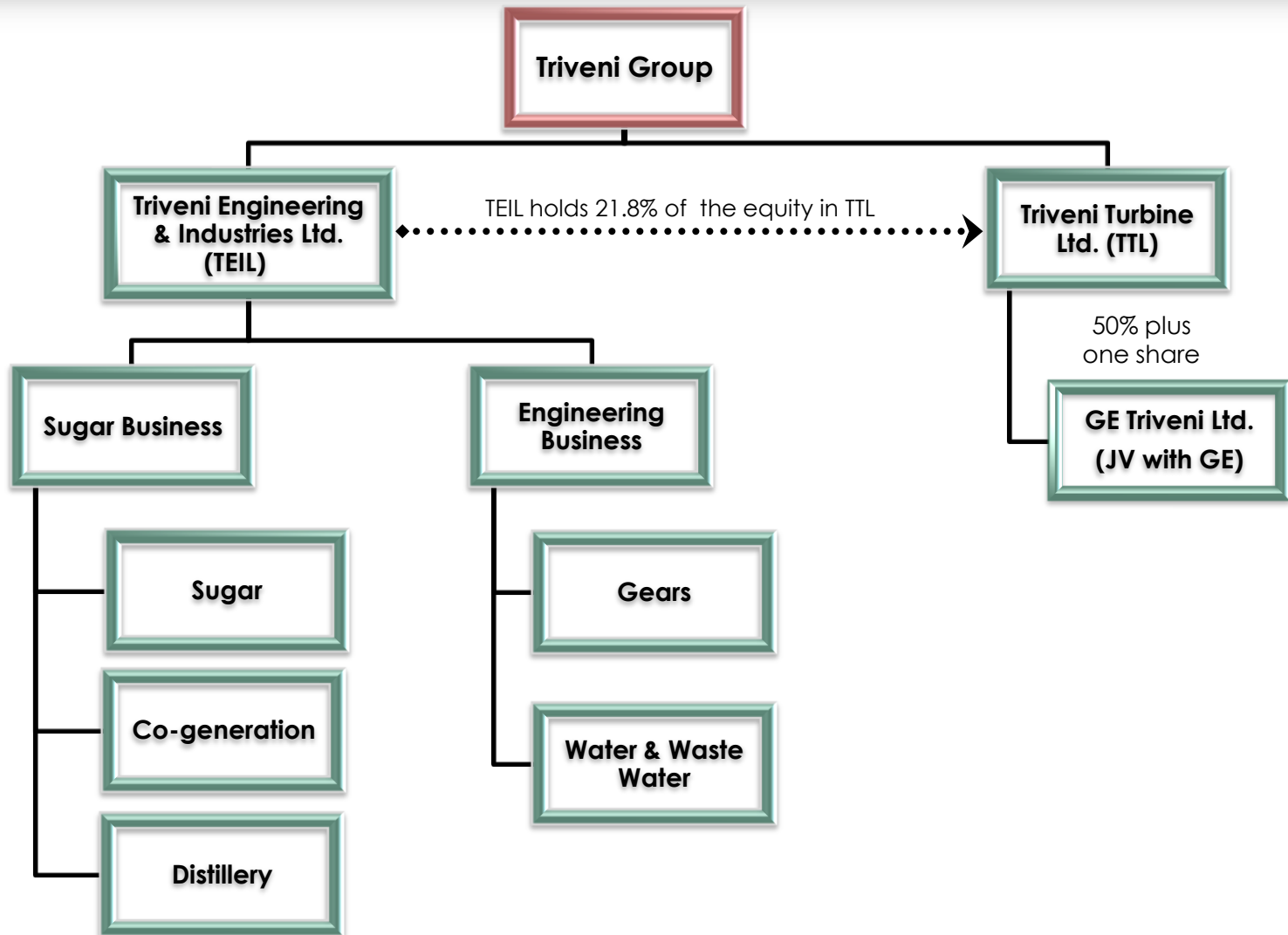




# Triveni Engineering & Industries Ltd.

CORPORATE PRESENTATION Q1 FY13

# Triveni Group Organisation Structure

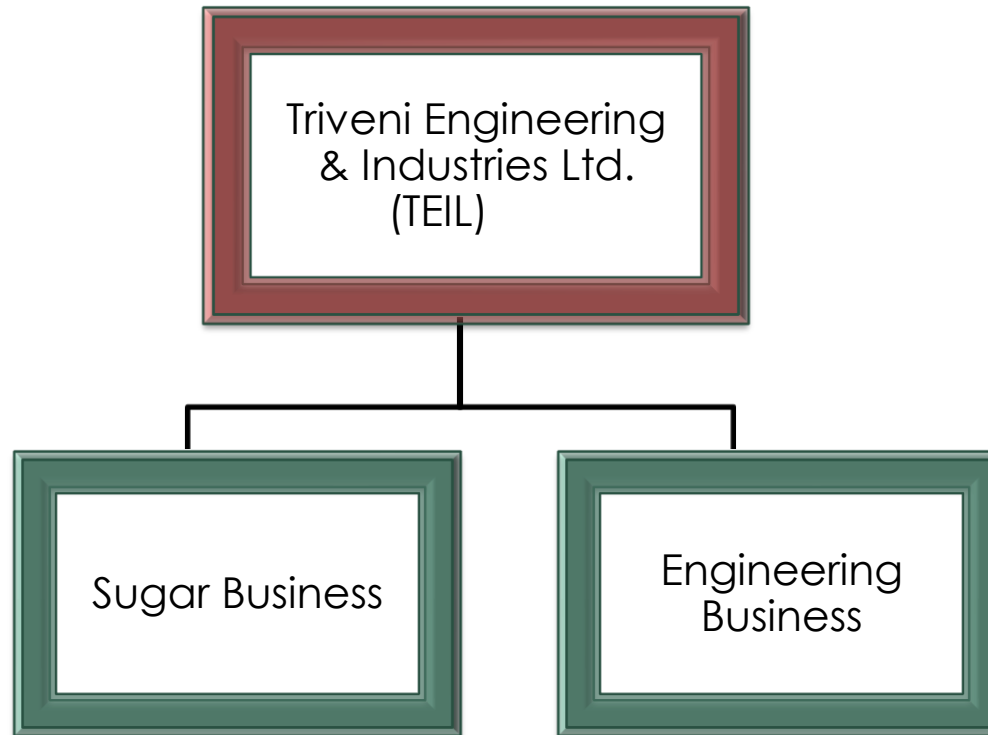


# Triveni Group Fact Sheet

- ❑ Two Independent Listed Companies – Triveni Engineering & Industries Ltd. and Triveni Turbine Ltd.
- ❑ Triveni Engineering is one amongst the largest integrated sugar manufacturers in India and the market leader in its engineering businesses comprising high speed gears, gearboxes, and water treatment solutions.
- ❑ Triveni Turbine Ltd. is the market leader in the steam turbines upto 30 MW size.
- ❑ Promoter driven, professionally managed company with eminent and independent Board of Directors
- ❑ Pan India Presence



# Triveni Engineering & Industries Ltd. (TEIL)

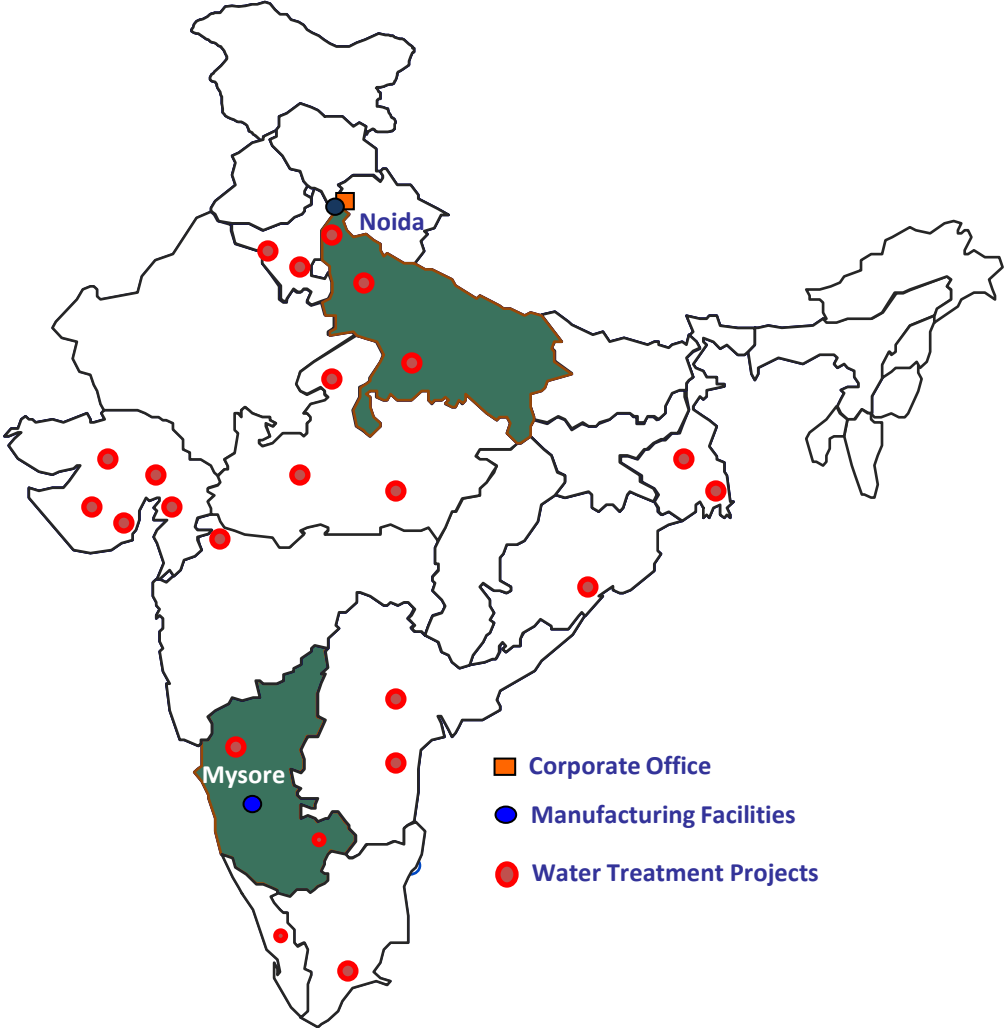


# Engineering Business – Pan India Presence

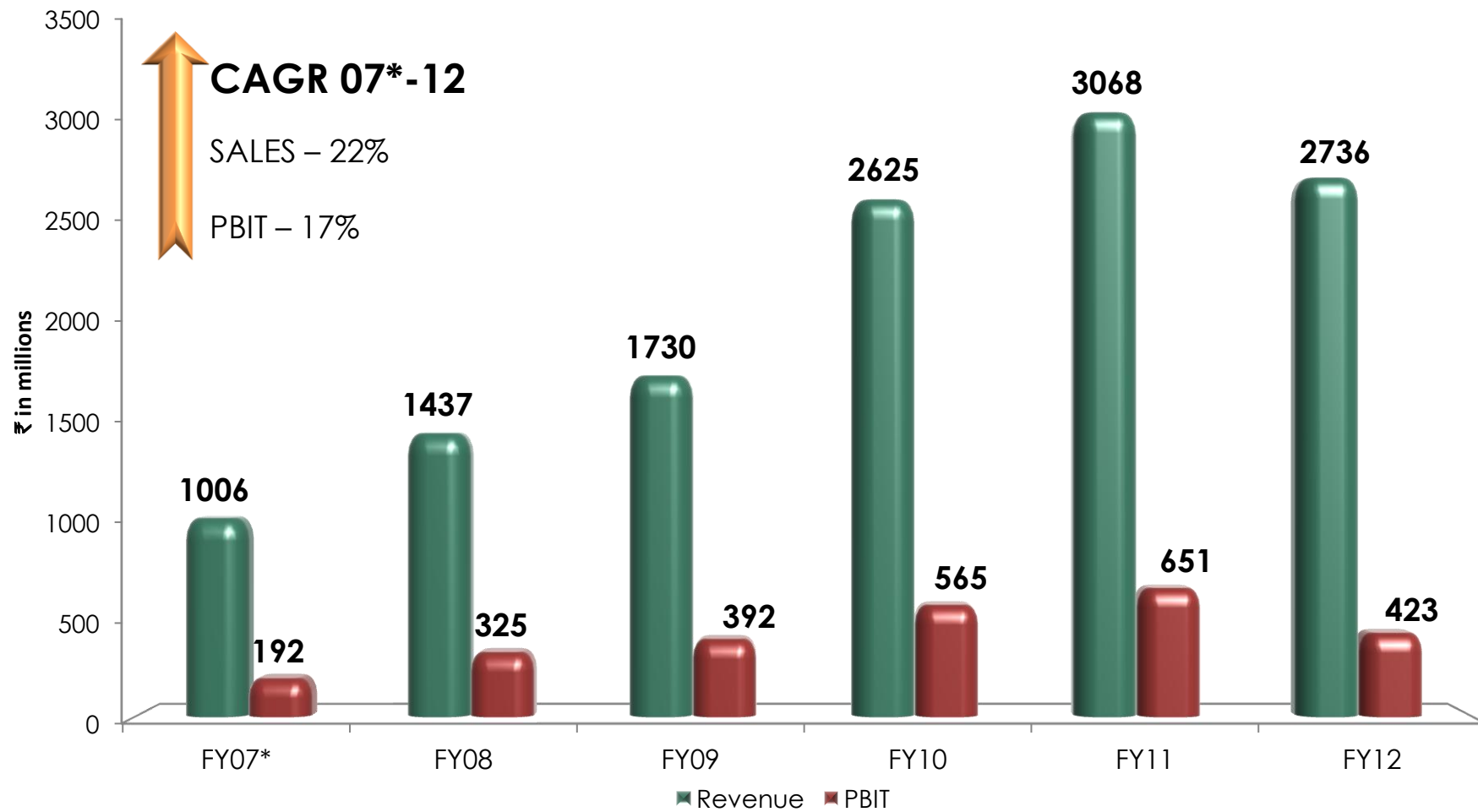
**GEARS BUSINESS - MYSORE**  
Market leader in High speed gears & gear boxes upto 70 MW capacity and speed of 70,000 rpm

**Engineering Business**

**WATER BUSINESS – NOIDA**  
A leading player in the high technology water & wastewater management business



# Engineering Business – Revenue Growth



FY07\* - 12 months period from Oct 06 – Sep 07

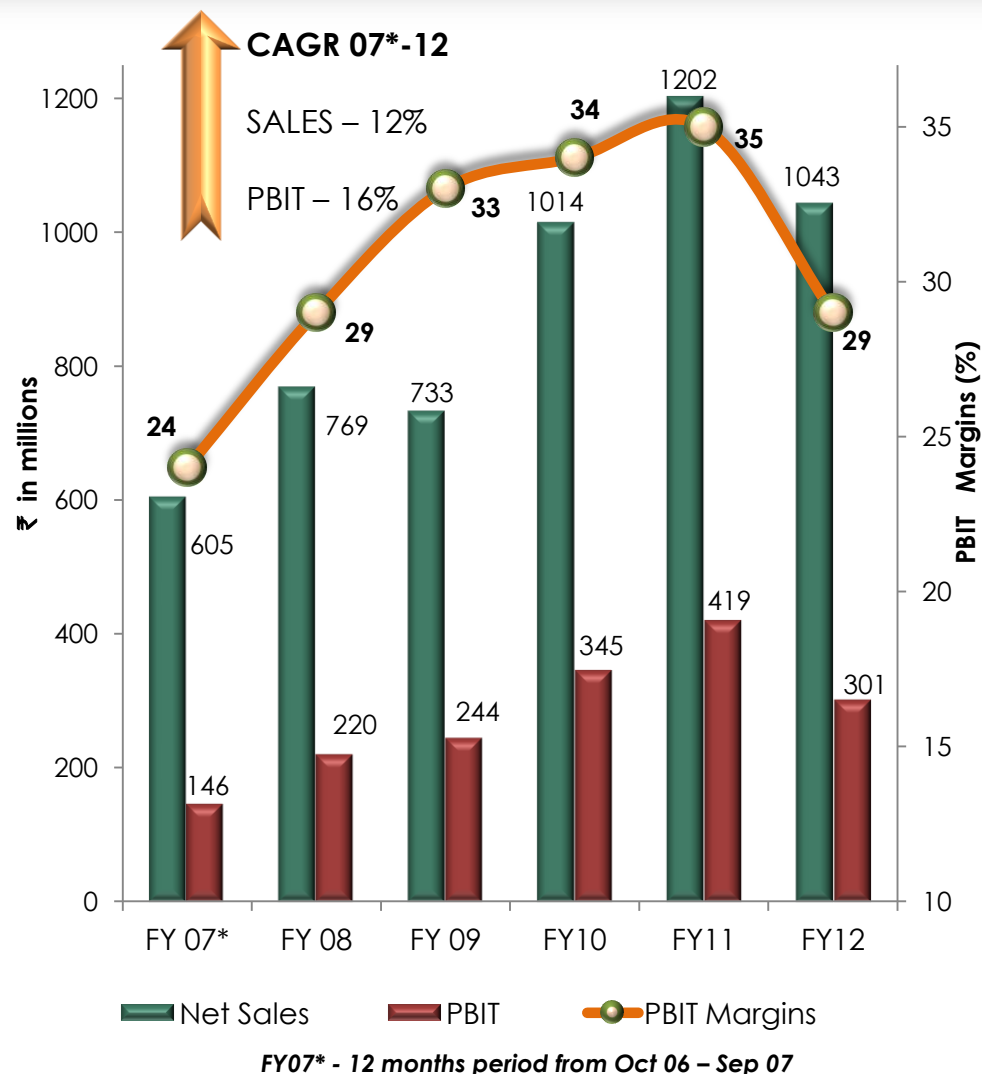
# Gears Business Group – Business Perspective

- ❑ Triveni is in the business of design, manufacture and marketing of customised gears and gearboxes (both high speed and niche low speed gears) having a state-of-the-art design and manufacturing facility at Mysore conforming to international standards.
- ❑ About 70% market share in complete high speed gear market across applications up to 70 MW capacity and speeds of 70,000 rpm.
- ❑ Own developed technology for high speed gear boxes upto 7.5 MW and for hydel gearbox range upto 6 MW.
- ❑ Range above 7.5 MW-62 MW is manufactured using technology licensed from Lufkin, USA.
- ❑ High Speed Gears product range includes all Steam Turbine gear boxes, gear boxes for compressors and load gear boxes for gas turbines apart from gear boxes for mechanical drives like Pumps, Fans and Blowers driven by Electric Motor, Steam Turbine or Diesel Engine. Geographies extended to cover major markets in South East Asia such as Malaysia, Indonesia, Singapore, Thailand with the possibility of enhancing territories in the future.
- ❑ Niche engineered-to-order high technology low speed gear applications with Lufkin for four industrial segments viz., Rubber & Plastics, Metals and Steel, Marine and Coal pulverizer application in the thermal power plants.



# Gears Business Group – Financial Performance

- ❑ The decline in revenue during the Q1 FY13 is on account of lower off-take by OEMs.
- ❑ The overall mix of aftermarket including new products, loose gears etc. and high speed product has been 38: 62.
- ❑ In view of recovery of fixed expenses from lower sales and contribution, the margins have been lower.
- ❑ Entry into new product lines as per the new agreement has started in a small way and we believe that this will go up in the coming quarters.
- ❑ Focus on the export market so as to develop new markets as per the renewed agreement is also underway and has started gaining momentum, the result of which is expected in FY 13 order booking.



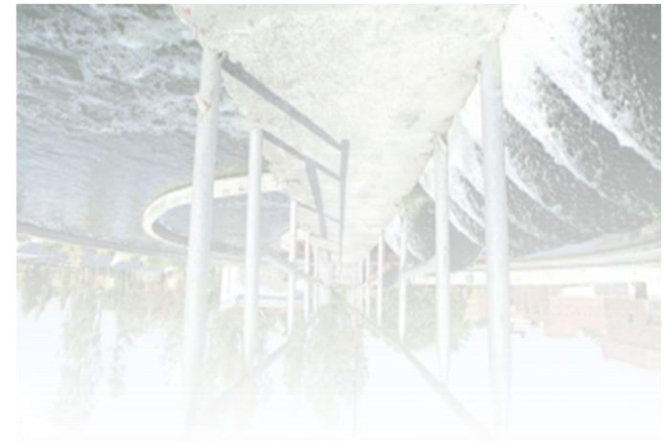


# Water Industry – Potential To Grow

- ❑ Rising Water Demand to double by 2025 from 2000 levels - Growth potential in coming years in both major segments – Municipal and Industrial.
- ❑ Multi-lateral funding actively promoting privatisation and commercialisation of water.
- ❑ Annual estimated market for Water/Waste Treatment is ~ ₹ 54 billion with an estimated growth of 13% between 2010-13.
- ❑ Jawaharlal Nehru National Urban Renewal Mission (JNNURM) – annual estimated water related schemes of ₹13-15 billion.
- ❑ Substantial new power generation capacities to be added; Largest user of water & waste water treatment - Annual estimated market size of ₹ 10-13 billion for water business.
- ❑ Major expansion and capacity additions envisaged in steel, coal etc. – estimated annual market of ₹ 7-12 billion.
- ❑ High cost & scarcity of water driving manufacturing industry to have In-house water management and water recycling programs.
- ❑ Stricter regulations for environmental compliance in terms of effluent and pollution control.

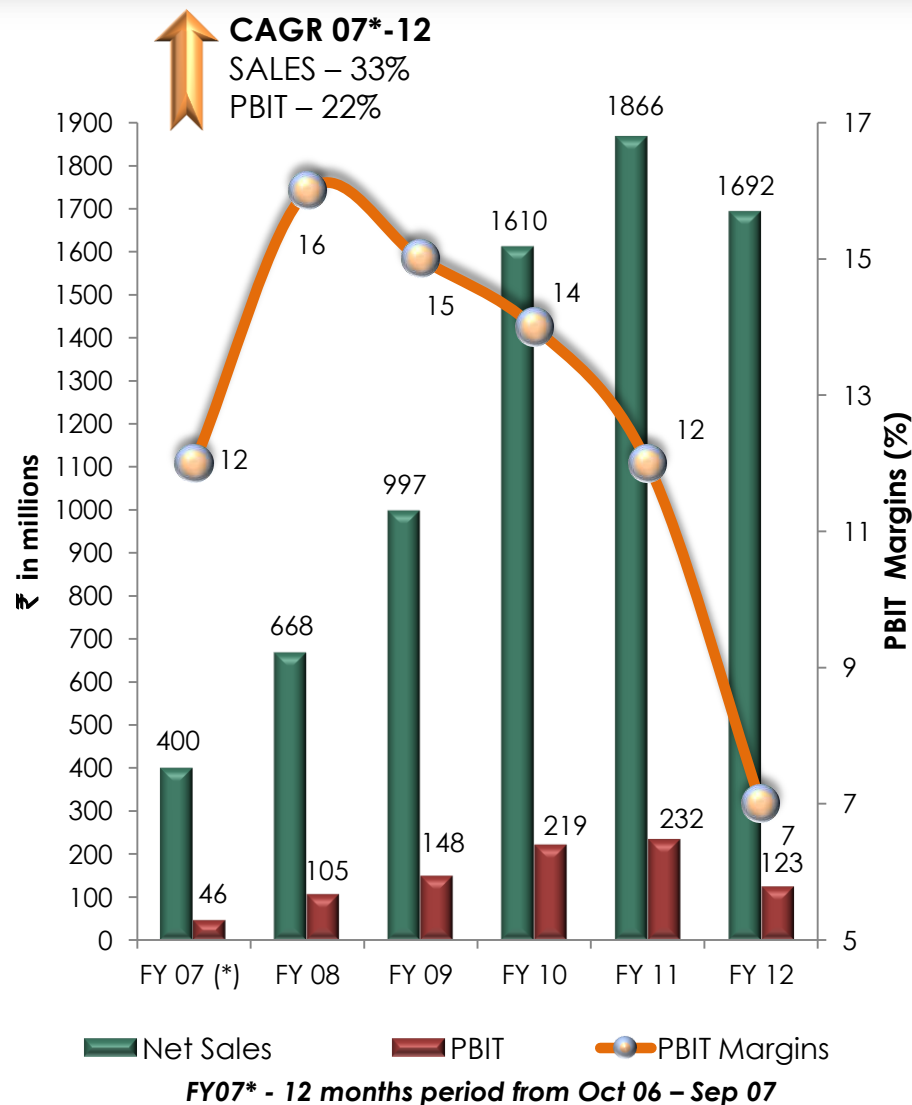
# Water Industry – Business Perspective

- ❑ Technology association with world's leading technology providers for various products, process & solutions such as Ultra filtration (UF), Reverse Osmosis (RO), Moving Bed Bio Reactor (MBBR) etc.
- ❑ One of the widest ranges of products & technologies offered in the Indian Market. Indigenous Product lines include clarifiers, aerators, filters, membrane solutions, de-watering equipment and high purity water systems.
- ❑ Over 2000 numbers of process equipments for water & waste water treatment applications, supplied and commissioned till date.
- ❑ With the visibility of a fast growing market, Water Business expected to grow consistently in future.
- ❑ During FY12, the company has made a long term strategic investment by acquiring 25.04% equity stake in Aqwise-Wise Water Technologies Limited, a company registered in Israel, engaged in providing water treatment solutions using proprietary technology. The investment is synergistic to the water / waste water business of the company.



# Water Industry – Financial Performance

- The sales for Q1 FY13 have been lower on account of slow-down at the customers' end including delays in approval of drawings and engineering. Similar trends of lumpy sales revenue may continue in the coming quarters till the business sentiments improve,
- There has been slow down in the order-intake from industrial segment and also no major municipal projects were finalised during the quarter.
- In the thermal power, metal & hydrocarbon segments, substantial capital expenditures are planned by major players and we believe many of these will come into finalisation towards the third / fourth quarter of our financial year.
- Once the economic environment improves, we can expect many more enquiries originating from these sectors from other players.





# Sugar Industry Overview

## Global:

- ❑ Sugar production globally is estimated to be all time high at over 180 million, primarily on account of increase in sugar production from Brazil, the sugar prices globally expected to remain bearish

## India:

- ❑ The estimated sugar production for the current season may be over 24.5 million tonnes, slightly higher than the earlier estimates.
- ❑ Even though the country is expected to produce around 5% lower sugar during the current season, the State of Uttar Pradesh is estimated to produce ~14% more sugar. Most of the shortfall will be contributed by Maharashtra, Karnataka and Tamil Nadu.
- ❑ While the Central government announced Fair and Remunerative Price for sugarcane for the current season at ₹ 170 per quintal corresponding to 9.5% recovery, the Government of Uttar Pradesh has announced the cane price (SAP) at ₹ 280 per quintal for normal variety, which is an increase of ₹40 per quintal and 17% compared to previous season.
- ❑ The sugar prices, after touching a high of ₹ 36000 per tonne, steadily declined once the new supplies from current year crushing hit the market.
- ❑ The sugar prices are expected to move upwards once the production of sugar comes to an end, which is expected to be end March 2013 for most of the major sugar producing states.
- ❑ As per the recent reports, Gol may implement some of the recommendations of the Dr. C. Rangarajan Committee, which will have a long term positive impact on the performance and fundamentals of the sugar sector. We have already witnessed a substantial relaxation after release mechanism.

# Sugar Industry Overview

(Figures in million tonnes)

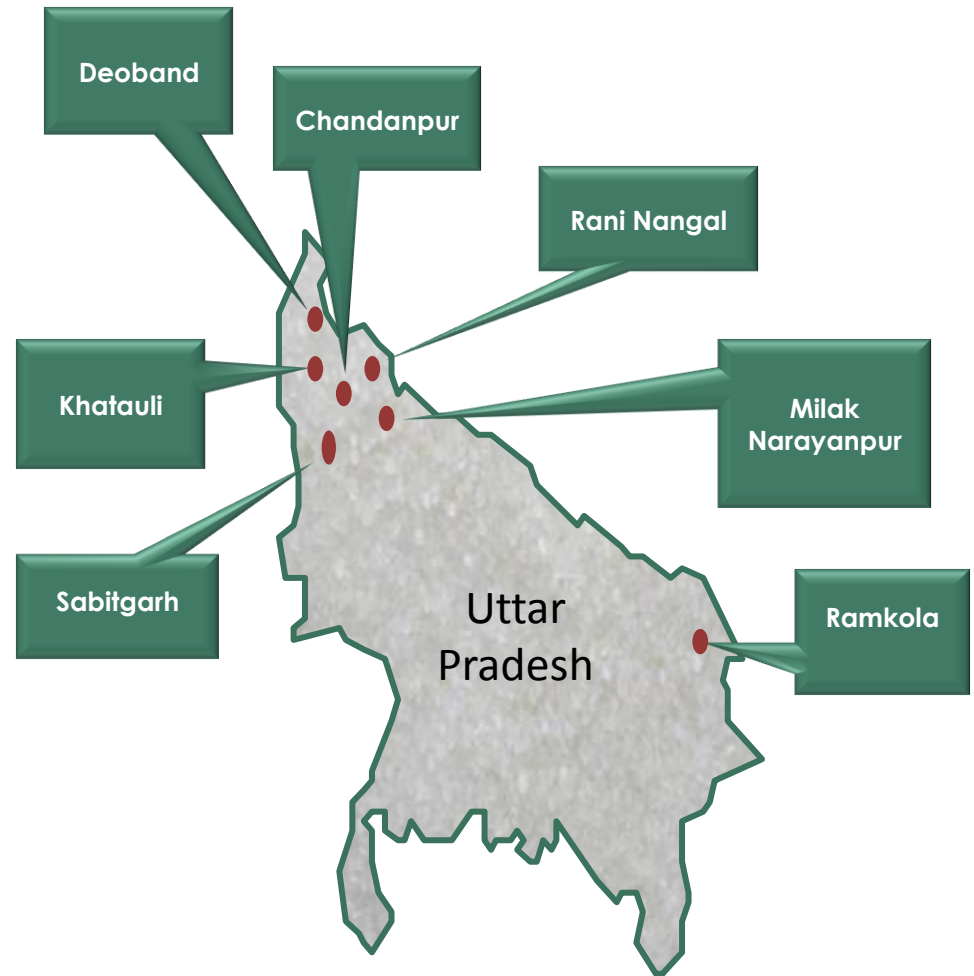
|  | 2006-07 | 2007-08 | 2008-09 | 2009-10 | 2010-11 | 2011-12 | 2012-13 |
|--|---------|---------|---------|---------|---------|---------|---------|
|  |         |         |         |         |         |         | (E)     |
| <b>Opening Stock as on 1<sup>st</sup> Oct.</b> | 4.3     | 11.0    | 10.4    | 4.4     | 5.0     | 5.5     | 6.5     |
| <b>Production during the Season</b>            | 28.3    | 26.3    | 14.5    | 18.9    | 24.4    | 26.30   | 24.5    |
| <b>Imports</b>                                 | -       | -       | 2.5     | 4.0     | 0       | 0       | 0       |
| <b>Total Availability</b>                      | 32.6    | 37.3    | 27.4    | 27.3    | 29.4    | 31.8    | 31.0    |
| <b>Off-take</b>                                |         |         |         |         |         |         |         |
| <b>i) Internal Consumption</b>                 | 19.9    | 21.9    | 23.0    | 21.3    | 20.8    | 22.0    | 22.5    |
| <b>ii) Exports</b>                             | 1.7     | 5.0     | 0.02    | 0.2     | 2.6     | 3.4     | 0       |
| <b>Total off-take</b>                          | 21.6    | 26.9    | 23.0    | 21.5    | 23.4    | 25.4    | 22.5    |
| <b>Closing Stock as on 30th Sept.</b>          | 11.0    | 10.4    | 4.4     | 5.8     | 6.0     | 6.5     | 8.5     |
| <b>Stock as % of Off-take</b>                  | 55.3%   | 47.7%   | 19.1%   | 27.2%   | 28.9%   | 29.3%   | 37.8%   |

Source: ISMA

Closing stock taken as a percent of consumption is one of the indicators of sugar price movement.

# Sugar Business

- ❑ Major facilities located in cane rich areas of Western Uttar Pradesh with more than 80% cane intensity – fertile and irrigated land
- ❑ Sugar cane catchment area for all sugar units under canal irrigation – both in Western & Central Uttar Pradesh - Lower dependency on monsoon
- ❑ Closer to country's major sugar consuming markets - better realizations & lower transportation cost. Long term relationship with ~ 250,000 farmers
- ❑ Extensive sugar cane development programme – to develop new areas under cane cultivation in our new locations; improving yields of cane across the units.
- ❑ During 2012-13 set up a sugar refinery with a capacity of 600 TPD at Sabitgarh sugar unit for manufacturing refined sugar which will enable us to improve our realisations and product quality.



# Sugar Business

- Triveni crushed 1.72 million tonnes cane at an average recovery of 8.95% in Q1 FY13 which is lower by 5% in comparison to the corresponding period in previous season. The lower crush is due to lower operating days in the quarter.
- On account of better crop and cane development initiatives, the recoveries are higher by 0.35%, which may further improve during the balance part of the season.
- In view of estimated cost of production being higher by the estimated realisable prices due to 17% increase in cane cost, the sugar inventories have been written down by ₹ 12.29 crore.
- Net sales during the quarter stood at ₹ 450.13 crore as against ₹ 338.65 crore during the corresponding period of last year which is an increase of 33%.
- The incidental co-generation projects at two sugar units and a refinery have commenced generation / production during the quarter.

|                            | <b>FY 07 (*)</b> | <b>FY 08</b> | <b>FY 09</b> | <b>FY 10</b> | <b>FY 11</b> | <b>FY 12</b> |
|----------------------------|------------------|--------------|--------------|--------------|--------------|--------------|
| Net Sales (₹ in millions)  | 7605             | 8863         | 12529        | 14055        | 13434        | 14821        |
| PBIT (₹ in millions)       | (900)            | 359          | 2023         | (573)        | 74           | 29           |
| PBIT Margins (%)           | NM               | 4            | 16           | NM           | 0.6          | 0.2          |
| Sugar Manufactured (000 t) | 591              | 580          | 336          | 506          | 420          | 465          |

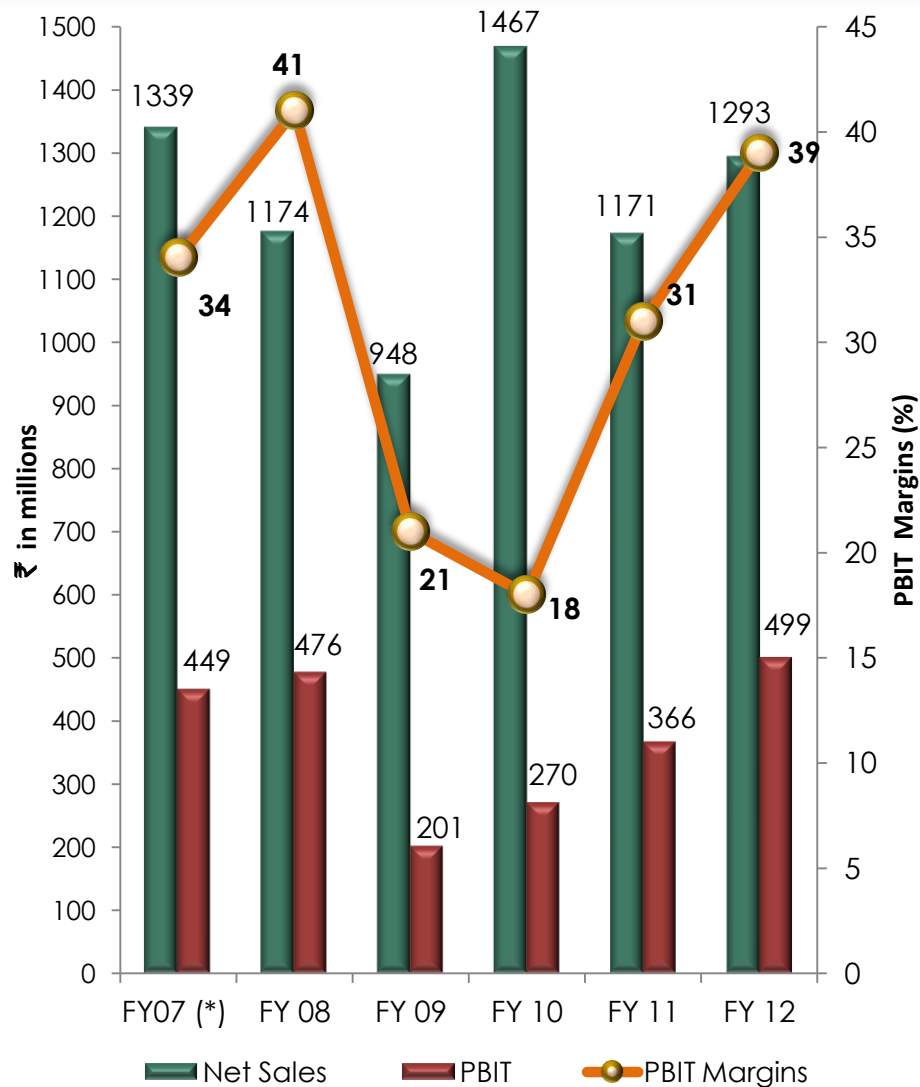
**FY07\* - 12 months period from Oct 06 – Sep 07**



# Sugar Business - Co-generation Business

Three plants in two sugar units viz. Khatauli & Deoband.

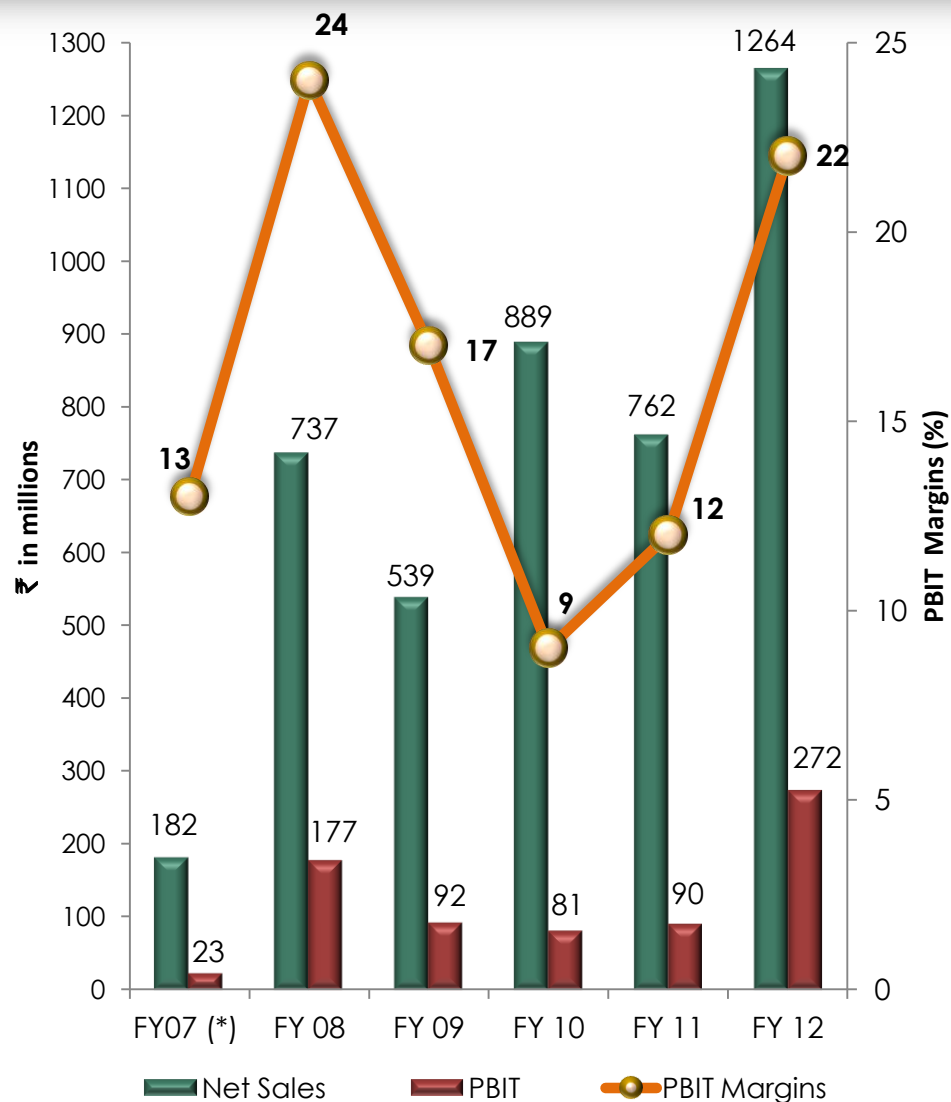
- Net sales during Q1 FY13 stood at ₹ 38.90 crore as against ₹ 45.72 crore during the corresponding period of last year on account of late start of the crushing season during the current year.
- Both Khatauli & Deoband plants are registered with National Agency (NLDC) as REC projects. Process of joint meter readings and online filing of energy injection report has been completed. Issuance of RECs in Uttar Pradesh is not yet started due to various issues and is expected to commence in the coming quarters.
- With the estimated increase in cane crush and on account of steady operations during the current season, the performance of co-generation is expected to improve.
- Export of power from the two units with incidental co-generation will appear in the accounts in Q2 FY13.



FY07\* - 12 months period from Oct 06 – Sep 07

# Sugar Business - Distillery Business

- One of the largest single stream molasses based distillery in the country and is located at Muzaffarnagar.
- Ideally located to use the molasses from two of the major units viz., Khatauli & Deoband.
- Better product mix enabled the unit to achieve higher average realisation.
- Higher cane crush is estimated during the year which will result in higher availability of molasses to the distillery enabling it to produce and sell higher volumes.
- The Oil Marketing Companies have invited the tender for supplies of Ethanol (expected from April 2013). The Company has participated in the tender for the supply of Ethanol.



FY07\* - 12 months period from Oct 06 – Sep 07

# Sugar Business – Operational Performance

## Co-generation Business

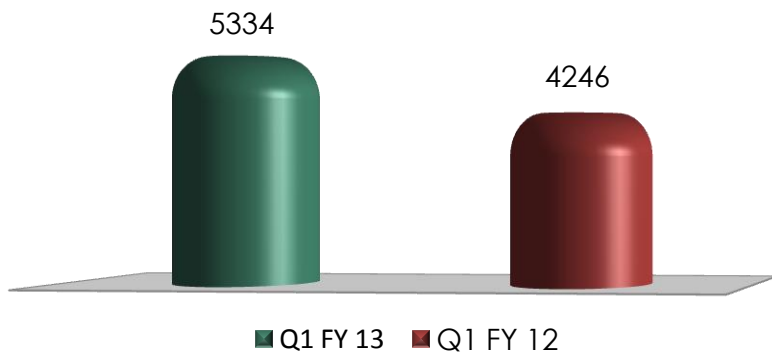
|                                   | Q1 FY 13 | Q1 FY 12 |
|-----------------------------------|----------|----------|
| Power Generated – (million units) | 61.45    | 71.76    |
| Power Exported – (million units)  | 40.10    | 47.38    |

## Distillery Business

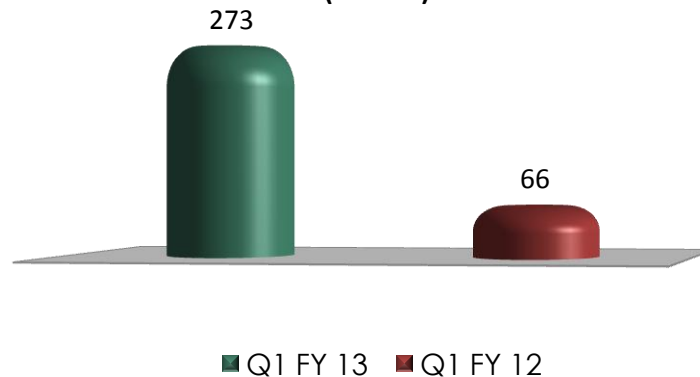
|                          | Q1 FY 13 | Q1 FY 12 |
|--------------------------|----------|----------|
| Production (000 ltr)     | 12526    | 8492     |
| Sales (000 ltr)          | 11288    | 9004     |
| Avg. realization (₹/ltr) | 33.89    | 33.64    |

# Q1 FY13 Financial Performance

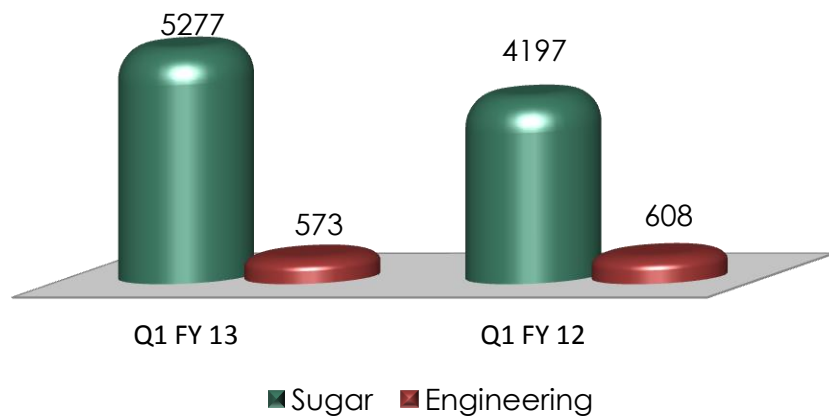
### Net Sales (₹ In Million) (Overall)



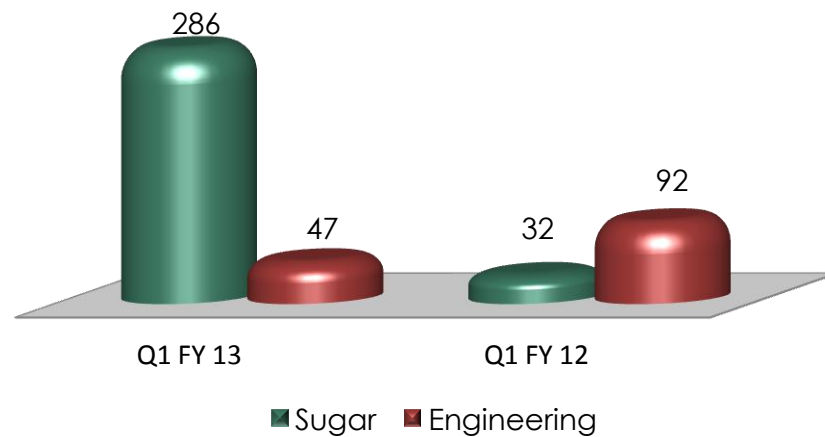
### PBIT (₹ In Million) (Overall)



### Revenue Composition (₹ In Million)

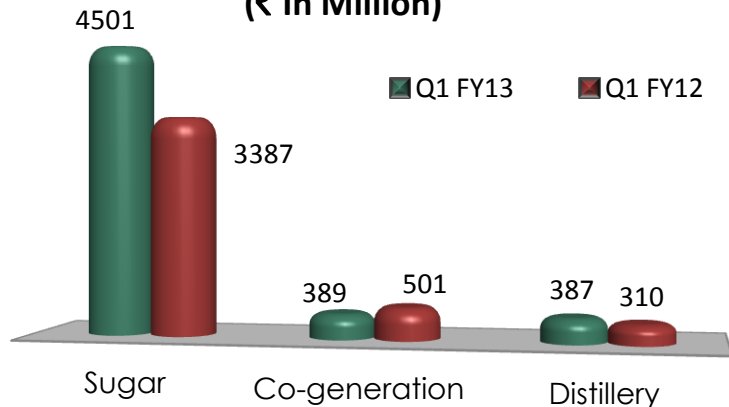


### PBIT (₹ In Million)

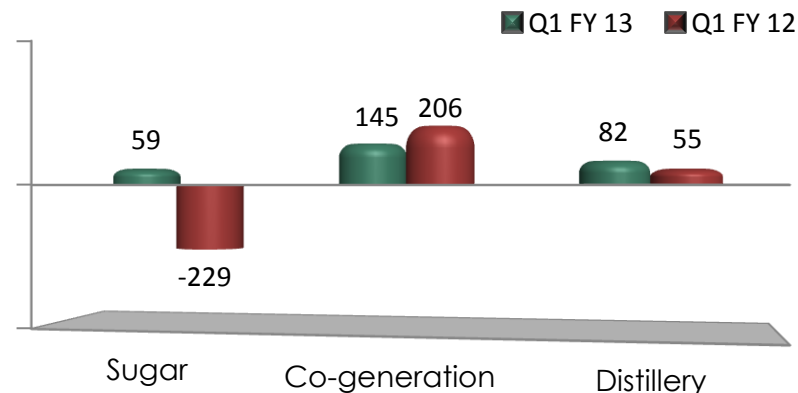


# Q1 FY13 Financial Performance

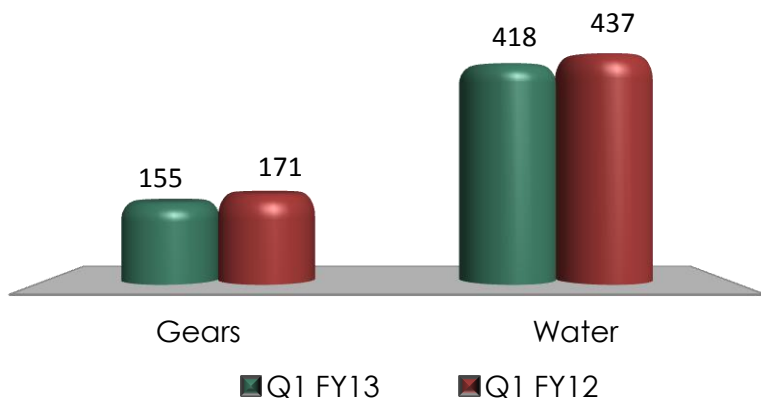
## Net Turnover – Sugar Business (₹ In Million)



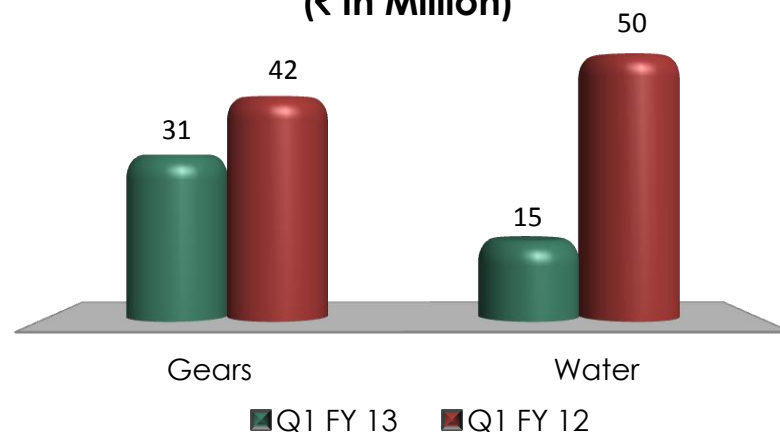
## PBIT – Sugar Business (₹ In Million)



## Net Turnover – Engineering Business (₹ In Million)



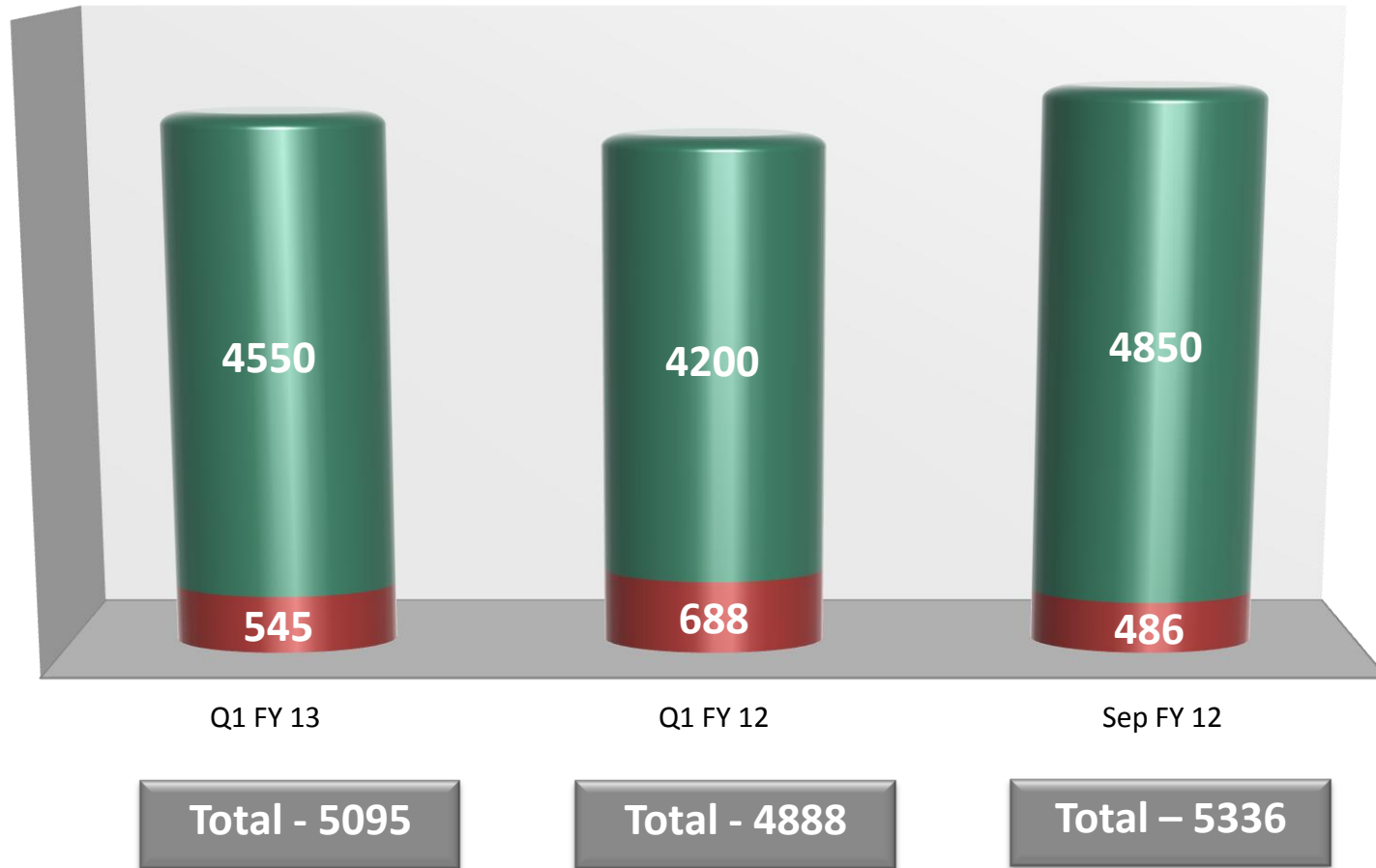
## PBIT – Engineering Business (₹ In Million)



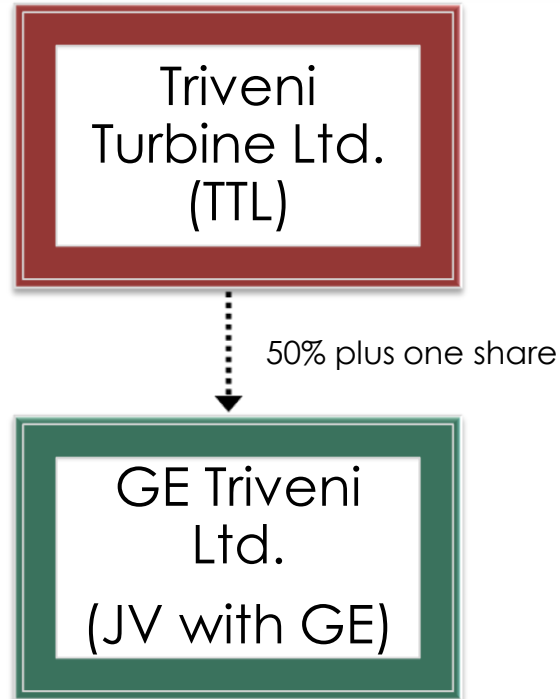
# Q1 FY13 Financial Performance

## Order Book in Millions

■ GBG ■ WBG

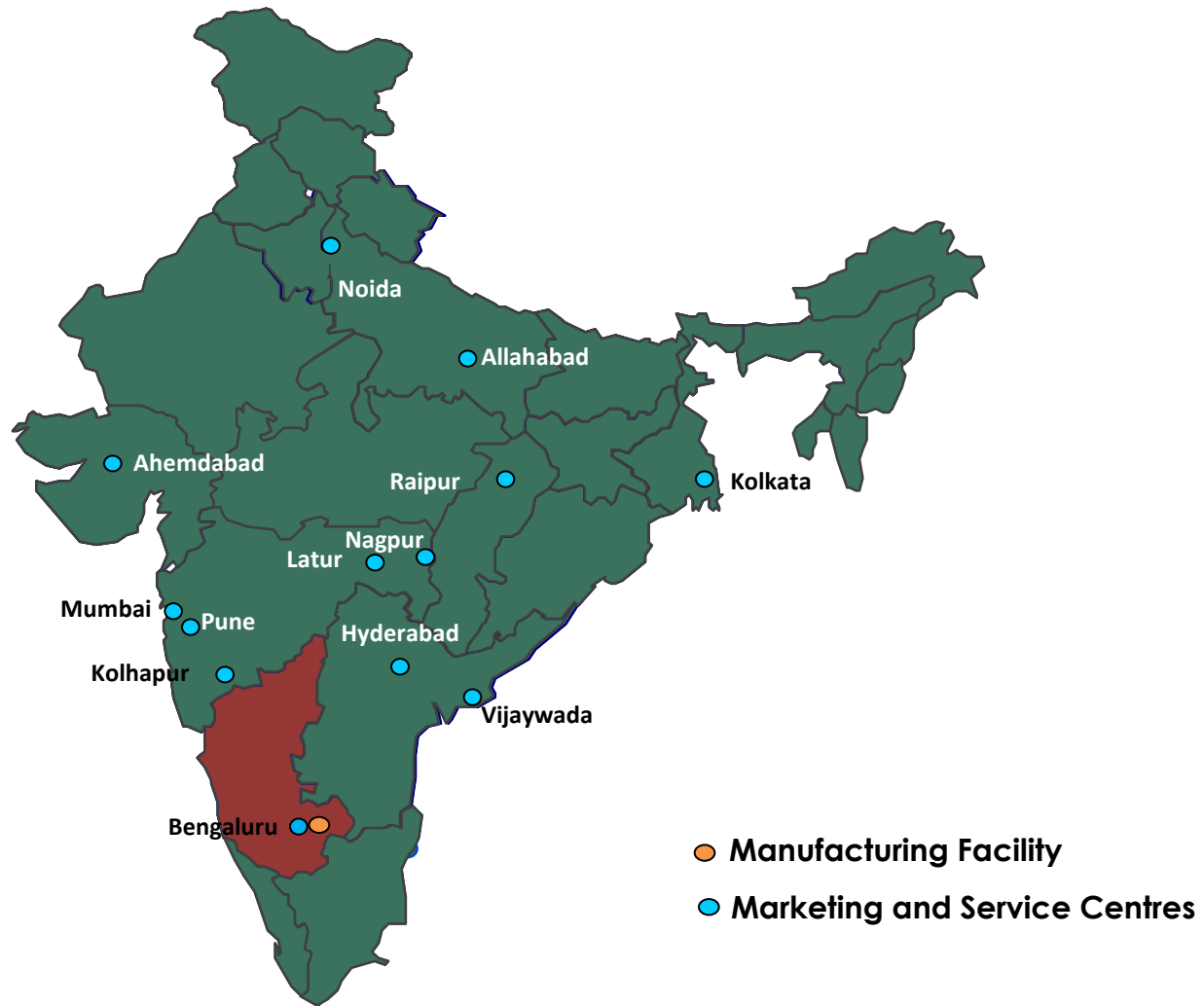


# Triveni Turbine Ltd. (TTL)



- Board of Directors approved the demerger of Turbine Business from Triveni Engg & Ind Ltd (TEIL) in March 2010 and the demerged entity is Triveni Turbine Limited (“TTL”).
- TEIL is holding 72 million equity shares of ₹ 1/- each in TTL - 21.8% of the total equity capital of ₹ 330 million

# TTL – Pan India Presence





# Power Generation Market

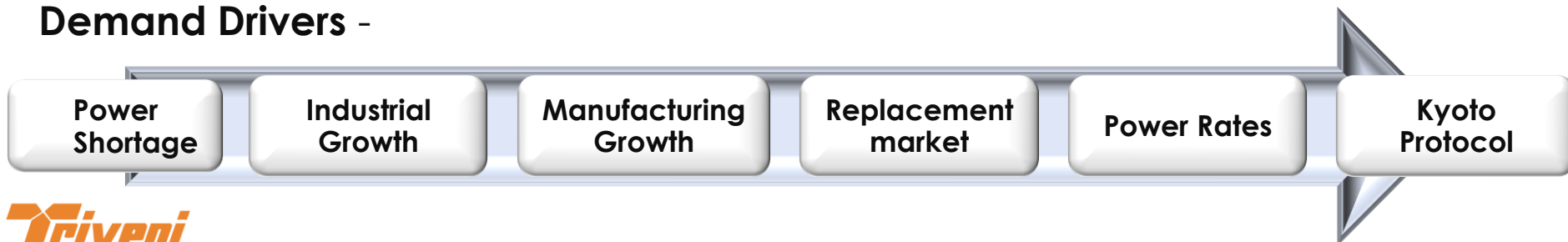
## Market Characteristics -

- Premium on shorter deliveries.
- Purchase decision based on high levels of technology, efficiency & lower life cycle cost.
- Price sensitive market.
- Strong servicing capabilities and lifetime relationship with the customer is expected.
- Robust designs, typically suited for the Indian market are in demand.

## Annual Market for Turbines -

The five year average annual domestic demand for steam turbines upto 30 MW is about 1700 MW including additions on account of growth, fulfillment of gap and replacement, while for FY 12, the order finalisation in this range is estimated at 800 - 900 MW, a drop of ~ 40% from the previous year.

## Demand Drivers -



# Power Generation - Potential to Grow

- ❑ Gap between power requirement and generation getting wide
  - Growing renewable energy market
  - Huge potential for Biomass based power generation.
- ❑ Costly fuel source to influence replacement of DG to TG sets; thrust on co-generation.
- ❑ Focus on waste heat to energy and non-conventional energy sources like solar etc.
- ❑ Current industrial power consumption – generation gap to be bridged – focus on captive power generation.
- ❑ Additional power requirement in the country - incentivisation for surplus generation and allowing open access sale of power at remunerative prices.

# TTL – Business Perspective

- ❑ Cater to wide range of customers across segments like sugar, paper, co-gen, textiles, pharma, steel, IPP.
- ❑ Consistently upgrading the product range and efficiency.
- ❑ The current range of product up to 30MW.
- ❑ Manufacturing since 1968; over 2,500 turbines manufactured and sold since inception.
- ❑ Highly efficient turbines with indigenously developed tapered twisted blades.
- ❑ Fully integrated operations with strong Engineering & Design team.
- ❑ Facility equipped with state of the art equipments and machine tools best in the industry.
- ❑ Strong in-house R&D team and tie-ups with leading international design and R&D establishments.
- ❑ In-house learning centre – to create pool of technical team for design, engineering and servicing.
- ❑ Consistently maintained dominant market share. Commands market leadership for range up to 30 MW.

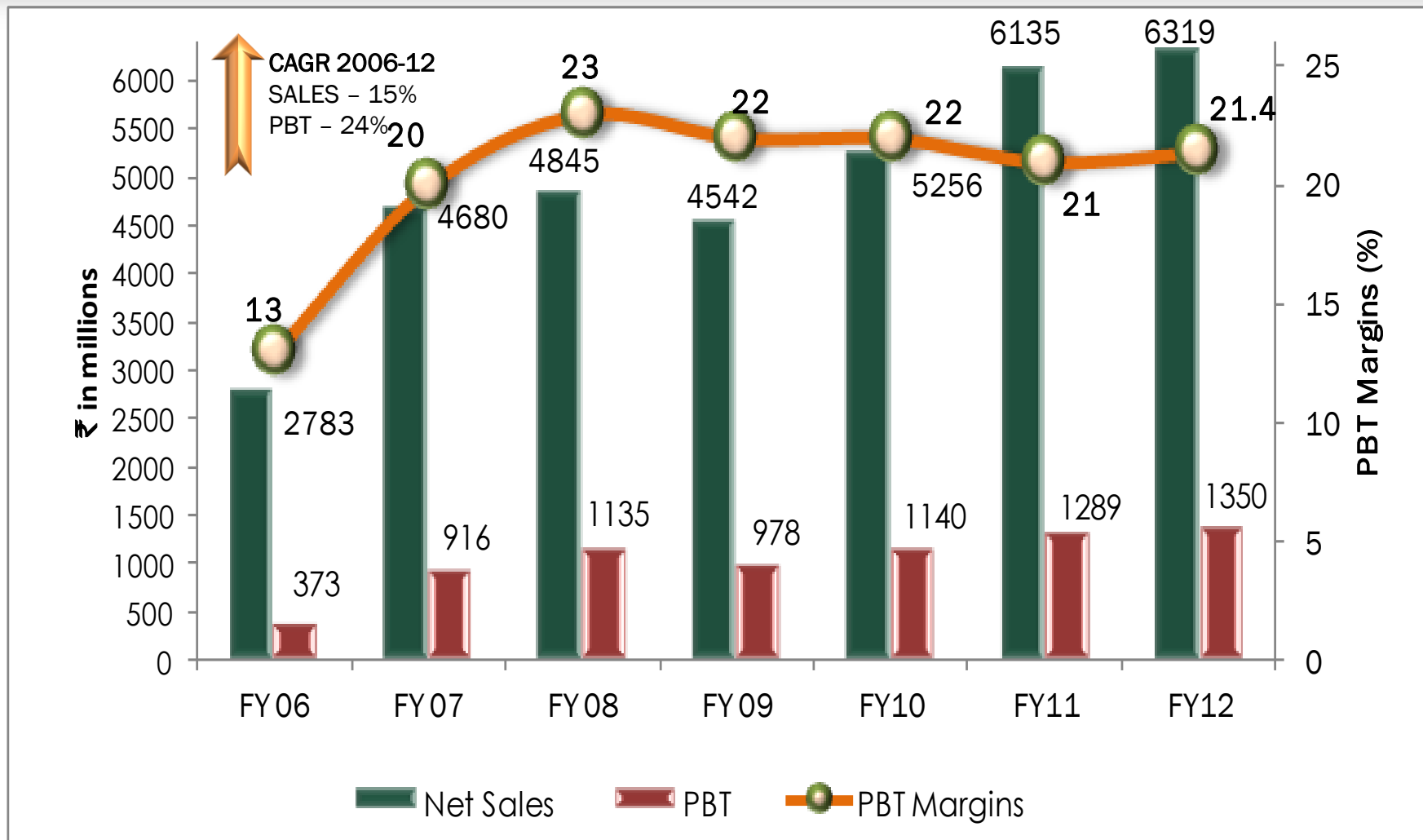
## Customer Care

- ❑ An extensive network of 13 Service centres.
- ❑ A strong team of 185 service professionals.
- ❑ Reaching the customer site within 24 hours of service call.
- ❑ Currently over 900 turbines serviced annually.

## Refurbishing

- ❑ Full speed vacuum balancing tunnel for balancing turbines, compressors/alternators – can undertake higher sizes up to 200 MW depending on specifications.
- ❑ Refurbishment & Residual Life Assessment of all makes of turbines, compressors etc.; Overhauling & troubleshooting.
- ❑ Customization & upgradation of old turbines for both industrial and utility segments in India and Asia Pacific market.

# Financial Performance – Steam Turbine Business



All financials are for April-March period for respective financial year

# Financial Performance – Q3/9M FY13

- ❑ With the increase in turnover in Q3 by over 20%, the 9 month year-on-year gap has been bridged significantly to 5% from 15% as at the end of H1 FY 13.
- ❑ Focus on exports led to 158% year-on-year increase in turnover for the 9 month period.
- ❑ The aftermarket business also shown growth of 10% during the 9 month period, which included aftermarket segments from Export market as well.
- ❑ The mix of product and after-market has improved significantly in 9M FY 13 at 82:18 from 84:16 during 9M FY 12.
- ❑ The margins at all levels have shown significant improvement with PBT margins improved by over 4%. This is primarily on account of higher share of exports, favourable exchange rates and higher aftermarket mix in the total sales.
- ❑ The outstanding order book as on 31<sup>st</sup> December 2012 has been ₹ 5.16 billion including refurbishing orders (without considering slow moving orders).
- ❑ TTL has become debt free after having repaid / prepaid all its long term debt as at the end of the quarter.

# Financial Performance – Q3/9M FY13

(Figures in ₹ million)

|  | Q3 FY 13<br>Oct - Dec<br>2012 | Q3 FY 12<br>Oct - Dec<br>2011 | Variation<br>Q3 FY 13 over<br>Q3 FY 12 | 9M FY 13<br>Apr - Dec<br>2012 | 9M FY 12<br>Apr - Dec<br>2011 | Variation<br>9M FY 13 over<br>9M FY 12 |
|--|-------------------------------|-------------------------------|--|-------------------------------|-------------------------------|--|
| <b>Net sales</b>                           | 1751                          | 1460                          | 20%                                    | 4663                          | 4891                          | (5%)                                   |
| <b>EBITDA</b>                              | 490                           | 355                           | 38%                                    | 1245                          | 1132                          | 10%                                    |
| <b>EBITDA Margin</b>                       | 28.0%                         | 24.3%                         | 3.7%                                   | 26.7%                         | 23.1%                         | 3.6%                                   |
| <b>Depreciation &amp;<br/>Amortisation</b> | 31                            | 30                            | 3%                                     | 92                            | 86                            | 7%                                     |
| <b>PBIT</b>                                | 459                           | 325                           | 41%                                    | 1153                          | 1046                          | 10%                                    |
| <b>PBIT Margin</b>                         | 26.2%                         | 22.3%                         | 3.9%                                   | 24.7%                         | 21.4%                         | 3.3%                                   |
| <b>Interest</b>                            | 5                             | 20                            | (75%)                                  | 26                            | 68                            | (62%)                                  |
| <b>PBT</b>                                 | 454                           | 305                           | 49%                                    | 1127                          | 978                           | 15%                                    |
| <b>PBT Margin</b>                          | 25.9%                         | 20.9%                         | 5.0%                                   | 24.2%                         | 20.0%                         | 4.2%                                   |
| <b>PAT</b>                                 | 305                           | 206                           | 48%                                    | 760                           | 662                           | 15%                                    |
| <b>PAT Margin</b>                          | 17.4%                         | 14.1%                         | 3.3%                                   | 16.3%                         | 13.5%                         | 2.8%                                   |

# Joint Venture with General Electric (GE)

- ❑ Triveni Turbine Ltd. formed a 50:50 Joint Venture with GE on 15<sup>th</sup> April 2010. GE Triveni Ltd. (GETL) headquartered in Bengaluru, a subsidiary of TTL, will design, manufacture, supply, sell and service advanced technology steam turbines in India in the range above 30-100MW for power generation applications in India and globally.
- ❑ GETL to get technology and on-going R&D support from GE and TTL and will use TTL's Bengaluru facility for turbine manufacturing.
- ❑ The operations of the joint venture with GE are in line with our expectation. All key managerial personnel are on board and the technology transfer is progressing as per schedule.
- ❑ The marketing teams of both GE and Triveni are working closely on the opportunities in their respective markets. The JV is currently responding to the enquiries both in the domestic market and to a diverse international market ranging from Canada to Indonesia.
- ❑ GETL dispatched its first turbine of 35 MW which is under commissioning.
- ❑ GETL received another breakthrough order for two turbines of 40 MW each through one of the largest power sector Engineering, Procurement and Construction (EPC) Company, for a new 80MW distributed power plant that will generate power for a leading GoI Enterprise engaged in mining & metal industry at its new 3 million tonne per annum integrated steel plant in Central India.



# Contact

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## **DISCLAIMER:**

Some of the statements in this presentation that are not historical facts are forward looking statements. These forward-looking statements include our financial and growth projections as well as statements concerning our plans, strategies, intentions and beliefs concerning our business and the markets in which we operate.

These statements are based on information currently available to us, and we assume no obligation to update these statements as circumstances change. There are risks and uncertainties that could cause actual events to differ materially from these forward-looking statements. These risks include, but are not limited to, the level of market demand for our services, the highly-competitive market for the types of services that we offer, market conditions that could cause our customers to reduce their spending for our services, our ability to create, acquire and build new businesses and to grow our existing businesses, our ability to attract and retain qualified personnel, currency fluctuations and market conditions in India and elsewhere around the world, and other risks not specifically mentioned herein but those that are common to industry.

Further, this presentation may make references to reports and publications available in the public domain. Triveni Engineering & Industries Ltd. makes no representation as to their accuracy or that the company subscribes to those views / findings.