

**Triveni Turbine Limited**

COMPANY SNAPSHOT					
CMP	Initiation Price	Target	Potential Upside	Recommendation	MCap (Rsbn)
Rs101	Rs92	Rs150	48%	BUY	Rs33.4

**About the Company:**

Triveni Turbine Limited (TTL) is a market leader (with a market share of more than 60% in India) in 30MW range of steam turbines. With a legacy of over 40 years, it has been a consistent provider of efficient and robust steam turbines and solutions. The company caters turbine solutions to more than 18 industries including Paper, Sugar, Textiles, Palm Oil, Metals, Chemicals, Petrochemicals, Oil & Gas, Municipal Solid Waste based Independent Power Plants (IPPs) and Captive Power Plants (CPPs). Its clientele is spread in more than 50 countries. The company has successfully installed more than 2,500 turbines. TTL also provides after market services covering the entire lifecycle of turbines.

**Results Declared:**

- The net sales for the quarter under review came in at Rs2,052mn as compared to Rs1,650mn, growth of 24.3%
- EBITDA margins declined to 16.2% from 19.5% in the same quarter last year
- The net profit degrew by 9.7% to Rs190mn in quarter ending December 2018 as compared to Rs210mn in the same quarter last year
- EPS for the quarter stood at Rs0.6

**Conference Call and Other Highlights:**

- The consolidated order book as on 31<sup>st</sup> December, 2018 stands as Rs7.53bn, a growth of 8% as compared to the corresponding period of last year. The total order intake for 9MFY19 has increased by approximately 13% when compared to the corresponding period last year
- The margins had taken a hit mainly on account of increase in the raw material cost which is approximately 57.6% in the current quarter. Management highlighted the same is on account of new models introduced in the market
- The company has received 50 new enquiries pertaining to Distilleries in the last 9months. The aftermarket segment has performed well during 9MFY19 with a growth of 23% over the previous 9month. The management's focus is on Biomass segment which accounts for nearly 85% of the total sales
- At the new facility in Sompura, the company can manufacture 200 odd turbines per year. Further the working capital of the company is well under control. Around 8 turbines are treated as finished goods in Q4 out of which 6 are already dispatched, 1 is in process and 1 pertains to GETL. The Management admits the overall performance of GETL both in terms of order intake and revenue has been much below the expectations. Management also indicated, on account of customer delay, the large turbine which is ready for shipping is still awaiting customer clearance. Moreover, at the same time, in case of order finalization, there has been postponement in finalization of orders and hence GETL could not book any product order. However, Management is ambitious of record turnover in the coming quarters from this JV

**Financials:**

Result Update (Q3FY2019)									
Q3FY19 Result (Rs mn)	Dec-18	Dec-17	y-o-y	Sept-18	q-o-q	9MFY19	9MFY18	y-o-y	FY19E
Total Income	2,052	1,650	24.3%	2,168	(5.4%)	5,917	5,011	18.1%	7,748
EBITDA	333	321	3.5%	414	(19.7%)	1,035	969	6.9%	1,639
Other Income	18	22	(20.7%)	56	(68.3%)	107	50	115.3%	98
Interest	3	3	10.0%	0.4	725.0%	4	5	(26.9%)	4
Depreciation	53	47	12.6%	48	10.0%	148	138	7.7%	196
Exceptional Items	-	-	-	-	-	-	-	-	-
Tax	104	84	24.6%	147	(29.1%)	348	286	21.6%	492
Net Profit	190	210	(9.7%)	274	(30.8%)	642	589	9.0%	1,045

**Outlook and Recommendations:**

The company continues to maintain its market share of 60%. The company continues to maintain its focus on biomass, paper, and sugar co-generation; apart from its newly entered segments such as waste to energy, combined cycle, oil and gas segment etc. The Management is confident of having a healthy order book in the aftermarket sales and better margins in the international space and expects the domestic business should also grow in the coming quarters. In accordance to the approval of the shareholders (by means of special resolution), on February 01, 2019 the company has bought back 66,66,666 equity shares of face value of Rs1 each at a price of Rs150 per share. All these factors mentioned above sum up to our conviction in the stock and we continue to maintain our target price of Rs150 with a perspective of 12 months.

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