY21	Q4FY21	Q1FY22
Net Revenue	1,853	1,736	1,785	1,841
YoY gr. (%)	(25.1)	(14.5)	16.0	11.4
Raw Material Expenses	858	865	975	999
Gross Profit	995	871	811	841
Margin (%)	53.7	50.2	45.4	45.7
EBITDA	496	347	247	358
YoY gr. (%)	(6.3)	(15.8)	38.1	(7.5)
Margin (%)	26.7	20.0	13.8	19.4
Depreciation / Depletion	52	50	50	50
EBIT	444	297	197	308
Margin (%)	24.0	17.1	11.1	16.7
Net Interest	2	3	4	2
Other Income	48	54	42	56
Profit before Tax	304	348	236	361
Margin (%)	16.4	20.1	13.2	19.6
Total Tax	73	86	45	88
Effective tax rate (%)	24.1	24.6	19.0	24.3
Profit after Tax	231	263	191	274
Minority interest	-	-	-	-
Share Profit from Associates	13	13	42	4
Adjusted PAT	244	275	233	278
YoY gr. (%)	(51.4)	1.7	68.9	1.8
Margin (%)	13.2	15.9	13.0	15.1
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	244	275	233	278
YoY gr. (%)	(51.4)	1.7	68.9	1.8
Margin (%)	13.2	15.9	13.0	15.1
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	244	275	233	278
Avg. Shares O/s (m)	323	323	323	323
EPS (Rs)	0.8	0.9	0.7	0.9

Source: Company Data, PL Research

Price Chart

Recommendation History



No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	06-Jul-21	BUY	156	125
2	29-Jun-21	BUY	156	123
3	07-Apr-21	BUY	98	102
4	02-Feb-21	BUY	98	88
5	08-Jan-21	BUY	85	85
6	03-Nov-20	BUY	85	69
7	08-Oct-20	BUY	83	72

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	ABB India	Hold	1,687	1,684
2	Ahluwalia Contracts (India)	Accumulate	410	370
3	Apar Industries	BUY	790	680
4	Ashoka Buildcon	BUY	160	102
5	Bharat Electronics	BUY	208	171
6	BHEL	Sell	34	59
7	Capacite's Infraprojects	BUY	270	207
8	Container Corporation of India	Hold	607	644
9	Cummins India	Accumulate	1,051	976
10	Engineers India	BUY	129	71
11	GE T&D India	Hold	141	140
12	H.G. Infra Engineering	BUY	696	571
13	IRB Infrastructure Developers	BUY	192	152
14	ITD Cementation India	BUY	97	83
15	J.Kumar Infraprojects	BUY	272	215
16	Kalpataru Power Transmission	BUY	576	472
17	KEC International	Accumulate	445	419
18	KNR Constructions	Accumulate	314	286
19	Larsen & Toubro	BUY	1,855	1,598
20	NCC	BUY	111	89
21	PNC Infratech	BUY	372	310
22	Power Grid Corporation of India	BUY	205	170
23	Sadbhav Engineering	Accumulate	97	82
24	Siemens	Accumulate	2,310	2,192
25	Thermax	Accumulate	1,559	1,360
26	Triveni Turbine	BUY	156	125
27	Voltamp Transformers	Accumulate	1,825	1,604

PL's Recommendation Nomenclature (Absolute Performance)

Buy	: > 15%
Accumulate	: 5% to 15%
Hold	: +5% to -5%
Reduce	: -5% to -15%
Sell	: < -15%
Not Rated (NR)	: No specific call on the stock
Under Review (UR)	: Rating likely to change shortly

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