

Triveni Turbine Limited

Instrument	Amount	Rating
	In Rs. Crore	
Fund Based Limits	29.50 <i>enhanced from 26.75</i>	[ICRA]AA- (Stable) <i>reaffirmed</i>
Non-Fund Based Limits	345.00 <i>enhanced from 311.94</i>	[ICRA]A1+ <i>reaffirmed</i>

ICRA has reaffirmed the long term rating at [ICRA]AA- (pronounced ICRA double A minus) and short term rating at [ICRA]A1+ (pronounced ICRA A one plus) assigned to Rs. 374.50 crore (enhanced from Rs. 338.69 crore) bank lines of Triveni Turbine Limited (TTL)¹. Outlook on the long term rating is Stable.

ICRA's rating reaffirmation factors in the market leadership position of the company in the business of manufacture of steam turbines of up to 30 MW segment size, arising out of long experience in the industry, strong after sales service network and technical and cost competitiveness. These strengths are further augmented by the association of the company with GE Oil and Gas in the 30.1 to 100 MW segment through the JV company (GE Triveni Limited, Joint Venture of GE and TTL). Helped by a strong growth in export orders, the company has been able to report a 13% growth in its operating income with steady profitability. Despite competition and also currency devaluations (some of which were more than INR), the company has been able to expand its export presence by providing good value engineering and faster turnaround to its customers and its constant focus on introducing new designs to better suit the evolving customer requirements. The lucrative aftermarket business too has contributed positively to the company's bottom line. These factors have resulted in healthy profitability while steady accruals. Low working capital intensity of operations, arising mainly out of favorable working capital intensity owing to access to advances from customers, have resulted in debt free capital structure and strong coverage indicators.

The ratings are however constrained by the sensitivity of the order-book to domestic and global economic slowdown; however these concerns are mitigated by the company's diversified customer base. Through setting up of subsidiaries and offices in UK, Dubai and plans for further locations as well, the company has augmented its global reach and is now closer to its customers which not only gives them increased assurance in terms of aftermarket delivery but also increases scope for incremental product orders. The company has very timely established itself in over 50 countries and is geared to gain traction from its current installed base going forward. Through its impetus on exports, the company has been able to desensitize its revenue growth from domestic economy slowdowns to an extent. ICRA notes the competition faced by the company from large players with global presence and also the ability of the company to differentiate in terms of lesser delivery time and also lower costing.

Going forward, the ability of the company to sustain its order booking in the international market will help it to achieve strong top-line growth which will percolate to the bottom line as the company continues to remain debt free. Any revival in the domestic markets will give additional fillip to the company's earnings.

Company Profile

Triveni Turbine Limited (TTL) is a leading industrial steam turbine manufacturing company. It is largely present in steam turbines of upto 30 MW capacity; and has started manufacturing larger steam turbines in a JV with GE Oil and Gas. It was a division of Triveni Engineering Industries Limited since 1970s and is demerged with effect from October 2010. Over the years it has done more than 2500 installations in the domestic market and in export market. Its manufacturing plant is located in Peenya Industrial area. During Q1 FY2017, the company has reported an operating income of Rs. 154.90 crore and a net profit of Rs. 21.92 crore as against operating of Rs. 123.79 crore and a net profit of Rs. 17.78 crore in Q1 FY2016. In FY 2016, TTL reported Rs. 708.14 crore operating income, and Rs. 103.82 crore net profit while in FY 2015 it has reported Rs. 625.52 crore Operating Income and Rs. 91.08 crore net profit.

September 2016

¹ For complete rating scale and definitions please refer to ICRA's website www.icra.in or other ICRA Rating Publications



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