

Triveni Engineering

Quarterly Flash

CMP : Rs. 48
SENSEX : 13562

Target Price :
Recommendation : NR

Date : April 30, 2007

Views:

Actuals v/s ARG Est. In-Line with Estimates

Actuals v/s Consensus Est. Below Estimates

Absolute Performance Average

Comments:

Topline

Sugar price downswings seems to have hit the sales severely. Also, for the quarter, company had to write down the sugar inventory held earlier by about Rs.278.6 mn. Though the Engineering business grew robustly by 40%, it could only partly arrest the sugar downfall, with sales growing by only 6.6%

Operating Profit

Operating squeezes in the sugar business, pulled the consolidated margins down by around 9% down, though Engineering business saw margin enhancement to the tune of 140 bps for the quarter.

Net Profit

Higher than expected interest expenses further pulled the bottomline down.

Key Data

| | |
|----------------------|----------|
| Bloomberg Code : | TRE IN |
| Reuters Code : | TREI.BO |
| BSE Code : | 532356 |
| NSE Code : | TRIVENI |
| 52-Week Range(H/L) : | 128 - 35 |
| Market Cap (Rs mn) : | 12430 |
| Shares O/S (mn) : | 257.89 |
| Free Float (mn) : | 78.79 |
| 3m Avg. Volume : | 282213 |
| Face Value : | 10 |

Financials (Rs. mn)

| Y/E Mar | ARG Estimates | | | |
|-----------------------|---------------|---------|--------|--------|
| | Mar-05 | Mar-06 | Mar-07 | Mar-08 |
| Net sales | 9649.1 | 11919.8 | 12509 | 16252 |
| Operating profit | 1626.8 | 2009.6 | 1849 | 2389 |
| Operating margins (%) | 16.9 | 16.9 | 14.8 | 14.7 |
| PAT | 994.6 | 1548.6 | 918 | 1203 |
| PAT margins (%) | 10.3 | 13.0 | 7.3 | 7.4 |
| FDEPS (Rs.) | 119.3 | 74.5 | 3.6 | 4.7 |
| PER (x) | 0.4 | 0.6 | 13.5 | 10.3 |
| P/B (x) | 0.2 | 0.2 | 1.5 | 0.2 |
| EV/ EBITDA (x) | 9.6 | 6.9 | 9.2 | 7.1 |
| Dividend Yield (%) | 20.7 | 12.9 | 0.0 | 0.0 |
| ROCE (%) | 24.4 | 24.8 | 9.1 | 11.2 |
| ROE (%) | 50.3 | 37.9 | 12.6 | 14.2 |

Impact on-

Financial Forecast :

The engineering business(Current Order Book:Rs2030 mn) has performed better than our expectations, though sugar is performing below our expectations for the company. We shall interact with the management to better gauge the momentum of both businesses & may revise our FY08 targets.

Target Price :

N.A

Recommendation :

N.A

| Quarterly Performance (Rs. mn) | 1QCY06 | 2QCY06 | 3QCY06 | 4QCY06 | 1QCY07 | | Growth (%) | | Variance Rs mn |
|--------------------------------|--------|--------|--------|--------|--------|----------|------------|----------|----------------|
| | | | | | Actual | Estimate | YoY | QoQ | |
| Net Sales | 3,419 | 3,000 | 2,883 | 3,070 | 3,645 | 3,556 | 6.6 | 18.7 | 89 |
| - Operating expenses | 2,862 | 2,448 | 2,355 | 2,634 | 3,394 | 3,223 | 18.6 | 28.8 | 171 |
| Operating profit | 557 | 552 | 528 | 436 | 251 | 333 | (54.9) | (42.4) | (82) |
| Operating margin (%) | 16.3 | 18.4 | 18.3 | 14.2 | 6.9 | 9.4 | | | -247 bps |
| + Other income | 25 | 27 | 8 | 0 | 10 | 6 | (59.1) | 10,000.0 | 4 |
| EBITDA | 582 | 579 | 536 | 436 | 261 | 339 | (55.1) | (40.1) | (78) |
| EBITDA margin (%) | 17.0 | 19.3 | 18.6 | 14.2 | 7.2 | 9.5 | | | -236 bps |
| - Depreciation | 84 | 90 | 98 | 108 | 142 | 138 | 68.6 | 31.8 | 4 |
| - Interest expense | 30 | 78 | 54 | 44 | 135 | 95 | 346.5 | 207.5 | 40 |
| PBT | 467 | 410 | 384 | 284 | (16) | 106 | P2L | P2L | (122) |
| - Taxes | 69 | 86 | 77 | 66 | (70) | 38 | (201.4) | (207.2) | (108) |
| PAT | 398 | 324 | 307 | 219 | 54 | 68 | (86.3) | (75.1) | (14) |
| + Profit share in associates | - | - | - | - | - | - | | | - |
| - Minority interests | - | - | - | - | - | - | | | - |
| Consolidated PAT | 398 | 324 | 307 | 219 | 54 | 68 | (86.3) | (75.1) | (14) |

Disclaimer: This note is to be read in conjunction with the disclaimer note as mentioned in the mail.

Recommendation Guide: Buy >30%; Outperformer (OP): 20 to 30%; Market Performer (MP): 10 to 20%; Under-Performer (UP): 0 to 10%; Sell: <0%; Not Rated (NR)