



BLAZING PICKS

FREQUENCY	ALLOCATION	DURATION	APPROX RETURNS	RISK	MAX OPEN CALLS
Every Monday	20% of capital on every call	3 months	15-20%	<10%	5

SALIENT FEATURES:

- 👍 Allocation based product – 20% of capital on every call
- 👍 For Short to Medium term clients
- 👍 Mid Cap & Large Cap quality stocks
- 👍 Company with growth prospects and compliance free
- 👍 Moderate risk product



► **Company Profile (TEIL):** Triveni Engineering and Industries is engaged in diversified businesses, mainly categorized into two segments Sugar & allied businesses and Engineering business. Sugar & allied businesses primarily comprises manufacture of sugar, co-generation of power and distillation of alcohol.

► **Revenue Verticals:** It is one of the largest sugar companies in India having sugar crushing capacity of 60,000 TCD, distillery capacity of 320 KLD (Kilo Liters per Day) & co-generation power of 100 MW. It also has power transmission & waste water management business contributing 10% to revenues.

► **Progressive Development in Ethanol Policy :** With Central Govt. focusing on reducing crude import bills, India plans to blend 20% Ethanol by FY23 and 50% by FY25. This provides a key positive triggers for Sugar industry. This step to provide a way for sugarcane consumption, enabling softening of sugar stocks.

► **Distillery Capacity Addition:** India has Distillery capacity of 683 Crore Litre and further 1000 Crore Litre capacity Addition is need by 2030 due to blending policy. The Company plans to enhance the total distillation capacity to 660 KLD. With distillery capex, TEIL would be able to increase its ethanol volumes 2.1x to 22 crore litre by FY24. Distillery sales could witness 32.8% CAGR to Rs. 1034.5 Cr (assuming Rs 47/ltr rate for Ethanol) in FY21-24E, which would be 21% of Total Sales.

► **Q1 FY22 Performance:** In Q1, TEIL registered -1.1% YoY sales growth to Rs 1155 Cr. The expenditure de grew by -3.9% to Rs 1047.75 Cr. EBITDA rised by 37.8% to at Rs 107.27 Cr. Company saw a incline of +263 bps in EBITDA margin on YoY basis. the PAT margin improved by +197 bps in same period. PAT rised to Rs 92.47 cr. From 31.18 cr in Q1FY21.

► **Diversified leg in Engineering :** TEIL is the largest producer of Industrial High speed gear boxes. It also provides water management solutions. Power transmission business has Rs. 161 cr order book and Water management business with Rs 1538 Cr.

► **Recommendation:** TEIL's stock is trading PE (x) of 14.3 TTM. We estimate 15% growth in PAT. Stock is trading at PE (x) of 12 for FY24E. We recommend a **BUY** on **TRIVENI** with the Price target of Rs.252.

KEY DATA

NSE BSE Code	TRIVENI 532356
Sector	Sugar
Industry	Manufacturing
Face value / Book Value (Rs per share)	1 / 68.7
Dividend yield (%)	0.81
52 H/L (Rs)	220/62.4
Market Cap. (Rs Cr)	5,221
No of Share Issued (Cr)	24.17
20 Day Avg Traded Volume	14,30,561

KEY RATIOS

	Mar_18	Mar_19	Mar_20	Mar_21
P/E (x)	8.8	7.3	2.7	6.9
P/B (x)	1.1	1.4	0.7	1.3
EV/Sales	0.7	1.0	0.5	0.6
EV/EBITDA	7.9	8.7	4.2	5.1
ROCE	11.3	18.8	25.4	20.3
ROE	10.0	12.6	17.7	18.9

EARNINGS SUMMARY

(In Rs Cr)	Mar_18	Mar_19	Mar_20	Mar_21
Net Sales	3370	3152	4437	4674
Sales Growth(%)	19%	-6%	41%	5%
Operating Profit (Ex OI)	267.0	304.0	542.4	557.8
Operating Prof. Mar. (%)	8%	10%	12%	12%
PAT	119	216	335	295
PAT Margin (%)	4%	7%	8%	6%
EPS (Rs)	4.62	8.38	13.52	12.19

QUARTER SUMMARY

(In Rs cr)	Q1FY22	Q4FY21	YoY Var%	Q1FY20
Net Sales	1155.02	1168.39	-1.1%	1111.46
Total Expenditure	1047.75	1090.55	-3.9%	961.87
PBIDT (Excl OI)	107.27	77.84	37.8%	149.59
PAT	92.47	31.18	196.6%	92.3
PBIDTM% (Excl OI)	9.29	6.66	263.00	13.46
PBIDTM%	10.04	7.34	270.00	13.79
PATM%	4.72	2.75	197.00	7.76
EPS (Annualized) (Rs)	15.3	5.03	196.6%	15.27

Source: Company, ACE Equity, Dealmoney Research

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