

Fair returns on listing expected

Company and gameplan

TRIVENI ENGINEERING and Industries Limited, which has been in the sugar business since 1932, enters the capital market to set up a new sugar mill and a new co-generation.

The company's business operations include sugar and co-generation, engineering, turbines, gears and water. The company's sugar and co-generation plants are located in UP and its sugar crushing capacity stands raised recently to 29,500 TCD.

Key qualitative points

- Sound management and project implementation track record
- Minimal dependence on the monsoons owing to strategic location of the plant near the Ganges
- Large-scale capacities ensure the company enjoys good economies of scale
- Facilities equipped with latest state of art technologies and features among the largest turbine players
- Its strategic international tie up augurs well for its future prospects

Quantitative points

- The company's financial track record is sound
- Triveni's proposed expansion appears to have a fairly long gestation period, which could give way to a time and cost over run



Triveni Engg and Industries

Opening date:

November 18

Closing date:

November 25

Type:

Public issue of equity shares

Priceband:

Rs 42 - Rs 50 (Face value of each share – Re 1)

Issue size:

50 million shares

Listing on:

BSE, NSE

- The sugar industry is cyclical in nature and this could impact profitability
- The company has a forward P/E of approximately 10, which is acceptable given its diverse range of businesses

Who would be interested in this issue?

Given that sugar is the flavour of the season and the healthy state of affairs in the capital market, this public issue should yield fair returns on listing.

(This report has been compiled by Garima Kumar of Lotus Knowlwealth and she can be contacted at research@lotusknowlwealth)

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