Triveni TURBINES

Registered office: A-44, Hosiery Complex, Phase-II, NOIDA 201 305, Uttar Pradesh
Manufacturing Facility: 12A, Peenya Industrial Area, Peenya, Bengaluru 560 058
Corporate office: Express Trade Towers, 8th floor, 15-16 Sector 16A, Noida 201301.

For immediate release

H1 FY 13 net sales at ₹ 2.91 billion
PBT at ₹ 673 million and PAT at ₹ 455 million

- ***Domestic demand continues to be sluggish– due to continuing delays in Capex decisions***
- ***Healthy order inflow despite slow down - Good order inflow from exports compensated for slow domestic orders***
- ***Outstanding order book at ₹ 5.03 billion***
- ***Interim Dividend - 25%***

NOIDA, October 29, 2012: Triveni Turbine Limited (TTL), market leader in steam turbines upto 30 MW, today announced its performance for the second quarter and half year ended 30th Sept 2012 (Q2 / H1 FY 13).

PERFORMANCE OVERVIEW:

April - Sept 2012 v/s April - Sept 2011 (H1 FY 13 v/s H1 FY 12)

- Net Sales at ₹ 2.91 billion - lower by 15%
- EBITDA of ₹ 756 million with a margin of 26% - an increase of 3.4%
- Profit before Tax (PBT) at ₹ 673 million with a margin of 23.1% - an increase of 3.5%
- Profit after tax (PAT) at ₹ 455 million, same level as previous half year
- EPS for H1 (not annualized) at ₹ 1.38 per equity share

July - Sept 2012 v/s July - Sept 2011 (Q2 FY 13 v/s Q2 FY 12)

- Net Sales lower by 1% at ₹ 1.80 billion
- EBITDA of ₹ 454 million with a margin of 25.3%
- Profit before Tax (PBT) at ₹ 415 million with a margin of 23.1% - an increase of 3.4%
- Profit after tax (PAT) at ₹ 281 million - an increase of 16%
- EPS for Q2 (not annualized) at ₹ 0.85 per equity share

Commenting on the Company's financial performance, Mr. Dhruv M. Sawhney, Chairman and Managing Director, Triveni Turbine Limited, said:

"The company's focus and strategy on the export market to beat the domestic market slow down has been successful. The export order booking overtook the domestic order in-take during the six months under review with domestic and export order inflow at 49:51 in comparison to 79:21 during the corresponding period of previous year. The continuing focus on exports will provide enormous growth potential when normalcy is restored in the domestic market. It is commendable that even with 15% lower turnover, the Company has achieved profitability at the same level compared to the previous half year. Increased exports, higher sales and contribution from the after-market business enabled the company to achieve the strong margins. We expect to close the gap in turnover substantially by Q3 and achieve a single digit growth both in turnover and profits for the full year.

GE Triveni Limited, the joint venture is in an advanced stage of getting a substantial domestic order which is expected by the end of calendar year. With many more pipeline enquiries which are at various stages of evaluation both from domestic and international market, we believe that the business should start getting the requisite traction and should be on a strong footing in FY 14."

- ENDS –

Attached: Details to the Announcement and Results Table

<u>About Triveni Turbine Limited</u>

Triveni Turbine Limited (TTL) is a focused and growing corporation having core competency in the area of steam turbines manufacturing upto 30 MW size. The business of the company was demerged from Triveni Engineering & Industries Limited subsequent to a court approved demerger scheme. TTL is the market leader in the steam turbines with state-of-the-art manufacturing facility located in Bengaluru. The business has been growing and a strong in-house Research & Development programme enables the company to expand its product range over these years. The company's focus on the aftermarket operations such as servicing, spares and refurbishment is also yielding results. GE Triveni Limited, the subsidiary of TTL, is the Joint Venture with General Electric to manufacture and market steam turbines from above 30 MW to 100 MW for the global market.

For further information on the Company, its products and services please visit **www.triveniturbines.com**

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<u>Note:</u> *Certain statements in this document may be forward-looking statements. Such forward-looking statements are subject to certain risks and uncertainties like government actions, local political or economic developments, technological risks, and many other factors that could cause our actual results to differ materially from those contemplated by the relevant forward looking statements. Triveni Turbine Limited will not be in any way responsible for any action taken based on such statements and undertakes no obligation to publicly update these forward-looking statements to reflect subsequent events or circumstances.*

H1 /Q2 FY 13: FINANCIAL RESULTS REVIEW

(All figures in ₹ million, unless otherwise mentioned)

TTL is the domestic market leader in steam turbines up to 30MW. It has maintained its dominance consistently over the years and is one of the largest manufacturers worldwide in high and low pressure turbines in this range. Company's ability to provide high-tech precision engineered-to-order solutions has made it one of the most trusted names within the sector.

Performance Review

	Q2 FY 13 July - Sept 2012	H1 FY 13 Apr - Sept 2012	Q2 FY 12 July - Sept 2011	H1 FY 12 Apr - Sept 2011
Net sales	1,797	2,912	1,819	3,431
EBITDA	454	756	409	777
EBITDA Margin	25.3%	26.0	22.5%	22.6%
Depreciation & Amortisation	31	61	28	56
PBIT	423	695	381	721
PBIT Margin	23.5%	23.9%	20.9%	21.0%
Interest	8	22	23	47
PBT	415	673	358	673
PBT Margin	23.1%	23.1%	19.7%	19.6%
PAT	281	455	243	456
PAT Margin	15.6%	15.6%	13.4%	13.3%

Key Balance Sheet Details

	Q2 FY 13 As on 30th Sept 2012	FY 12 As on 31st March 2012
Share Capital - Equity - Preference	 330 28	 330 28
Net Worth	1141	686
Total Debt	147	729
Cash & Bank Balance equivalent	385	218
Net Debt	(238)	511

- During H1 FY 13 exports sales have shown a growth of 68% year on year while the export order inflow has been strong during the period under review
- The mix of product and after-market has improved significantly in H1 FY 13 at 80:20 from 85:15 during H1 FY 12
- The PBT margins have improved by about 3.5% on account of better after market mix and higher share of exports in the total sales
- The outstanding order book as on 30th September 2012 has been ₹ 5.03 billion without considering slow moving orders
- In view of repayments as well as prepayment of loans, the debt levels have reduced considerably. Expected to be debt free by Q3 FY 13

Outlook

The demand for Triveni's turbines comes from a variety of sectors such as Sugar, Sponge Iron, Textiles, paper, Independent Power Producers, and Sugar Co-generation plants. The order book composition from various sectors shows a healthy mix among all these sectors. Further, with the continuous research & development programme, foray into higher MW, high-temperature, high-pressure turbines will add the market opportunities. The company has also been focusing on the exports market in a big way.

During the half year under review, the overall market for the sub 30 MW power products remained more or less at similar levels as compared to the previous year. However, as the overall order inflow during the half year remained strong, the company is expected to show healthy sales in the first half of next financial year. With renewed thrust on exports, we believe the order booking from export market in the second half of the year should also remain buoyant. The export orders constitute ~ 24% of the total order book as on 30th Sept 2012. The Company intends to continue its focus on expanding the market overseas. The domestic market still remain uncertain with a few orders getting finalised even though the pipe-line enquiries are still strong, which we believe, will fructify into orders in due course once the overall economic outlook and business sentiments improve.

With the increase in numbers of higher MW turbines installed, the business from spares & servicing would also go up considerably going forward. The impact of the same has already started reflecting in the recent periods with servicing, spares & refurbishing revenue going up and the current half year recorded a 20% of the revenue from after-market. We believe this ratio will rise on a year on year basis, though it could be uneven during quarters. The improved mix of after-market in the total sales will also enable us to record good margins going forward.

The availability of consistent and reliable power for industrial sector remains a challenge and has resulted in setting up of captive generation facilities. This will also have an impact on the cost of production for many of these units. This has been the main driving force for demand for our products and is expected to remain in future as well. With the current macroeconomic scenario and liquidity position with higher cost of borrowing, the business is currently noticing some slow-down in the order finalisation and project completion. Once the overall economic sentiments and industrial and financial markets pick up, we believe the demand for steam turbines should go up. With the company's focus on research & development and also its ability to access new markets, we expect the business to grow significantly in the future.

GE Triveni Limited

The operations of the joint venture with GE are in line with our expectation. The company is in an advanced stage of getting a substantial domestic order which is expected by the end of calendar year. GE Triveni's first order for 35 MW is currently under execution and the revenue will be recognised in FY 13. As per the JV agreement, the manufacturing of the turbines will be undertaken by TTL and accordingly, the manufacturing process for the 35 MW order is underway. 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 also to a diverse international market. Even though the marketing teams of both partners approached the respective markets aggressively, on account of the slowdown in the domestic and global markets, order finalizations were impacted significantly. However, with the pipeline enquiry, once the global economic situation improves, the outlook will be better, with encouraging opportunities seen in Indonesia, Thailand, Philippines, Europe and India.
