

CMP Rs 273

Bloomberg Code	TRE IN
No of share O/S (in Cr)	241.7
Market Cap (in Rs Cr)	6,597.50
Face Value (in Rs)	1.0
Dividend Yield (%)	1.19%
52 Wk High/Low (in Rs)	374.00/211.35

Shareholding (%)	
Promoters	61.22
Institutional	13.39
Public	25.40
Total	100

Key result highlights:

- Triveni Engineering and Industries Ltd reported consolidated revenue growth of 34.7% on YoY basis to INR 1,657 cr (12.6% on QoQ basis), due to sale of sugar exports which led by increased turnover due to improved realizations and higher sales volumes.
- EBITDA changed at a QoQ/YoY rate of +325.3%/-2.1% respectively to INR 194.1 cr, while the EBITDA margin stood at 11.7% on a QoQ/YoY rate of 861bps/-440bps respectively, due to which profitability in sugar business is lower as the cost of sugar sold pertaining to the previous season includes the impact of sugarcane price rise for the sugar season 21-22.
- Net profit stood at 15% (YoY) amounting to INR 146.2 cr and net margin decline at 8.8% in the quarter respectively, due to lower operating margins.
- The total debt on a standalone basis as on December 31, 2022 is INR 389.1 cr as compared to INR 525 cr as on December 31, 2021. It comprises term loans of INR 334.3 cr, which includes all such loans with interest subvention or at subsidized interest rate.
- The company holds surplus funds through short term fixed deposits of INR 1,278 cr.
- The Board of Directors approved capex of INR 90 cr for Sugar business and INR 100 cr for Power transmission business. The proposed capex of INR 90 cr is towards process change leading to modernization and efficiency improvements at various sugar units leading to cost optimization.
- Water business has received orders which stood at INR 190.45 cr excluding O&M orders. The outstanding order book as on December 31, 2022 stood at INR 1503.32 cr, which includes INR 929.99 cr towards O&M contracts for a longer period of time.

- Triveni Engineering proposed buyback of INR 800 crore is presently under statutory approval. The buyback will meet the expansion requirements of business in order to reduce the finance costs on working capital requirements.

SEGMENTAL PERFORMANCE

- India's sugar production in Sugar Season (SS) 2022-23 is estimated to increase to 36.5 million tonnes with a diversion of 4.5 million tonnes for ethanol production, 32% higher diversion than SS 2021- 22. Similarly, the profitability of the distillery segment is somewhat subdued due to increased transfer pricing of B-heavy molasses. The company have commenced production of Ethanol/ENA from the grains and have now stabilized the operations.
- Presently it has total capacity of 660 KLPD under the distillery segment which we have planned to increase to 1110 KLPD by setting up two more distilleries. As further capacity will mainly be operated on sugarcane juice and grains, it may be necessary for the Government to continue to positively address the pricing of ethanol produced from these feedstocks to maintain viability and to ensure that adequate capacities are set up to meet the target of 20% EBP by 2025.
- This business based at Mysuru involves manufacturing of high-speed gears and gearboxes up to 70MW capacity with speeds of 70,000 rpm and Defense products and solutions for the Navy. Robust order booking in Power Transmission business growing 29% YoY in H1FY23. The outstanding order book as on December 31, 2022 stood at ₹ 262.74 crore including long duration orders of ₹ 120.62 crore t
- Water Business has achieved Commercial Operations Date (COD) for entire Mathura Hybrid Annuity Mode (HAM) project on October 21, 2022. The orders received in 9M FY23 stood at INR 190.4 crore excluding O&M orders. The Company is expecting robust order booking in the coming quarters and is well placed in certain bids being evaluated both domestically and internationally. The outstanding order book as on December 31, 2022 stood at INR 1503.3 crore, which includes INR 929.9 crore towards O&M contracts for a longer period of time.

VALUATION

At the CMP of INR 265, the stock is trading at 9.64 x TT FY25 P/E

Financial Summary

Figures in Cr	Q3FY23	Q3FY22	YoY (%)	Q2FY23	QoQ (%)	FY22	FY21	YoY(%)
Net Sales	1,657.4	1,230.0	34.7	1,471.4	12.6	4,677.4	4,693.2	-0.3
Employee Cost	87.0	74.7	16.4	83.9	3.7	301.2	270.1	11.5
<i>Employee Cost To Sales (%)</i>	<i>5.2</i>	<i>6.1</i>		<i>5.7</i>		<i>6.4</i>	<i>5.8</i>	
Other Expenses	1,376.3	957.0	43.8	1,341.9	2.6	3,765.5	3,895.1	-3.3
<i>Other Expenses To Sales (%)</i>	<i>83.0</i>	<i>77.8</i>		<i>91.2</i>		<i>80.5</i>	<i>83.0</i>	
EBITDA	194.1	198.2	-2.1	45.6	325.3	610.8	528.1	15.7
<i>EBITDA Margin (%)</i>	<i>11.7</i>	<i>16.1</i>		<i>3.1</i>		<i>13.1</i>	<i>11.3</i>	
Depreciation	23.8	20.5	16.4	23.4	1.7	80.7	79.1	2.1
<i>Depreciation To Sales (%)</i>	<i>1.4</i>	<i>1.7</i>		<i>1.6</i>		<i>1.7</i>	<i>1.7</i>	
EBIT	170.3	177.8	-4.2	22.2	666.0	530.0	449.0	18.0
<i>EBIT Margin (%)</i>	<i>10.3</i>	<i>14.5</i>		<i>1.5</i>		<i>11.3</i>	<i>9.6</i>	
Other Income	33.4	14.4	131.4	1,606.1	-97.9	39.4	34.3	15.0
Interest	6.3	10.7	-41.6	15.6	-59.7	49.5	51.4	-3.8
Interest Coverage Ratio (X)	27.2	16.6	63.9	1.4	-57.5	10.7	8.7	22.7
<i>Interest Cost to Sales (%)</i>	<i>1.6</i>	<i>1.3</i>		<i>0.1</i>		<i>0.2</i>	<i>0.2</i>	
Profit Before Tax	197.4	181.5	8.8	1,612.8	-87.8	520.0	431.9	20.4
<i>PBT Margin (%)</i>	<i>11.9</i>	<i>14.8</i>		<i>109.6</i>		<i>11.1</i>	<i>9.2</i>	
Tax	51.3	54.3	-5.7	84.1	-39.1	137.8	158.6	-13.1
<i>Tax Rate (%)</i>	<i>3.1</i>	<i>4.4</i>		<i>5.7</i>		<i>2.9</i>	<i>3.4</i>	
Profit After Tax	146.2	127.2	14.9	1,528.7	-90.4	382.2	273.3	39.8
<i>PAT Margin (%)</i>	<i>8.8</i>	<i>10.3</i>		<i>103.9</i>		<i>8.2</i>	<i>5.8</i>	
Cons. Net Profit	146.2	127.1	15.0	1,528.7	-90.4	382.2	273.3	39.8
<i>Cons. Net Profit Margin (%)</i>	<i>8.8</i>	<i>10.3</i>		<i>103.9</i>		<i>8.2</i>	<i>5.8</i>	
Adjusted EPS	6.05	5.26	15.0	63.2	-90.4	15.8	11.3	39.8

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