FINANCIAL REVIEW

Consolidated Financial Statements

The consolidated financial results of the group for FY 24, in comparison with the previous year, are summarised below. The consolidated financial statements have been prepared with the results of subsidiaries Triveni Turbines (Europe) Pvt. Limited (TTEPL), wholly-owned subsidiary based in UK, Triveni Turbines DMCC (TTDMCC), wholly-owned subsidiary based in Dubai, Triveni Turbines Africa (Pty) Ltd (TTAPL) wholly-owned subsidiary based in South Africa, Triveni Energy Solutions Limited (TESL, formerly known as GE Triveni Limited) based in India, TSE Engineering (Pty.) Ltd (TSE) based in South Africa (70% controlled), and Triveni Turbines Americas Inc (TTA) based in the United States of America. During the year ended March 31, 2024, the Company incorporated Triveni Turbines Americas Inc (TTA) in the State of Texas, USA, for augmenting the business of industrial steam turbines and rotating industrial machinery in the American region.

Further, the consolidated financial statements include the performance of joint venture (50% controlled) Triveni Sports Private Limited (TSPL). During the year ended March 31, 2024, the Company invested in the said Joint Venture and same has been accounted by using the equity method.

These subsidiaries cater to various needs, such as customer preferences in jurisdiction, financial flexibility, local compliances and enhancement of operational efficiencies, apart from enhancing the corporate visibility for Triveni Brand at a global level. The financial review is presented for Consolidated financial results as it presents a holistic view of the group's financial performance.

(₹ in Million)

Particulars	2023-24	2022-23	Change %
Revenue from operations	**16,539**	**12,476**	**32.6**
Other Income	622	426	46.0
EBITDA	**3,810**	**2,764**	**37.9**
EBITDA Margin	23.0%	22.2%	
PBT	**3,578**	**2,555**	**40.0**
PBT Margin	21.6%	20.5%	
PAT	**2,695**	**1,929**	**39.7**
PAT Margin	16.3%	15.5%	
Total Comprehensive Income	**2,724**	**1,898**	**43.5**

These summarised financial results are based on the consolidated financial statements which have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies Act, 2013 ("the Act") and other relevant provisions of the Act.

Consolidated Financial Performance

The Revenue from Operations at ₹ 16,539 million has grown by 32.6% as compared to FY 23, due to an all-round strong performance, including product, aftermarket and exports, along with significant growth of the service business from overseas subsidiaries.

The EBITDA of ₹ 3,810 million is higher as against the previous year's EBITDA of ₹ 2,764 million, showing an increase by 37.9%. EBITDA margins improved by ~80 bps to 23.0% in FY 24 as against 22.2% in FY 23, primarily due to higher international sales.

Revenue from Operations

Revenue from Product sales increased by 33.5% and Aftermarket sales by 30.7%. Higher revenues from international markets contributed to the overall improvement in revenues by 32.6%. The revenue in Product as well as in Aftermarket sales segments is shown below:

(₹ in Million)

Particulars	2023-24	2022-23	Change %
Product Sales	11,158.4	8,359.0	33.5
% to Total Sales	**67.5%**	**67.0%**	
Aftermarket Sales	5,381.0	4,116.5	30.7
% to Total Sales	**32.5%**	**33.0%**	
Total Sales	**16,539.4**	**12,475.5**	**32.6**

During the year, the Company continued its growth, both in domestic and export sales. While export sales recorded 37.7% increase in FY 24, reflecting the strong order book of the previous year, domestic sales increased by 28.4%. The Company sustained its momentum in export despite the supply chain challenges across the global economy triggered by various geopolitical conflicts.

The overseas subsidiaries contributed significantly to the growth in exports. The break-up of domestic and export sales, and the % change in sales mix is shown in the table below:

(₹ in Million)

Particulars	2023-24	2022-23	Change %
Export	7,676.0	5,574.4	37.7
% to Total Sales	**46.4%**	**44.7%**	
Domestic	8,863.4	6,901.1	28.4
% to Total Sales	**53.6%**	**55.3%**	
Total Sales	**16,539.4**	**12,475.5**	**32.6**

Other Income

Other Income has increased by 45.3% over the previous year, due to higher interest income from bank deposits and income from mutual fund investments. Investment in bank deposits and mutual funds increased despite payout of dividend of ₹ 731 million during the year. The Company continues to invest surplus fund in high-quality mutual funds and fixed deposits in reputed banks, as per the laid down policy of the Group.

Expenses

Cost of Goods Sold

(₹ in Million)

Particulars	2023-24	2022-23	Change %
Raw material consumption and change in inventories	8,191.9	6,471.4	26.6
Subcontracting charges	1,448.8	864.5	67.6
	9,640.7	**7,335.9**	
Percentage of sales	**58.3%**	**58.8%**	

Cost of goods sold i.e. raw material cost, changes in inventory, and sub-contracting charges as percentage of sales decreased to 58.3% as compared to 58.8% in FY 23. Despite the impact of price increase of raw materials and components, the Company benefited due to various value engineering and supply chain initiatives undertaken during the year.

Employee Cost

There was an increase of 25.5% in the employee cost of the Company against the previous year. The increase was due to annual increment as well as various HR strategies aimed at strengthening the organisational structure, which included increase in headcount in order to capitalise on the emerging opportunities and maintain the growth momentum. This was mainly in design and engineering, digital systems, international marketing, supply chain and supporting functions. The Company has undertaken various initiatives/policies towards digital initiatives and automation. Accordingly, it is continuously focussing on improving manpower productivity and customer satisfaction.

Other Expenses

The Other Expenses, excluding subcontracting charges, went up by 38.3% over the previous year. Other expenses include manufacturing expenses, administrative expenses and selling expenses. Manufacturing expenses, such as store, spares, tools, power and fuel etc., are semi-variable in nature, and any spike in these expenses is in proportion to higher production. The administrative cost also went up due to increase in business volume. Growth in opportunities in international and domestic markets resulted in higher travelling and associate costs, especially the international travel cost. Further, higher exports during the year resulted in corresponding higher selling expenses. The increase in manufacturing and administrative costs is commensurate with higher level of operations in FY 24, and also partly due to general inflation.

Balance Sheet

Major items, including where significant changes have taken place during the year, are explained hereunder:

Non-Current Assets

Property, Plant and Equipment (PPE), Capital Work-in-progress & Intangible Assets

Total additions to PPE and intangible assets made during the year was ₹ 356.6 million, comprising mainly the investment in infrastructure in the Sompura plant and the cost of establishment of a new facility at the Company's subsidiary in South Africa. Addition to intangible assets mainly consisted of upgradation of the ERP system part of the digitalisation initiatives.

Capital work-in-progress mainly represents Research and Development activities relating to product development, which is expected to be capitalised in FY 25.

Current Assets

Inventories

Total inventories at the year-end stood at ₹ 2,262.8 million, as against ₹ 2,000.3 million in the previous year. The increase was majorly on account of planned purchases due to increase in orders in the pipeline and orders in hand.

Trade Receivables

Trade receivables increased to ₹ 1,781.0 million, as against ₹ 1,292.8 million in the previous year. This increase was on account of the higher sales reported during the year. The trade receivables are due as per the contractual terms of payments and good in nature.

Other Financial Assets

Other financial assets increased to ₹ 614.8 million in FY 24, as against ₹ 235.5 million in the previous year. This increase was due to the increase in interest accrued on bank deposits, contract assets, and increase in non-current fixed deposits investment.

Other Current Assets

Other current assets decreased by ₹ 37.4 million over the previous year, mainly due to decrease in indirect tax receivables and lower advance to suppliers. All other items under this head are normal in nature and fully recoverable.

Non-Current Liabilities

These mainly comprise deferred tax liabilities (net) and certain long-term provisions towards employee benefits as mandated by relevant provisions of Ind AS, warranty etc., which are made in the normal course of business.

Current Liabilities

Current liabilities mainly consist of trade payable for purchase of goods and services, and advances from customers. Trade payable increased to ₹ 1,745.6 million, in view of higher purchase of raw material and components to cater to the production needs for the orders in hand. The payments to these vendors are not contractually due till the year end, and will be paid by the due date.

The other major components of current liability are advances from customers, which increased by ₹ 393.6 million as compared to FY 23 due to the order booking expansion.

Headline figures for consolidated financial statements duly compared with standalone are provided hereunder

(₹ in Million)

	Financial Statements	
Particulars	**Consolidated**	**Standalone**
Revenue from operations	16,539.40	13,785.70
Profit before tax	3,577.88	2,837.26
Profit after tax	2,694.9	2,090.45

Continuing the momentum of strong cash generation from operations, the Group has maintained its working capital and strong liquidity. The free cash reserves generated from business operations during the year improved over the previous year despite dividend of ₹ 731 million paid during the year.

Key Consolidated Ratios

Ratios	FY 24	FY 23	Change %	Remarks
Return on Equity	31.33% ↑	23.83%	31.49	Return on equity is higher due to higher profit during the year
Operating Margin (EBITDA/Sales)	23.04% ↑	22.16%	3.96	Operating margin is higher due to better realisation in sales
Net Profit Margin (PAT/Sales)	16.29% ↑	15.46	5.39	Net profit is higher due to higher profit during the year
Inventory Turnover	3.84 ↑	3.58	7.35	Inventory turnover is higher due to increased turnover and better supply chain management
Debtors Turnover	10.76 ↑	10.80	(0.35)	Debtors turnover is lower due to increase in turnover and overall management of debtors
Current Ratio	1.99 ↑	1.86	7.07	Current ratio is higher due to increase in cash and investment balance

↑ Indicates favourable ratio movement from previous year

↓ Indicates adverse ratio movement from previous year

The calculation of the above ratio is based on the consolidated financial statements of the Group as per the formulae used (described below) and not necessarily in accordance with the formulae prescribed by the Guidance note on Schedule III issued by The Institute of Chartered Accountants of India.

Formulae used in key ratios

Return on Equity

PAT divided by average total equity.

Net Profit Margin

PAT divided by revenue from operations.

Debtors Turnover Ratio

Revenue from operations divided by average trade receivables.

Operating Margin

EBITDA divided by revenue from operations.

Inventory Turnover Ratio

Cost of materials consumed and changes in inventories of finished goods and work-in-progress divided by average inventories.

Current Ratio

Current assets divided by current liability.

Standalone Financial Statements

The financial results of the Company for FY 24 compared with the previous year are summarised hereunder:

(₹ in Million)

Particulars	2023-24	2022-23	Change %
Revenue from operations	**13,785.70**	**10,832.50**	**27.3**
Other Income	558.28	391.35	42.7
EBITDA	**3,061.95**	**2,151.21**	**42.3**
EBITDA Margin	22.21%	19.86%	
PBT	**2,837.26**	**1,953.79**	**45.2**
PBT Margin	20.58%	18.04%	
PAT	**2,090.45**	**1,448.74**	**44.3**
PAT Margin	15.16%	13.37%	
Total Comprehensive Income	**2,120.38**	**1,394.50**	**52.1**

SUBSIDIARIES/JOINT VENTURES

The financial performance of the domestic subsidiary, that is TESL (which was a joint venture up to September 6, 2021), is lower than the previous year. This is because, post dissolution of the Joint Venture (JV) structure, the business of >30 MW turbines, which was earlier catered by the JV, now stands integrated with the parent company. The main business of TESL was restricted to export services of existing contracts.

However, the financial performance of international subsidiaries of the Group continues to be in growth trajectory with a positive outlook.

During the year ended March 31, 2024, the Company incorporated Triveni Turbines Americas Inc (TTA) in the State of Texas, USA, for augmenting the business of industrial steam turbines and rotating industrial machinery in the American region. The US Subsidiary is in the process of commencing its business operations.

During the year ended March 31, 2024, the Company made an investment in a joint venture - Triveni Sports Private Limited (TSPL) ("50% control"), with the key objective of enhancing the corporate visibility for Triveni Brand at a global level. TSPL through its franchise, Triveni Continental Kings (TCK), embarked on an extraordinary journey by becoming the maiden champions of the Global Chess League.

RISK MANAGEMENT POLICY

During FY 24, the Company focussed on improving the maturity of its risk management processes by:

- Investing in developing Enterprise Risk Management (ERM) capabilities among its leaders
- Integrating risk management into performance evaluation process
- Evaluating and rewarding active risk management

A four-tier competency development plan was developed and implemented to cover various roles. The plan is aimed at ensuring that all employees have a clear understanding of risk management in their respective roles.