Antique Mid-Caps

August 26, 2009

Strictly confidential

Companies

Balrampur Chini Mills Ltd.	BUY
Shree Renuka Sugars Ltd.	HOLD
Triveni Engineering & Industries Ltd.	BUY

Nirav Shah +91 22 4031 3473 nirav.shah@antiquelimited.com

Industry

Sugar Industry

Domestic Industry Background

a. India is the largest consumer of sugar in the world, with a demand (~22.5m mt) exhibiting a growth of 4-5% p.a. It is also the second-largest producer of the commodity after Brazil.

b. The domestic industry market is estimated at INR450bn at retail prices.

c. The average mill capacity in India at 3,500tcd, compares poorly with the average global capacity of 7,500tcd. The same for countries like Brazil and Thailand stands at 9,200tcd and 10,300tcd, respectively.

d. Of the 582 mills operational, the break up between co-operative, private and public sector stands at 317, 203 and 62 respectively.

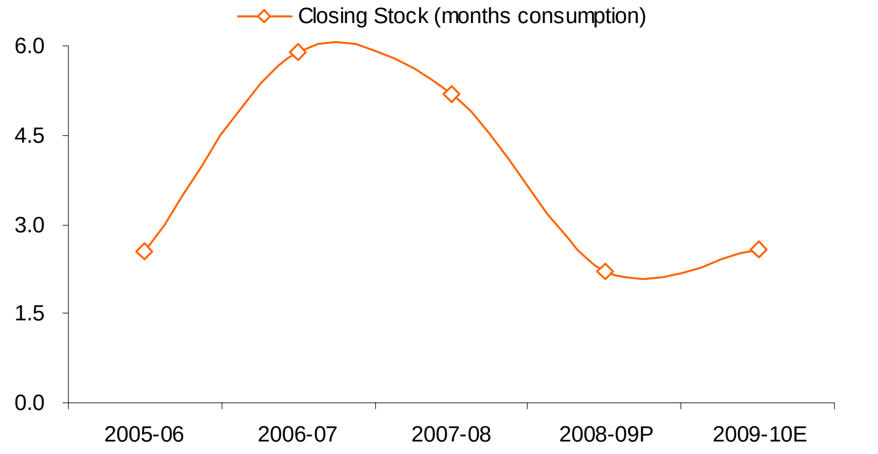
e. The institutional segment and the high income segment account for over 70% of the total offtake, with the low income segment accounting for the balance. Despite a higher share from the institutional segment, the weightage of sugar in Wholesale Price Index stands at 3.6%.

Domestic Demand-Supply Situation

(m mt)	2005-06	2006-07	2007-08	2008-09P	2009-10E
Opening Stock	4.6	4.0	10.1	9.5	4.1
Production	19.2	28.3	26.5	14.7	17.0
Imports	0.1	0.0	0.0	2.5	5.0
Total Availability	23.9	32.3	36.6	26.8	26.2
Consumption	18.8	20.5	22.0	22.5	21.5
Exports	1.1	1.7	5.1	0.1	0.0
Total Offtake	**19.9**	**22.2**	**27.1**	**22.6**	**21.5**
Closing Stock	4.0	10.1	9.5	4.1	4.6

Source: Industry,Antique

Trend in Stock - Consumption Ratio



Source: Industry,Antique

Sugar Industry

Domestic Scenario

a. After facing a supply glut for 2 years, the price trend has turned in favour of the industry, with production declining by ~44% in SS 08-09 to 14.7m mt, against the consumption of about 22.5m mt.

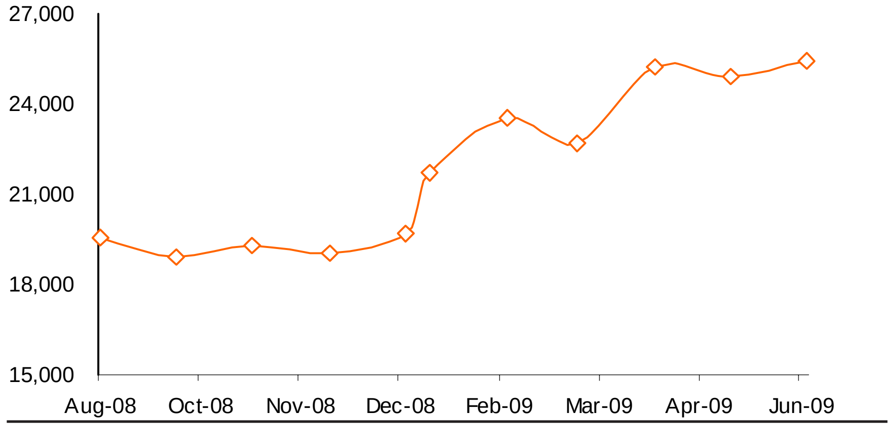
b. With consumption expected to remain stable, the demand -supply mismatch is expected to be maintained, as production is not expected to exceed 16.5-17m mt in SS 09-10.

c. Growth in production will be largely supported by a 6-8% increase in cane plantations acreage and a likewise rate of improvement in recovery rates.

d. However, the season had commenced with production estimates of 19-20m mt , but was disrupted by below-normal monsoons in sugarcane growing regions and accentuated by the lower-than-expected switch to sugarcane from other crops. India, thus may import 4-5m mt of sugar in SS 09-10, and may surpass Russia as the largest importer of sugar.

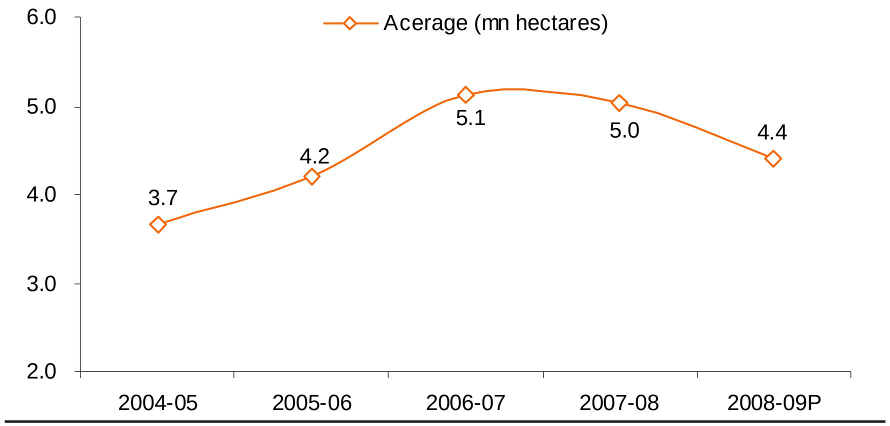
d. Lower inventory levels, coupled with an acute demand-supply mismatch, have fuelled a surge in sugar prices to the current ex-mill levels of around INR29,000/mt in the northern region and around INR27,000/mt in the southern region.

Domestic Sugar Price Trend (INR / mt)



Source: Cris Infac

Trend in Cane Acerage



Source: Co-operative Sugar

Sugar Industry

Global Scenario

a. Brazil, India, the EU and China are major producers, accounting for over 50% of the global production.

b. Brazil, the EU, Thailand and Australia are the major exporters, whereas Russia, the USA and Indonesia are the major importers of sugar.

c. India has never been a consistent importer / exporter of sugar in the past and its participation in the global market has been largely influenced by government policies.

d. Global sugar production in SS 08-09 is 154.9m mt against a consumption of 159.5m mt. The expected inventory levels will be lower by 6.3m mt to 70.9m mt, mainly on account of lower production in India.

e. In SS 08-09, around 55m mt of sugar was traded globally.

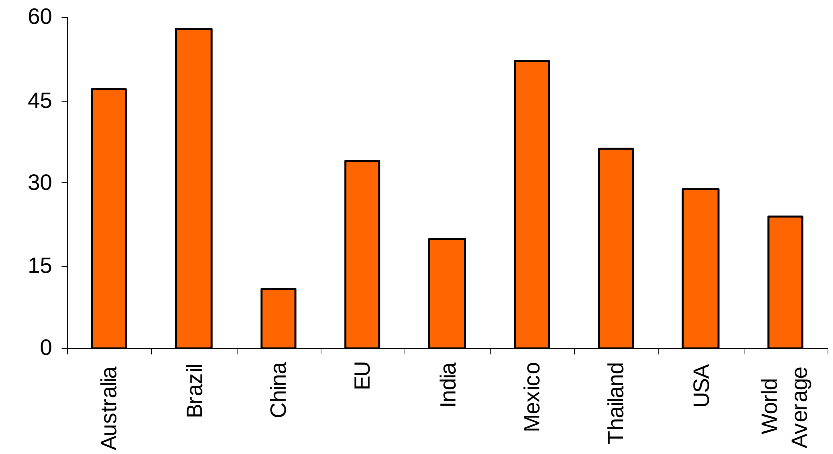
f. Global sugar prices are trading at a high USD550/mt on the back of anticipation of aggressive imports by India in SS 09-10.

Global Demand-Supply Situation

	2004/05	2005/06	2006/07	2007/08	2008/09
Opening stocks	68.2	62.1	65.3	74.9	77.2
Production	141.2	151.4	167.4	166.7	154.9
Imports	51.1	54.3	51.5	50.4	54.6
Consumption	144.3	146.5	153.0	158.4	159.5
Exports	53.9	56.0	56.4	56.3	56.3
Ending stocks	62.1	65.3	74.9	77.2	70.9
+/- Production	(2.6)	10.2	16.0	(0.8)	(11.7)
+/- %	(1.8)	7.3	10.6	(0.5)	(7.0)
+/- Consumption	2.7	2.2	6.6	5.4	1.2
+/- %	1.9	1.5	4.5	3.5	0.7
Stocks (% of cons)	43.1	44.6	48.9	48.8	44.4

Source: F.O.Licht

Countrywise Per Capita Consumption of Sugar (kgs)



Source: Illovo Sugar

Sugar Industry

Industry Outlook

a. On the global front, production is expected to remain below the consumption levels for the second consecutive year on the back of lower than estimated production in Brazil and India.

b. Production in Brazil, estimated at 33-34m mt, is expected to be below the earlier estimates of 35-36m mt on account of excessive rains impacting cane harvesting.

c. India's production will continue to be short of demand, thereby increasing the dependence on imports to not only meet the demand, but also to maintain inventory levels.

c. Although Thailand's sugar production is expected to rise in SS 09-10, Mexico, Pakistan and China are expected to post a decline in production.

d. Domestic production will continue to fall short of demand for the second consecutive year with production in SS 09-10 expected in the region of around 16.5-17m mt (earlier estimates of 19-20m mt). Thus, with insufficient closing stock, India will have to rely on imports to meet the demand shortfall.

f. India's imports in SS 09-10 are estimated at 4-5m mt, and it may surpass Russia as the largest importer of sugar. However, we expect the production to revive in SS 10-11 as the remunerative cane price may encourage farmers to plant more cane.

g. With a shortfall in domestic as well as global production, we expect sugar prices to remain firm over the next 12 months.

Sugar Industry

Distillery

a. Molasses, a by-product obtained during the sugar manufacturing process, is used to manufacture rectified spirit, ENA, ethanol, etc.

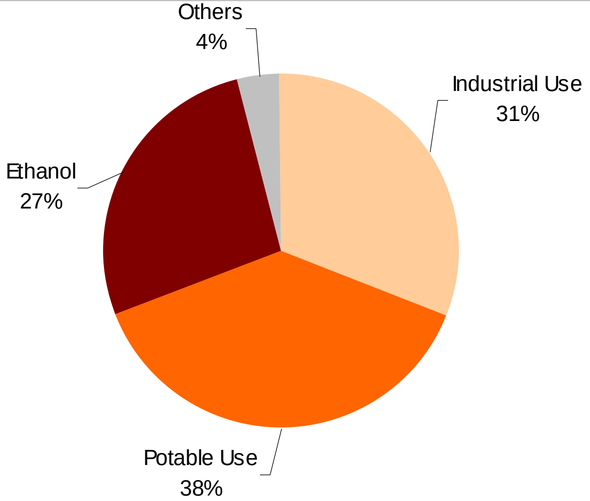
b. At the current mandatory ethanol blending level of 5%, the ethanol requirement for blending purpose stands at ~600m litres.

c. Sugar companies entered into contracts with OMCs for ethanol sales from October 2006 to September 2009 at a rate of INR21.5/ litre. The total tendered quantity for the said period was 1.06bn litres for blending with petrol.

d. On the back of lower molasses availability resulting from lower cane plantation, prices of distillery products (excluding ethanol sales to OMCs) are on the uptrend. Current realisations of rectified spirit and ENA are in the region of INR30/litre and INR32/litre, respectively.

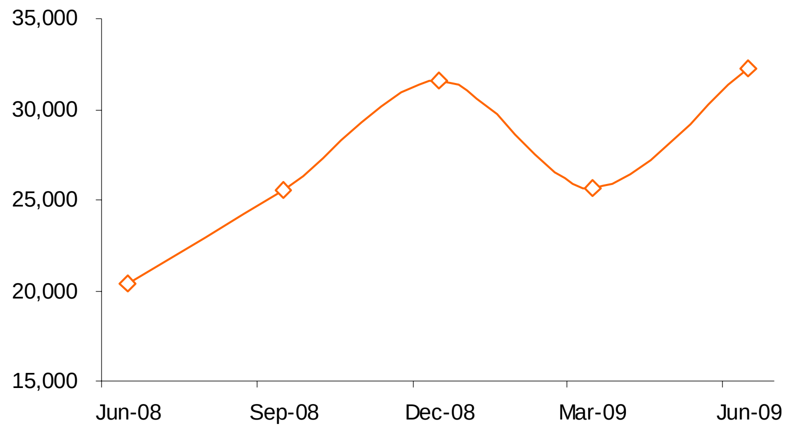
e. In the light of higher oil prices, coupled with better prices for alternative products, sugar mills are tendering a higher rate for ethanol for new contracts with OMCs.

Breakup of Alcohol Demand in India



Source: Industry

Distillery Price Chart (INR / KL)



Source: Triveni

Sugar Industry

Cogeneration

a. Another valuable use of by-products obtained during the sugar manufacturing process (bagasse) is for generating power.

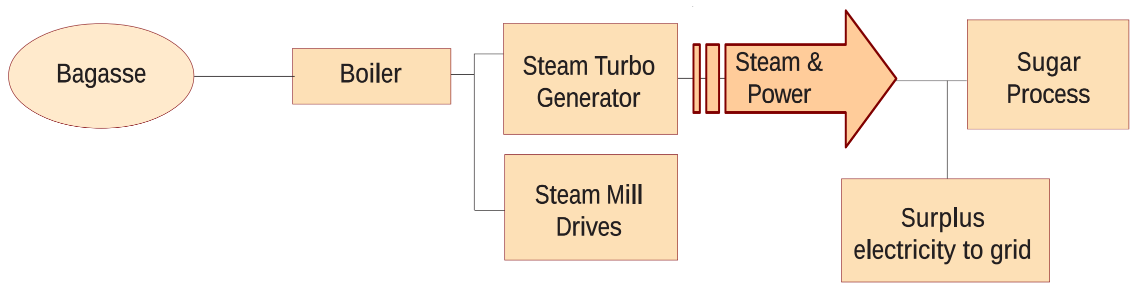
b. Bagasse is used for meeting the process steam requirement during the manufacturing process as well as for power generation for sales to the grid /merchant sales.

c. Profits from cogen are eligible for a 10-year tax holiday from a block of first 15 years of operations.

d. Mills in Uttar Pradesh sell power to the state grid (UPPCL) under Power Purchase Agreement (PPA), whereas mills in Karnataka and Maharashtra are allowed to sell power as merchant sales. However, UPPCL purchased power at INR4/unit (against the PPA rate of INR3.06/unit) from mills during March 2009-May 2009 in order to meet the increased demand during the election period.

e. Mills in Uttar Pradesh have requested UPPCL for an increase in power purchase rate to INR4/unit from SS 09-10 onwards in the light of a sharp rise in bagasse prices.

Power Generation Process



BUY **CMP: INR113** **Target Price: INR136** **Potential Return: 20%**

Company	Balrampur Chini Mills Ltd
Industry	Sugar
Business	● Manufacturing sugar with nine operational mills based in Uttar Pradesh. ● Utilising by-product molasses for manufacturing ethanol / industrial alcohol and bagasse for generating power for captive consumption as well as sales to the state grid.
Highlights	● Robust integrated business model enabling the company to minimise the impact of sugar industry cycle and generate stable cash flows. ● Strong balance sheet with D/E ratio of 0.8x (FY09e). ● Less competition from gur and khandsari manufacturers thereby reducing the competition for cane.

Particulars (INR m)	FY07A	FY08A	FY09e	FY10e
Revenues	13,917	14,635	17,298	21,288
Operating Profit	882	3,154	4,403	5,062
Net Profits	(418)	970	2,017	2,679
EPS (INR)	(1.6)	3.8	7.9	10.5

Market Cap (INR bn)	30
52-wk HI/LO (INR)	129 / 30
Avg 12m Vol ('000)	5226
Bloomberg	BRCM IN
Reuters	BACH.BO

Balrampur Chini Mills Ltd.

Company Background

a. Balrampur Chini Mills Ltd. (BCML) is the second-largest sugar manufacturer (in capacity) in India, with a capacity of 73,500tcd. Its operations are spread across 9 units in Uttar Pradesh.

b. It is considered as one of the most efficient sugar mills, with optimum utilisation of by-products (molasses and bagasse) and above-average recovery rates.

b. Its capacity stands at 320KLPD for distillery and 126MW for cogen (saleable to the grid). Thanks to its integrated model, its leveraging remained under control even in FY07, one of the most challenging year faced by the industry.

c. BCML's capex from FY05 to FY08 was less focussed on expanding its sugar capacities and more on maintaining its integrated model. This ensured that its balance sheet strength was not compromised during the following downturn with cash flows from distillery and cogen supporting the subdued performance of the sugar division.

d. Its units are located close to each other forming a grid. This enables the company to transfer surplus bagasse and molasses from one unit to the other, thereby increasing the operating duration of cogen and distillery plants, and optimising the use of by-products.

e. BCML has built a strong relationship with farmers, with a track record of clearing arrears on time. This has helped the company secure sufficient cane supplies during times of deficit. It also has a track record of consistent dividend payment even during the worst of the periods.

Balrampur Chini Mills Ltd.

Sugar Division

a. BCML has a cane crushing capacity of 73,500tcd, with 9 operational units, all located in Eastern UP. It is the second-largest manufacturer in India after Bajaj Hindustan, which has a consolidated capacity of 136,000tcd.

b. The company does not face any competition from gur and khandsari manufacturers in its command areas. However, the area covered by irrigation is less in the eastern UP compared to western and Central UP. Thus, below normal monsoons has the potential to impact the cane yields.

c. BCML paid INR110/quintal for cane purchases of SS 07-08, which was increased to INR140/quintal in SS 08-09.

d. With improvement in recovery rates and increase in cane crushing, we expect the sugar production to increase to 530,000 mt.

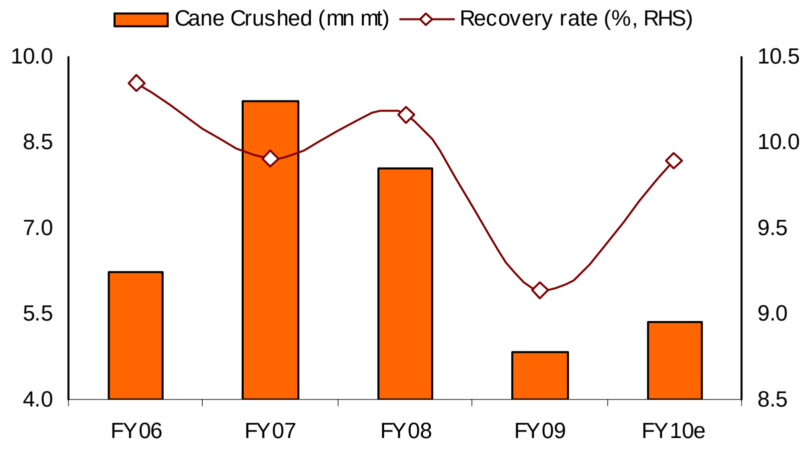
e. The company has imported 85,000 mt of raw sugar from Brazil at USD382/mt CIF, which will be processed in SS 09-10. This will enable the company to partially negate the impact of inventory liquidation of FY09.

Capacity Details

Sugar (TCD)	
Balrampur	12,000
Tulsipur	7,000
Babhnan	10,000
Haidergarh	5,000
Akbarpur	7,500
Rauzagaon	8,000
Mankapur	8,000
Kumbhi	8,000
Gularia	8,000
Total	**73,500**
Distillery (KPLD)	**320**
Saleable Cogen (MW)	**126**

Source: Company

Yearly Crushing and Recovery Rate



Source: Company ,Antique

Balrampur Chini Mills Ltd.

Cogen Division

a. With the capacity of 126MW, BCML has presently the largest saleable cogen capacity in India.

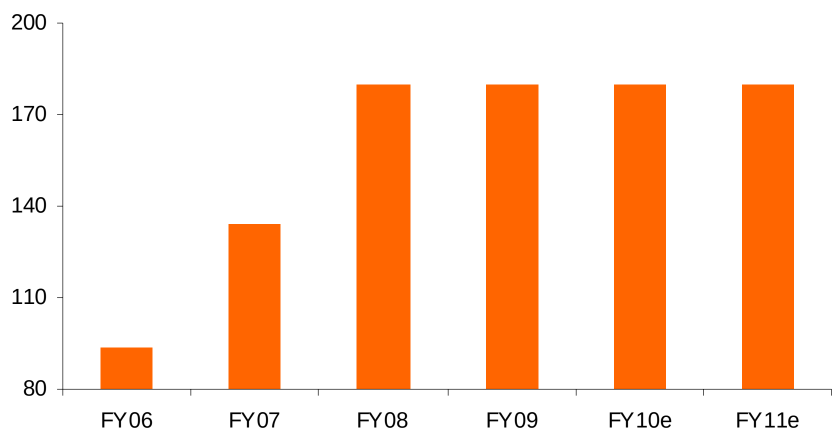
b. It has achieved the most optimum integration level with minimum outside bagasse sales. This has largely been possible as a result of its plants forming a grid, where surplus bagasse is sold to unit ,which has a higher cogen capacity.

c. Its outside bagasse sales accounted for only 4% and 1% and of its FY07 and FY08 production.

d. The contribution from the division helps the company lessen the impact of cyclicality of the sugar division on profits of the company.

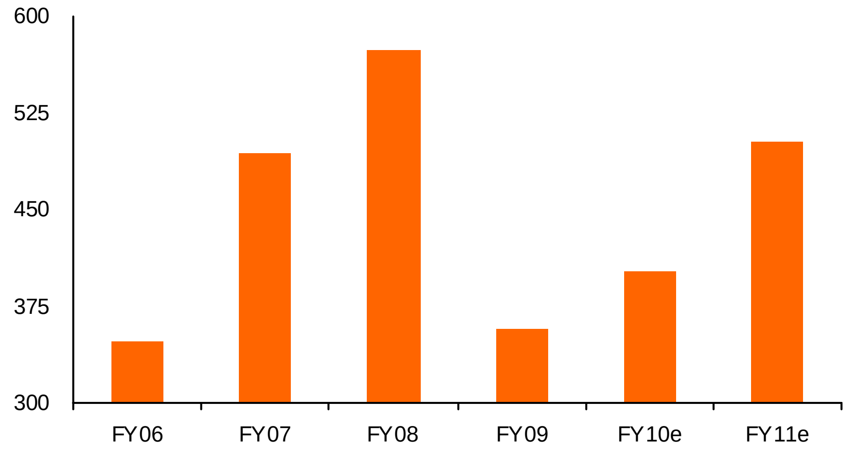
e. In FY08, the division contributed 15% to the total revenues and 46% to the profits of the company.

Yearly Cogen Capacity (Including Saleable, MW)



Source: Company ,Antique

Yearly Power Sales (m units)



Source: Company ,Antique

Balrampur Chini Mills Ltd.

Distillery Division

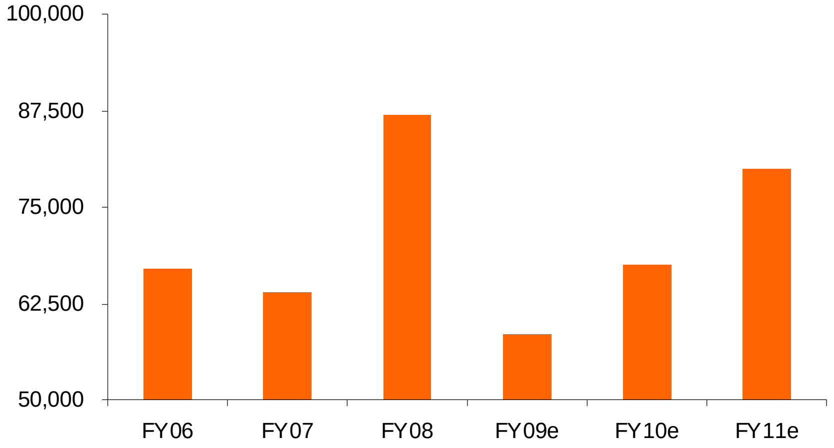
a. BCML has a distillery capacity of 320KLPD, spread across three units, namely, Balrampur (160KLPD), Mankapur (100KLPD) and Babhnan (60KLPD).

b. The benefits of its units forming a grid are also available to the distillery division, with plants being operational for an average of 250 days. However, the operating duration of the distilleries was comparatively lower in FY09 on account of lower molasses availability.

c. Its outside sales of molasses are also limited to only 12% of the total production.

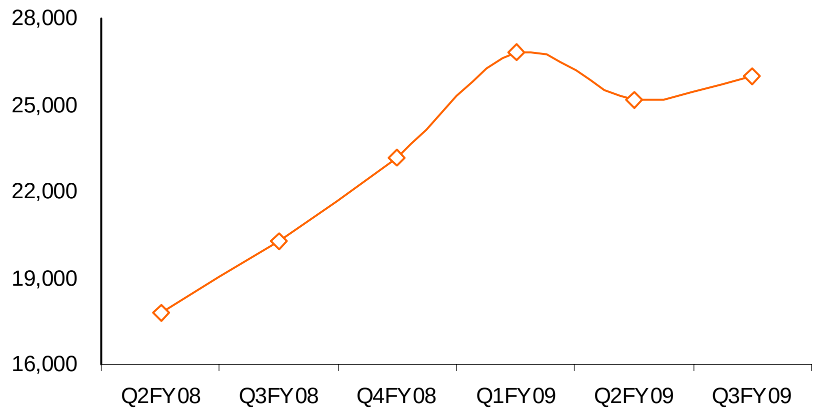
d. The division contributed 10% and 28% of its FY08 revenues and profits, respectively.

Yearly Production (KL)



Source: Company ,Antique

Distillery Realisation Trend (INR / KL)



Source: Company

Balrampur Chini Mills Ltd.

Valuation and Recommendation

We estimate the company to post revenues of INR17.3bn and INR21.3bn in FY09e and FY10e, respectively. Margins in FY09e are expected to improve by 390bps to 25.5% and contract by 170bps to 23.8% in FY10e. We expect net profits of INR2bn and INR2.7bn in FY09e and FY10e respectively.

At the CMP of INR113, BCML is trading at a P/E of 10.8x and EV/EBIDTA of 6.8x, discounting its FY10e numbers. Firm sugar prices coupled with better operational efficiencies should enable BCML to capitalise on the positive industry outlook. This, combined with healthy operational cash flows, would considerably strengthen its balance sheet and enable the company to capitalise on any available opportunities. BCML, which also has the largest surplus cogen capacity, would substantially benefit in case the proposal for increase in PPA rate with UPPCL is accepted. It's profits will be boosted by INR290mn in case the proposal is accepted by the state grid.

We initiate coverage with a BUY recommendation and a target price of INR136, which represents a 20% upside from current levels.

Key Concerns

Acute shortage of sugarcane in SS 2008-09 resulted in mills paying an additional incentive of INR15/quintal over the SAP of INR140/quintal from February 2009 onwards. With sugar price increasing to current ex-mill levels of around INR29k/mt in the State and expected to remain firm, any further increase in sugarcane price over and above the yet to be announced next seasons SAP would impact its profitability. Although, we do expect companies to resort to such measures in order to compete with other sugar mills, we remain cautious on the quantum of increase.

Decline in cane crushing from our target levels can not only impact the performance of sugar division but also affect the utilisation of cogen and distillery plants, thereby impacting the profitability. We expect the recovery rate to improve to 9.9% in SS 2009-10 from 9.14% in SS 2008-09, which would partly offset the rise in cane costs. Any slip-up in achieving the target recovery rate could pose a downside risk to our FY10 profit estimates.

Any intervention from the government to control domestic prices can negatively impact our profit estimates.

Financials

Balrampur Chini Mills Ltd.

Balance Sheet (INR m)

	Sep'07	Sep'08	Sep'09e	Sep'10e	Sep'11e
Equity Share Capital	248	256	256	256	256
Reserves & Surplus	8,394	9,987	11,825	14,295	17,036
Net worth	8,642	10,243	12,081	14,550	17,291
Total Debt	12,856	13,507	9,722	7,627	4,625
Deferred Tax liability	1,232	1,426	1,501	1,569	1,609
Capital Employed	22,731	25,176	23,304	23,745	23,525
Fixed Assets	19,200	18,831	18,096	17,426	16,781
Net current assets	3,464	6,272	5,135	6,247	6,672
Investments	34	55	55	55	55
Miscell. exp (not w/off)	32	18	18	18	18
Total Assets	22,730	25,176	23,304	23,745	23,525

Source: Company ,Antique

Income Statement (INR m)

	Sep'07	Sep'08	Sep'09e	Sep'10e	Sep'11e
Revenues	13,917	14,635	17,298	21,288	23,006
Growth (%)	10.0	5.2	18.2	23.1	8.1
Total Expenditure	13,036	11,481	12,896	16,226	17,581
Operating Profit	882	3,154	4,403	5,062	5,425
Interest & dividend inc	111	140	120	120	120
EBIDT	993	3,295	4,523	5,182	5,545
Interest	544	897	950	750	550
Depreciation	802	1,172	1,085	1,020	995
PBT & EI Items	(354)	1,226	2,488	3,412	4,000
Tax provision	65	256	470	734	960
PAT	(418)	970	2,017	2,679	3,040
Extra-ordinary Items	-	-	-	-	-
Net Profits	(418)	970	2,017	2,679	3,040
Growth (%)	-	-	108.0	32.8	13.5
Eq. sh. O/s (mn no)	248.2	255.5	255.5	255.5	255.5
Book Value (INR)	34.8	40.1	47.3	56.9	67.7
Diluted EPS (INR)	(1.6)	3.8	7.9	10.5	11.9
Cash EPS (INR)	1.5	8.4	12.1	14.5	15.8

Source: Company ,Antique

Balrampur Chini Mills Ltd.

Cash Flow Statement (INR m)

	Sep'07	Sep'08	Sep'09e	Sep'10e	Sep'11e
Profit Before Tax	(354)	1,226	2,488	3,412	4,000
Depreciation	802	1,172	1,085	1,020	995
Interest & dividend inc.	(0)	(15)	(120)	(120)	(120)
Interest paid	544	897	950	750	550
Tax paid	336	(128)	(396)	(665)	(920)
(Inc)/Dec in working cap	(338)	(2,640)	1,690	(867)	10
CF operations	990	512	5,697	3,530	4,515
Net capital expenditure	(6,688)	(812)	(350)	(350)	(350)
Net investments	(740)	(64)	-	-	-
Interest & dividend inc.	44	124	120	120	120
CF investing activities	(7,383)	(752)	(230)	(230)	(230)
Inc in Eq. Capital	-	770	-	-	-
Change in debt	7,413	612	(3,784)	(2,096)	(3,002)
Dividend paid	(424)	-	(179)	(209)	(299)
Interest paid	(582)	(1,051)	(950)	(750)	(550)
CF financing activities	6,407	331	(4,914)	(3,055)	(3,850)
Inc/(Dec.) in cash	14	91	554	245	435

Source: Company ,Antique

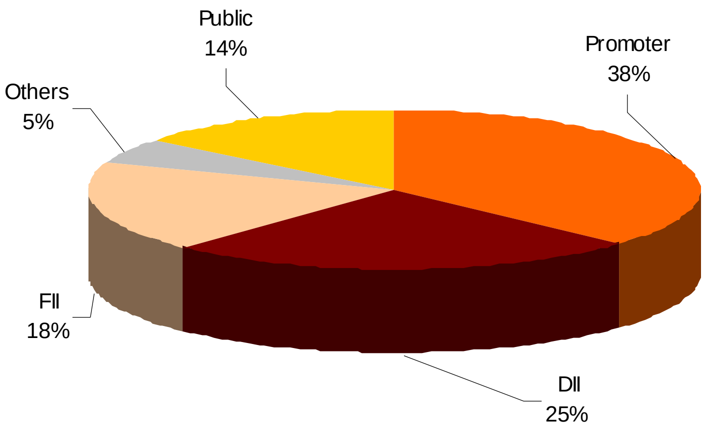
Key Ratios

	Sep'07	Sep'08	Sep'09e	Sep'10e	Sep'11e
OPM (%)	6.3	21.6	25.5	23.8	23.6
ROACE (%)	1.2	9.5	14.3	18.0	19.5
ROANW (%)	(4.7)	10.3	18.1	20.1	19.1
Sales/Total Assets (x)	0.6	0.6	0.9	0.9	1.0
Debt:Equity (x)	1.5	1.3	0.8	0.5	0.3
Current Ratio (x)	1.9	3.5	3.0	3.1	3.1
Interest Cover (x)	0.4	2.4	3.6	5.5	8.3
Debtors (days)	11.8	12.1	12.7	12.7	13.6
Inventory (days)	119.6	174.5	94.8	80.5	77.0
Creditors (days)	97.0	63.7	56.6	53.3	54.1
Net working capital (days)	34.4	122.8	50.9	40.0	36.4
EV/Sales (x)	1.9	2.9	2.2	1.7	1.4
EV/EBIDT (x)	27.3	12.7	8.3	6.8	5.7
P/E (x)	(67.0)	29.8	14.3	10.8	9.5
P/BV (x)	3.2	2.8	2.4	2.0	1.7

Source: Company ,Antique

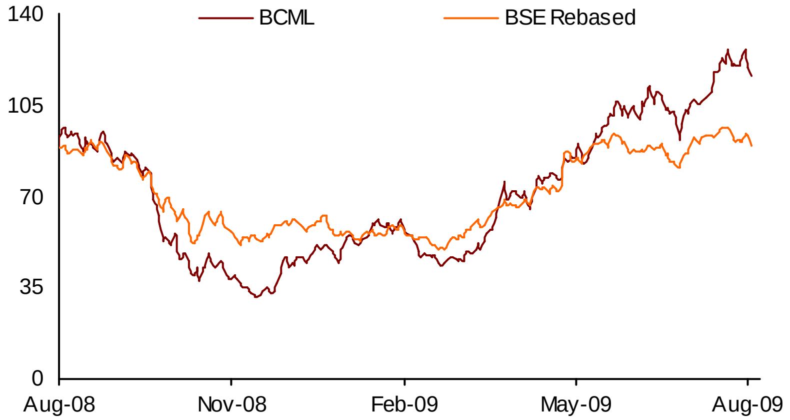
Balrampur Chini Mills Ltd.

Share Holding



Source: BSE

Stock Performance



Source: BSE, NSE

Key Assumptions

	FY09e	FY10e	FY11e
Cane Crushing (mt)	4,832,289	5,352,360	6,515,250
Recovery (%)	9.14	9.90	10.05
Production (mt)	441,671	529,884	654,783
Sugar Volumes (mt)	662,507	556,378	654,783
Sugar Price (INR/mt)	21,700	28,500	29,000
Closing Stock (mt)	95,324	68,829	68,829
Distillery sales (KL)	54,720	67,584	79,872
Distillery Realisations (INR/KL)	27,000	28,000	29,000
Power sales (mn units)	361	402	502
Power realisation (INR/unit)	3.40	3.09	3.12
Raw Sugar Processed (mt)	-	85,000	-

Source: Antique

Sensitivity of PAT to Cane and Sugar Prices

Cane (INR / mt)	Sugar (INR / mt)				
	28,000	**28,500**	**29,000**	**29,500**	**30,000**
1,900	2,985	32,040	3,422	3,641	3,859
1,950	2,775	2,994	3,212	3,430	3,649
2,025	2,460	**2,679**	2,897	3,115	3,334
2,100	2,145	2,363	2,582	2,800	3,019

Source: Antique

HOLD **CMP: INR180** **Target Price: INR197** **Potential Return: 9%**

Company	Shree Renuka Sugars Ltd.
Industry	Sugar
Business	● Integrated sugar manufacturer which also includes ethanol and power sales . ● Processing imported raw sugar for domestic sales / re-exports depending on the domestic demand supply situation. ● Provides turnkey solutions in the space of distilleries.
Highlights	● Unique business model enables to capitalise on the industry upcycle with stability to cash flows during challenging times. ● Flexible cane payments to farmers offers substantial stability to the performance of the sugar division. ● Strong balance sheet offers significant scope for any further expansion / diversification plans.

Particulars (INR m)	FY07A	FY08A	FY09e	FY10e
Revenues	9,506	21,143	26,268	53,844
Operating Profit	1,319	2,526	4,559	8,172
Net Profit	830	1,339	2,122	4,552
EPS (INR)	2.5	4.0	6.3	13.6

Market Cap (INR bn)	56
52-wk HI/LO (INR)	191 / 41
Avg 12m Vol (‘000)	5787
Bloomberg	SHRS IN
Reuters	SRES.BO

Shree Renuka Sugars Ltd.

Company Background

a. Shree Renuka Sugars Ltd. (SRS) is the largest sugar manufacturer in South India and one of the largest in India in capacity terms. Its operational capacity for FY10 stands at 35,000tcd for sugar, 930KLPD for distillery and 173MW for cogen (95MW saleable).

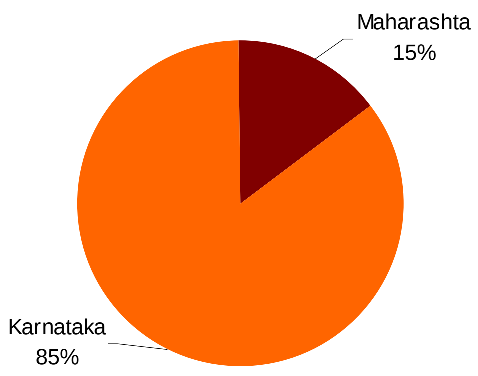
b. Apart from greenfield capacity expansion, it also acquires co-operative mills on lease, thereby reducing the capital cost.

c. Compared to UP-based mills, the company operates for a longer crushing season and enjoys a better sugarcane recovery rate.

d. SRS has the largest raw sugar refining capacity of 4,000tpd, which includes a 2,000tpd port-based refinery at Haldia (West Bengal) and 1,000tpd each at Munoli and Athani (both in Karnataka). The refineries at Karnataka enable the company to improve its asset utilisation during off-season.

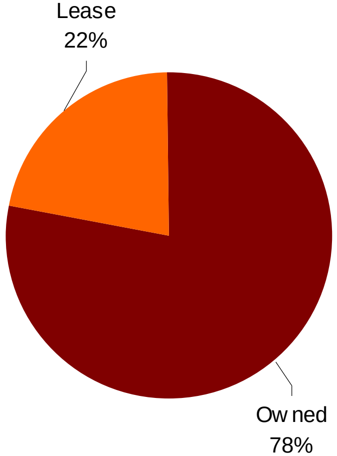
e. To diversify its business operations, it acquired a 54% stake (now it is 80.28%) in KBK Chem Engineering (KBK). Apart from manufacturing machinery for distilleries, it also provided EPC services for the plant.

Statewise Sugar Capacity



Source: Company

Lease and Owned Mills



Source: Company

Shree Renuka Sugars Ltd.

Sugar Division

a. SRS's operations are spread across two states, namely, Karnataka and Maharashtra, with Karnataka accounting for 85% of its capacity and Maharashtra for the balance.

b. Of the current capacities, 27,250tcd are owned by the company and the balance 7,750tcd are on lease. The capacity expansion through leasing of co-operative mills lowers the capital cost when compared with setting up of a similar capacity mill.

c. The company's mills operate for a longer crushing duration as well as enjoys recovery rates that are higher by 120-150bps over those of UP-based mills.

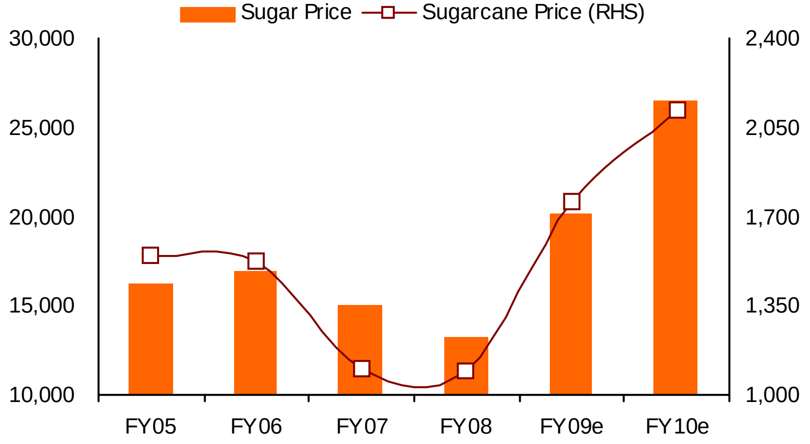
d. The key advantage SRS enjoys over its peers in UP is the flexible cane payment mechanism. The company links its cane payments to farmers to sugar prices, subject to the minimum of Statutory Minimum Price (SMP). This enables it to maintain the division's profitability throughout the sugar cycle. The yearly margins of the sugar division have remained in the range of 5.4-16% over the last 5 years.

Sugar Capacity Details

Unit	Crushing (TCD)
Own Plants	
Munoli, Karnataka	7,500
Athani, Karntaka	8,000
Havalgah, Karnataka	8,000
Ratnaprabha Sugars, Maharashtra	1,250
Leased Plants	
Arag, Maharashtra	4,000
Aland, Karnataka	1,250
Raibag, Karnataka	2,500
Total	**35,000**

Source: Company

Yearly Cane Price Payments (INR / mt)



Source: Company ,Antique

Shree Renuka Sugars Ltd.

Distillery Division

a. With 930KLPD, SRS has the largest distillery capacity in the country. Of the total capacity, 330KLPD is located in Maharashtra with the balance in Karnataka.

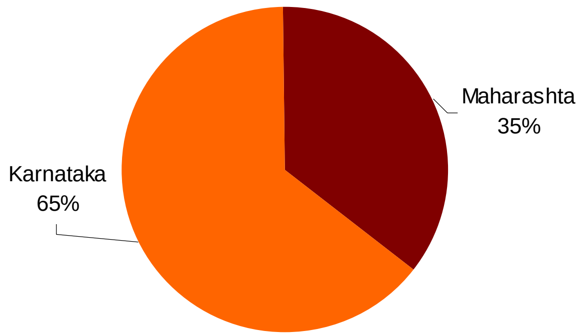
b. The capacity includes 300KLPD of secondary distillery at Khopoli (Maharashtra), which the company had acquired in FY08 and scaled upto the present capacity from 100KLPD.

c. SRS was the largest supplier of ethanol to Oil Marketing Companies (OMC) in the October 2006-September 2009 tender, with a contracted quantity of 190m litres at INR21.5/litre. It expects a better rate for ethanol sales to OMCs in the upcoming tenders.

d. The company relies on external purchase of molasses for producing ethanol / alcohol, as molasses generation exceeds its requirements.

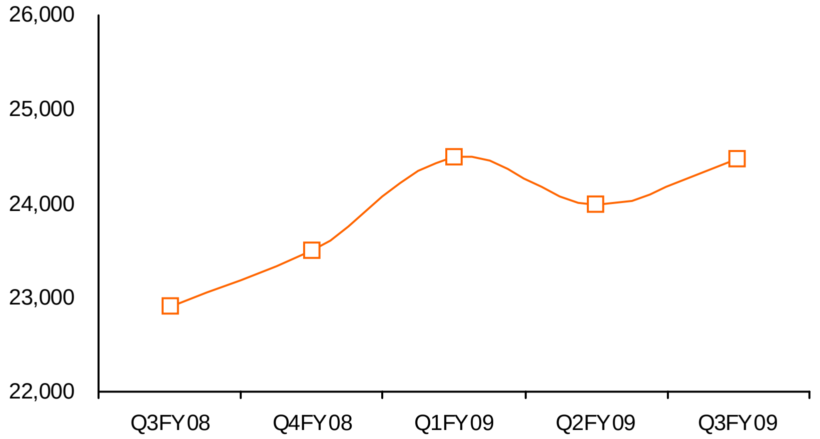
e. Current realisations of industrial alcohol /rectified spirit are on the uptrend due to lower molasses availability. Prices are expected to remain firm on account of a continued shortage of molasses in SS 09-10.

Locationwise Distillery Capacities



Source: Company

Distillery Price Chart (INR / KL)



Source: Company

Shree Renuka Sugars Ltd.

Cogeneration Division

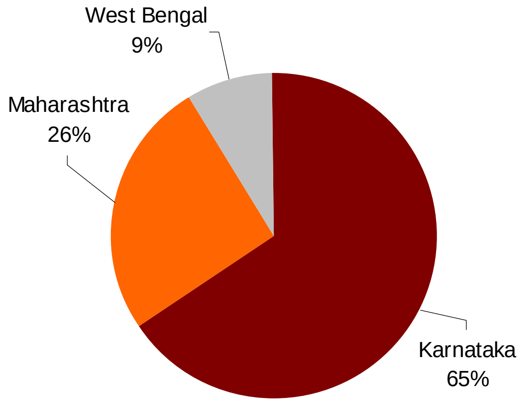
a. For FY10, SRS will operate with a cogen capacity of 173MW, of which 78MW will be utilised for captive consumption and the balance 95MW for sales to grid /industrial consumers.

b. Unlike players in UP, where the sugar mills have entered into long-term power purchase agreements with state grids at contracted rates, SRS can sell power on a merchant sales basis. This enables it to improve its unit realisations considering a higher peak hour rate for power sales.

c. Higher rate for power sales enables the company to run its plants on coal when bagasse production is insufficient. Although margins are low compared with using bagasse, plants run on for a longer duration, thereby compensating margins with volume growth.

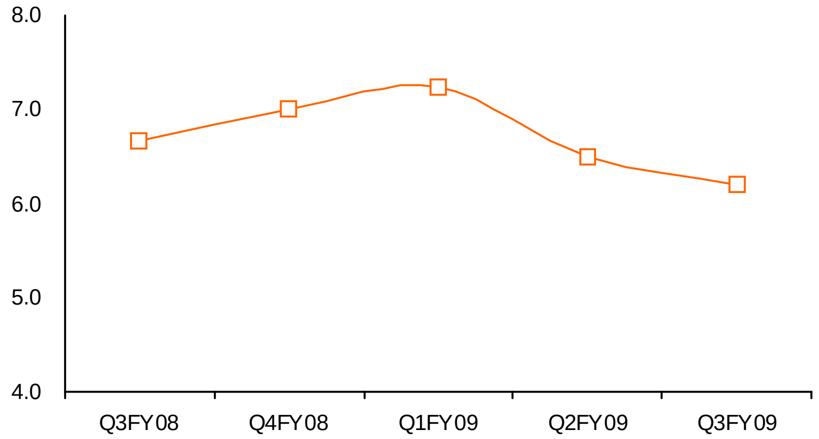
d. SRS plans to set up a 90MW of cogen capacity in Maharashtra in partnership with co-operative mills. As per the agreement, the co-operatives will provide the bagasse for the power plants. SRS will sell the surplus power after meeting captive requirements of the mill and share 1/3rd of revenues with the co-operatives. Of the above 90MW, 30MW is expected to commission by Q4FY09 and the balance 60MW by Q4FY10.

Locationwise Cogen Capacities



Source: Company

Cogen Price Chart (INR / unit)



Source: Company

Sugar Refinery

a. SRS has the largest raw sugar refining capacity in India, with an operational capacity of 4,000tpd across three units. Of the 4,000tpd capacity, 1,000tpd is located at its integrated units at Munoli and Athani (both in Karnataka), whereas the balance 2,000tpd is a port-based refinery at Haldia (West Bengal).

b. Commissioned in October 2008 at a capex of INR2.5bn, Haldia refinery was primarily set up to benefit on the raw-refining spread by importing raw and re-exporting refined sugar.

c. However, consequent to the sharp fall in domestic sugar production and allowing duty-free raw sugar imports without re-export obligation, the refinery will meet the domestic demand.

d. The company plans to increase its capacity at Athani to 2,000tpd and set up a 1,000tpd at Havalgah, taking its total capacity to 6,000tpd. The above plan is expected to be completed by December 2009 at a cost of around INR1bn. It also plans to set up another port-based refinery at Mundra (Gujarat), with a capacity of 3,000tpd, along with a 20MW power plant. Expected to cost around INR4bn, the refinery is likely to commission by December 2010.

e. SRS plans to process around 1.2m mt of raw sugar in FY10 for meeting domestic demand. The company has contracted for the entire import requirement of 1.2m mt.

f. The refinery expansion will enable SRS to capitalise on the potential for raw sugar imports for the next 15-18 months, after which we believe the same would be used to capture the raw - refine sugar spread in re-exports.

Shree Renuka Sugars Ltd.

KBK Chem Engineering

a. SRS acquired a 54% stake in KBK in July 2007 at a cost of INR370m. KBK is into providing turnkey solutions in the field of distilleries, ethanol plants, etc. It also provides EPC services for the same.

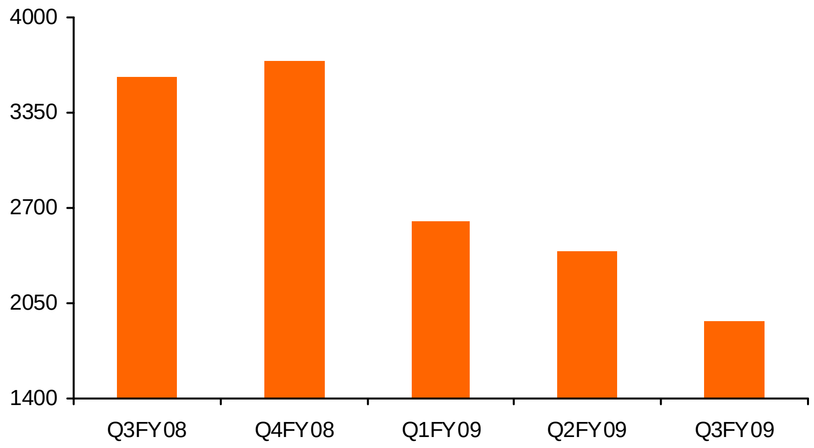
b. The stake in KBK was further increased to 80.28% in June 2009.

c. KBK has an order book of INR1.93bn as on June 2009, executable over the next 12 months. Of the total orders, about 60% are overseas orders and the balance 40% domestic. In the overseas market, the company caters to countries like the Philippines, Tanzania and Ethiopia.

d. The order book witnessed a robust inflow post its acquisition, when the same stood at INR1.5bn.

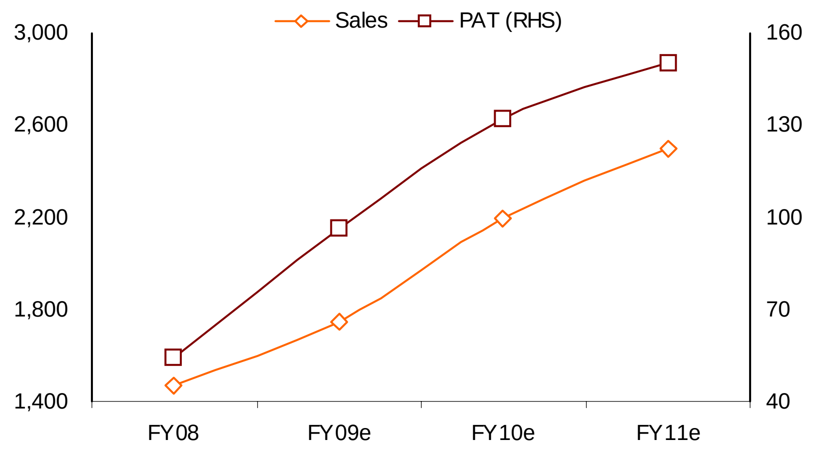
e. In FY2008, the company achieved revenues of INR1.5bn and profits of INR54m.

Quarterly Trend in Order Book (INR m)



Source: Company

Trend in Revenues and Profits (INR m)



Source: Company ,Antique

Shree Renuka Sugars Ltd.

Valuation and Recommendation

We estimate the company to post revenues of INR26.3bn and INR53.8bn in FY09e and FY10e, respectively. We expect OPM of 17.4% and 15.2% for FY09e and FY10e, resulting in net profits of INR2.1bn and INR4.6bn in FY09e and FY10e respectively.

At the CMP of INR180, SRS is trading at a P/E of 13.2x and EV/EBIDTA of 7.4x, discounting its FY10e numbers. An integrated business model, coupled with benefits from imports of raw sugar for domestic sales, should help maintain margins. Additionally, flexible cane price mechanism ensures margin stability in a downcycle.

We initiate coverage with a HOLD recommendation and a target price of INR197, which represents a 10% upside from current levels.

Key Concerns

Decline in cane crushing from our target levels can not only impact the performance of sugar division but also affect the utilisation of cogen and distillery plants, thereby impacting the profitability.

We expect the recovery rate to improve to 11% in SS 2009-10 from 10.74% in SS 2008-09, which would partly offset the rise in cane costs. Any slip-up in achieving the target recovery rate could pose a downside risk to our FY10 profit estimates.

Any intervention from the government to control domestic prices can negatively impact our profit estimates.

Financials

Shree Renuka Sugars Ltd.

Balance Sheet (INR m)

	Sep'07	Sep'08	Sep'09e	Sep'10e	Sep'11e
Equity Share Capital	248	276	317	335	335
Reserves & Surplus	4,191	8,060	15,274	21,269	24,696
Net worth	4,439	8,336	15,591	21,604	25,031
Minority Interest	-	533	578	604	633
Total Debt	6,470	8,595	8,262	4,850	2,850
Deferred Tax liability	202	467	906	1,771	2,478
Capital Employed	11,111	17,931	25,337	28,828	30,991
Fixed Assets	7,710	12,728	15,951	20,151	20,061
Net current assets	3,218	4,877	8,840	8,131	10,385
Investments	161	310	530	530	530
Misc exp. (not w/off)	22	16	16	16	16
Total Assets	11,111	17,931	25,337	28,828	30,991

Source: Company ,Antique

Income Statement (INR m)

	Sep'07	Sep'08	Sep'09e	Sep'10e	Sep'11e
Revenues	9,506	21,143	26,268	53,844	68,857
Growth (%)	(13.9)	122.4	24.2	105.0	27.9
Total Expenditure	8,187	18,617	21,709	45,671	61,651
Operating Profit	1,319	2,526	4,559	8,172	7,207
Interest & dividend inc.	176	152	160	190	190
EBIDT	1,495	2,678	4,719	8,362	7,397
Interest	180	701	1,040	1,190	850
Depreciation	249	369	650	770	890
PBT & E.O. Items	1,065	1,608	3,029	6,402	5,657
Tax provision	236	427	863	1825	1612
PAT before E.O. & MI	830	1,181	2,166	4,578	4,044
Minority Interest	-	25	44	26	30
Extra-ordinary Items	-	(183)	-	-	-
Net Profits	830	1,339	2,122	4,552	4,015
Growth (%)	(31.2)	61.4	58.4	114.5	(11.8)
Eq. sh. O/s (m no)	248.1	276.0	316.9	334.9	334.9
Book Value (INR)	13.3	24.9	46.6	64.5	74.7
Diluted EPS (INR)	2.5	4.0	6.3	13.6	12.0
Cash EPS (INR)	4.3	6.2	8.7	15.9	14.6

Source: Company ,Antique

Shree Renuka Sugars Ltd.

Cash Flow Statement (INR m)

	Sep'07	Sep'08	Sep'09e	Sep'10e	Sep'11e
Profit Before Tax	1,066	1,608	3,029	6,402	5,657
Depreciation	249	369	650	770	890
Interest & dividend inc.	(27)	(15)	(160)	(190)	(190)
Interest paid	180	701	1,040	1,190	850
Other Items	89	(27)	-	-	-
(Inc)/Dec in working cap.	(1,049)	(2,377)	(281)	131	(577)
Tax paid	(56)	(152)	(424)	(960)	(905)
CF operations	452	107	3,854	7,343	5,725
Net capital expenditure	(3,400)	(5,205)	(3,873)	(4,970)	(800)
Net investments	(160)	(149)	(220)	-	-
Interest recd	27	30	160	190	190
CF investing activities	(3,533)	(5,323)	(3,933)	(4,780)	(610)
Issue of eq. shares	688	2,184	5,282	1,853	-
Minority Interest	-	533	-	-	-
Reserves on consol.	-	444	-	-	-
Change in debt	2,674	2,120	(333)	(3,412)	(2,000)
Dividend paid	(83)	(54)	(148)	(392)	(588)
Interest paid	(180)	(701)	(1,040)	(1,190)	(850)
CF financing activities	3,098	4,527	3,760	(3,141)	(3,438)
Inc / (Dec.) in cash	17	(690)	3,682	(578)	1,677

Source: Company ,Antique

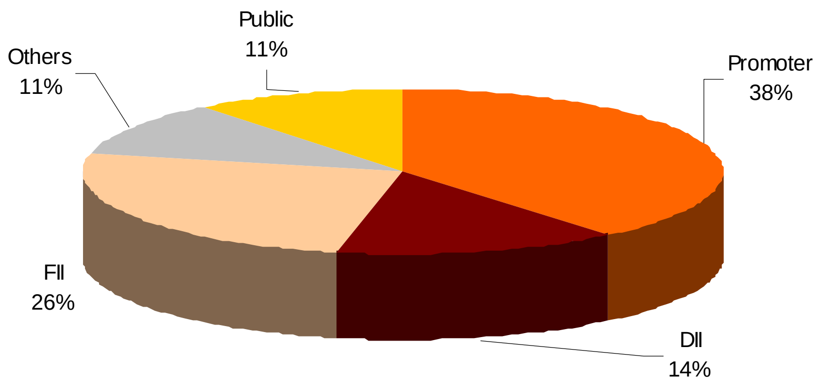
Key Ratios

	Sep'07	Sep'08	Sep'09e	Sep'10e	Sep'11e
OPM (%)	13.9	11.9	17.4	15.2	10.5
ROACE (%)	18.2	24.8	20.3	31.3	21.8
ROANW (%)	22.3	21.0	17.7	24.5	17.2
Sales/Total Assets (x)	0.9	1.2	1.0	1.9	2.2
Debt:Equity (x)	1.5	1.0	0.5	0.2	0.1
Current Ratio (x)	3.6	2.8	3.7	2.4	2.4
Interest Cover (x)	6.9	3.3	3.9	6.4	7.7
Debtors (days)	31.3	26.6	27.5	29.0	28.7
Inventory (days)	44.0	43.5	46.7	23.0	22.6
Creditors (days)	36.4	42.8	45.5	42.2	40.3
Net working capital (days)	38.9	80.9	122.4	54.0	53.8
EV/Sales (x)	5.3	2.7	2.3	1.1	0.8
EV/EBIDT (x)	33.6	21.7	13.0	7.4	7.9
P/E (x)	53.8	37.1	26.9	13.2	15.0
P/BV (x)	13.6	7.2	3.9	2.8	2.4

Source: Company ,Antique

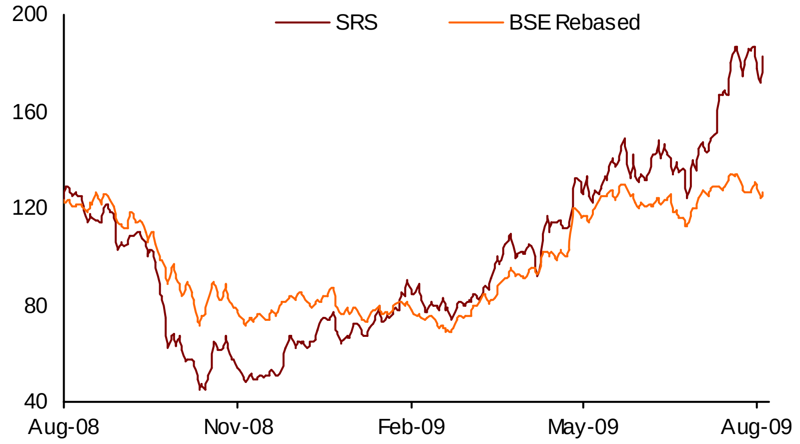
Shree Renuka Sugars Ltd.

Share Holding



Source: BSE

Stock Performance



Source: BSE, NSE

Key Assumptions

	FY09e	FY10e	FY11e
Cane Crushing (mt)	3,506,250	4,095,000	5,220,000
Recovery (%)	10.74	11.00	11.05
Production (mt)	376,571	450,450	576,810
Sugar Volumes (mt)	376,571	450,450	576,810
Sugar Price (INR/mt)	20,150	26,500	27,000
Distillery sales (KL)	85,520	110,670	102,765
Distillery Realisations (INR/KL)	25,955	26,916	27,127
Power sales (mn units)	271	336	419
Power realisation (INR/unit)	6.6	5.8	5.0
Raw Sugar Processed (mt)	595,000	1,147,500	1,598,400

Source: Antique

SRS FY10e Capacity Details

Unit	Crushing (TCD)	Distillery (KLPD)	Cogen (MW)	Refinery (TPD)
Munoli	7,500	150	36	1,000
Athani	8,000	300	38	2,000
Havalgah	8,000	150	26	1,000
Ratnaprabha Sugars	1,250	30	-	-
Gokak Sugars	2,500	-	14	-
Arag	4,000	-	15	-
Aland	1,250	-	-	-
Raibag	2,500	-	-	-
Dhanuka Petro	-	300	-	-
Panchganga	-		30	
Haldia Sugar Refinery	-	-	15	2,000
Total	**35,000**	**930**	**173**	**6,000**

Source: Antique

BUY | **CMP: INR106** | **Target Price: INR126** | **Potential Return: 19%**

Company	Triveni Engineering & Industries Ltd.
Industry	Sugar & Engineering
Business	• Integrated sugar manufacturer which also includes ethanol and power sales . • Manufactures steam turbines (upto 30MW range), high speed gears and water treatment solutions.
Highlights	• Diversified operations helps the company to generate stable cash flows during downcycle in sugar industry. • Healthy orderbook of engineering division provides visibility of revenues. • Healthy cash flows from operations will strengthen its balance sheet and enable the company to capitalise on expansion / diversification plans.

Particulars (INR m)	FY07A	FY08A	FY09e	FY10e
Revenues	19,282	16,376	19,021	23,738
Operating Profit	2,281	3,211	4,031	5,109
Net Profit	703	1,220	1,577	2,503
EPS (INR)	2.7	4.7	6.1	9.7

Market Cap (INR bn)	28
52-wk HI/LO (INR)	119 / 30
Avg 12m Vol ('000)	1908
Bloomberg	TRE IN
Reuters	TREI.BO

Triveni Engineering & Industries Ltd.

Company Background

a. Triveni Engineering & Industries Ltd. (TEIL) is the third-largest manufacturer of sugar (in capacity terms) in India, with a capacity of 61,000tcd and operations spread across seven units in Uttar Pradesh. The company also has a 45MW (saleable) cogen power plant and a 160KLPD distillery.

b. Apart from sugar, TEIL also has a presence in the engineering segment, which comprises steam turbines (up to 30MW), high-speed gears and waste water treatment.

c. In steam turbines, it is the market leader, with a dominant share (78%) in the sub-20MW category. It manufactures turbines up to 30MW range, while its range for servicing and retrofitting extends up to 150MW. To expand its target market for turbines, TEIL has entered into an agreement with Beijing Beizong Turbine Company (China) for selling turbines up to 330MW.

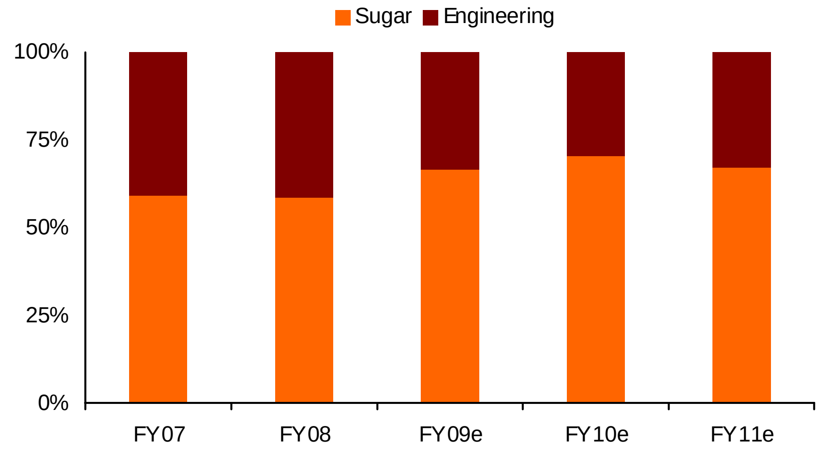
d. The high-speed gears division, apart from meeting captive requirements of the turbine division, also caters to other turbine manufacturers like BHEL and Siemens. The water treatment division provides solutions to corporate and the municipal segment.

Capacity Details

Unit	Crushing (TCD)
Sugar (TCD)	
Khatauli	16,000
Deoband	14,000
Ramkola	6,500
Sabitgarh	7,000
Chandanpur	5,500
Rani Nangal	6,000
Swar	6,000
Total	61,000
Cogen (MW)	45
Distillery (KLPD)	160

Source: Company

Yearly Revenue share from Sugar and Engineering



Source: Company ,Antique

Triveni Engineering & Industries Ltd.

Sugar Division

a. The company has a cane crushing capacity of 61,000tcd, with seven operational units (six in western UP and one in eastern UP). It has the third-largest capacity in India after Bajaj Hindustan and Balrampur Chini.

b. It completed its capacity expansion from 40,500tcd to the present 61,000tcd in FY07.

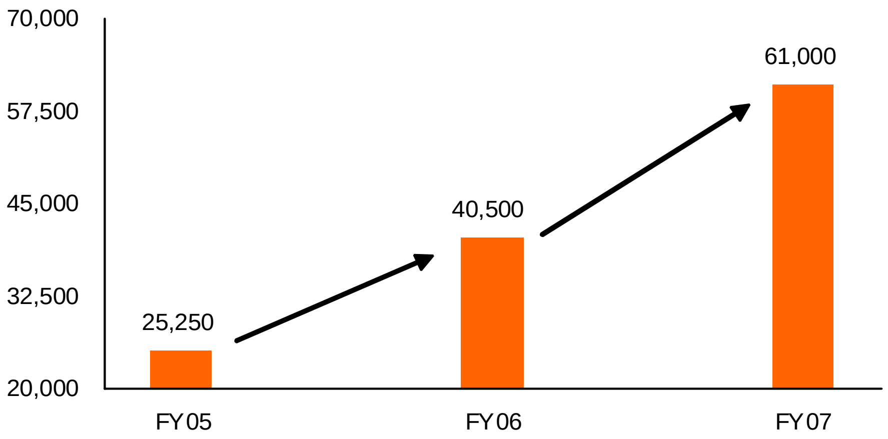
c. As six of the seven units are located in western UP where irrigation facilities are well connected compared with other parts of the state, cane plantations are not expected to be significantly impacted by below-normal monsoons.

d. TEIL paid INR110/quintal for cane purchases of SS 07-08, which was increased to INR140/quintal in SS 08-09.

e. With improvement in recovery rates and increase in cane crushing, we expect the sugar production to increase to 414k mt.

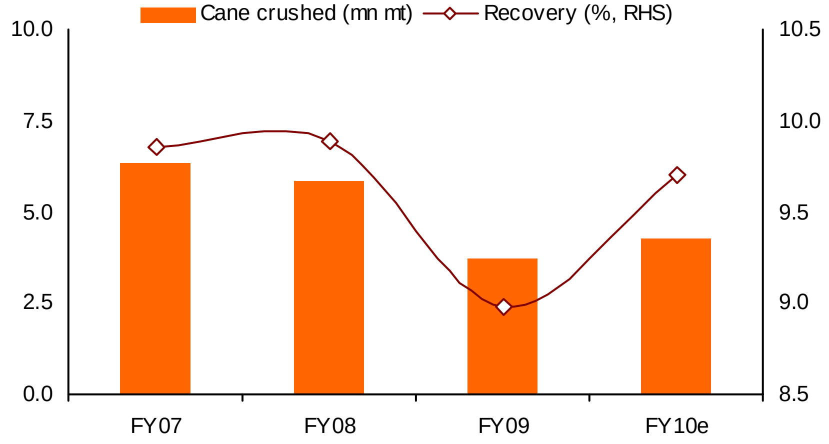
f. The company has imported 90,000 mt of raw sugar from Brazil, which will be processed in SS 09-10. Around 40,000 mt has arrived, whereas the balance 50,000 mt will arrive by August 2009. This will help the company to maintain its volumes in FY10.

Sugar Capacity Ramp-up (tcd)



Source: Company

Trend in Cane Crushing & Recovery Rates



Source: Company ,Antique

Cogeneration & Distillery Division

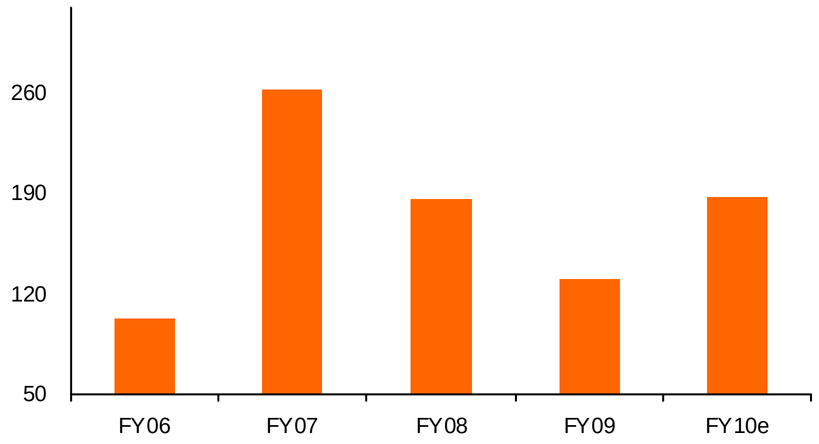
a. The company has a saleable cogen capacity of 45MW, located at Khatauli (23MW) and Deoband (22MW).

b. The units are eligible for carbon credits of around 200k units p.a (Khatauli: about 125k and Deoband: around 75k). The company expects to sell about 80k units in Q4FY09 and around 120k units in H1FY10. With current carbon credit rates of USD15, the potential revenues from sale can be in the region of INR56m and INR85m respectively. We have not factored any income from the sale of carbon credits in our estimates.

c. TEIL has a 160KLPD distillery at Muzaffarnagar between Khatauli and Deoband, which was commissioned in April 2007.

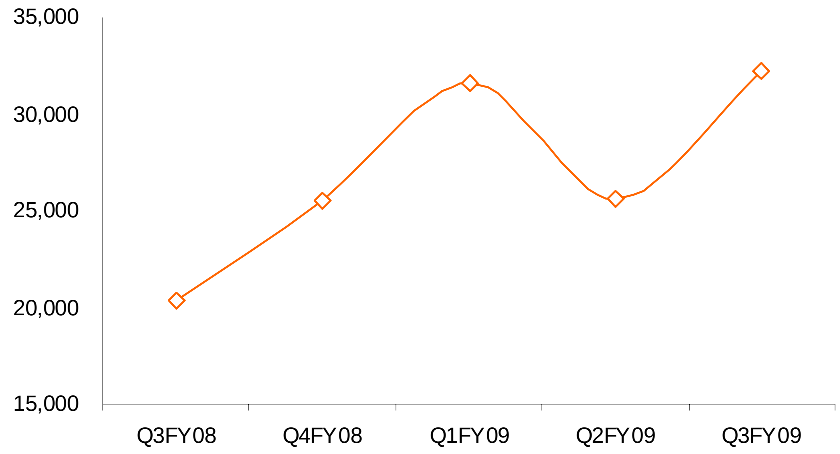
d. The company manufactures rectified spirit and ENA, and has no contractual obligation to sell ethanol to OMCs. It did not participate in the first ethanol tender announced in October 2006 as its distillery was not operational. This benefited the company as it fetched higher realisations selling rectified spirit and ENA compared with the ethanol contract rate of INR21.5/litre.

Yearly Power Sales to Grid (m units)



Source: Company ,Antique

Distillery Price Trend



Source: Company

Triveni Engineering & Industries Ltd.

Turbines Division

a. TEIL is the market leader in the sub-20MW turbines with a dominant share of 78%, with its range expanding up to 30MW. It has sold over 2,000 turbines since operations.

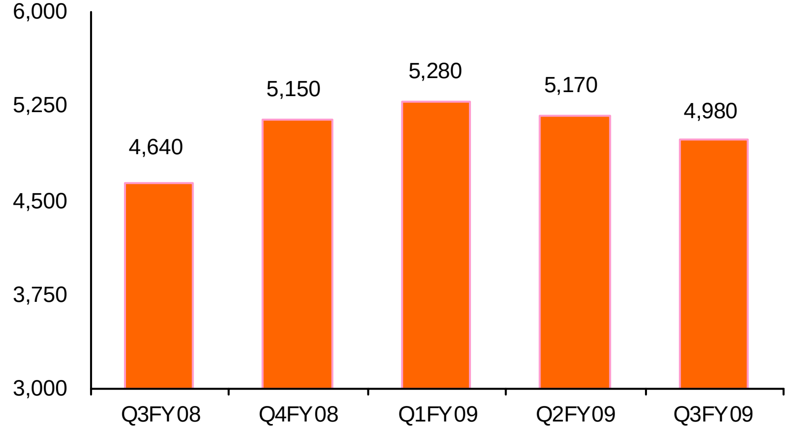
b. The company caters to various user industries like sugar, textiles, sponge iron, metals, textiles, paper and independent power producers.

c. In the spares and refurbishments business, the range for servicing extends up to 150MW. At present, contribution from servicing accounts for around 15.2% of the division's 9MFY09 revenues.

d. To expand its addressable market, it has entered into an agreement with BZD (China) to sell turbines up to 330MW. However, this segment is characterised by intense competition from BHEL, Siemens and other Chinese manufacturers.

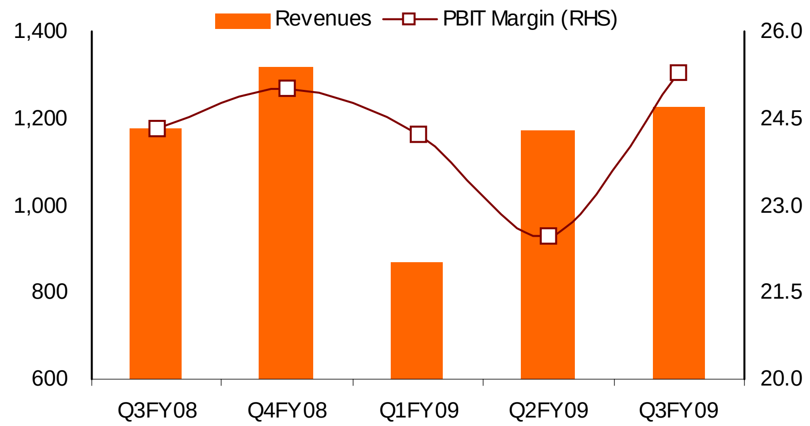
e. The division generated revenues of INR5.1bn, with PBIT margins of 21.5% in FY08. It has a current order book of INR5bn as on June 2009, executable over the next 3-4 quarters.

Orderbook Trend (INR m)



Source: Company

Revenue (INR m) and PBIT Margin (%) Trend



Source: Company

Triveni Engineering & Industries Ltd.

High Speed Gears Division

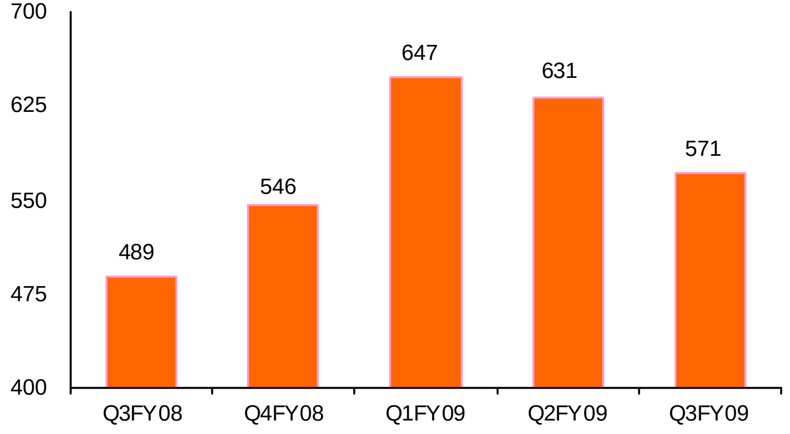
a. Apart from meeting in-house requirements of the turbine division, the division supplies gears to other turbine manufacturers like BHEL and Siemens, among others.

b. It manufactures gears and gear-boxes with a capacity of up to 70MW and speed of up to 50,000rpm. Gears with a capacity of less than 7.5MW are manufactured using in-house technology, whereas for power rating >7.5MW, it manufactures gears using technology licensed from Lufkin (US).

c. It has a dominant share (78%) in the sub-25MW capacity and an overall 55% share across the power range.

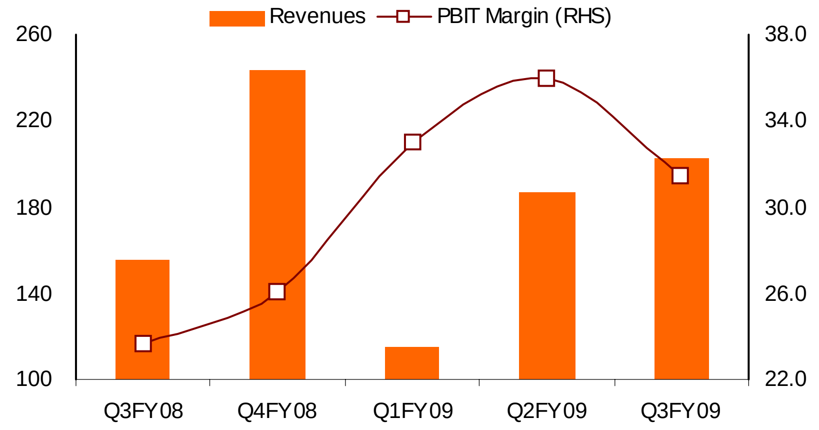
d. In FY08, the division posted revenues of INR769m, with PBIT margins of 28.6%. Increase in contribution from servicing, spares and refurbishments will result in better margins. The division has an order book of INR571m executable over the next 2-3 quarters.

Orderbook Trend (INR m)



Source: Company

Revenue (INR m) and PBIT Margin (%) Trend



Source: Company

Triveni Engineering & Industries Ltd.

Waste Water Treatment Division

a. The company provides products and services for municipal as well as industrial applications, with the former accounting for a major part of revenues as well as the order book.

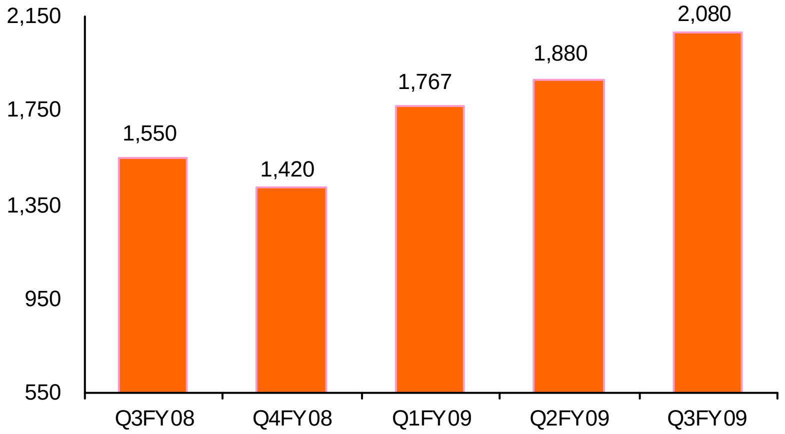
b. It provides products in the field of industrial process water and wastewater treatment, desalination, municipal waste water treatment, etc.

c. It has a technology tie-up with the US Filter (part of Siemens group) for high value water treatment equipment.

d. Stringent environmental norms for effluent treatments and scarcity of water will be the key growth drivers for the business.

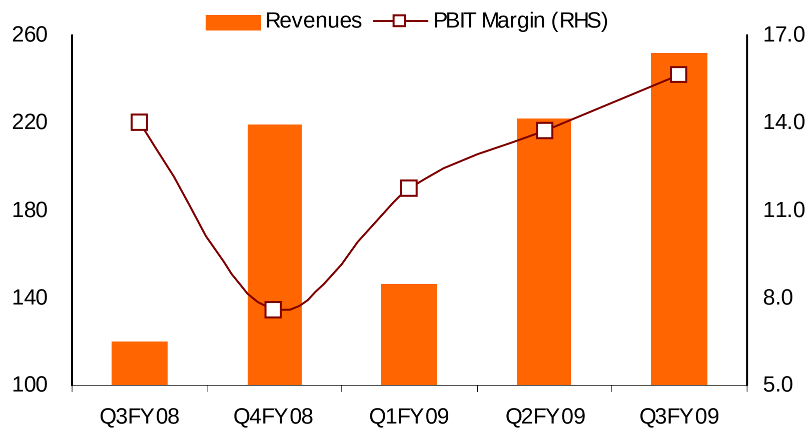
e. In FY08, the division posted revenues of INR668m with PBIT margins of 15.8%. Its order book as on June 2009 stood at INR2.08bn, around 3.1x its FY08 sales.

Orderbook Trend (INR m)



Source: Company

Revenue (INR m) and PBIT Margin (%) Trend



Source: Company

Triveni Engineering & Industries Ltd.

Valuation and Recommendation

We expect TEIL to post revenues of INR19bn and INR23.7bn in FY09e and FY10e, respectively. OPM is expected to stabilise at 20.6% and 21.5% for FY09e and FY10e respectively. Stable capital charges and tax rate should help net profits rise by 16% and 76% to INR1.5bn and INR2.5bn in FY09e and FY10e respectively.

At the CMP of INR106, TEIL is trading at a P/E of 10.9x and EV/EBIDTA of 6.5x, discounting its FY10e numbers. We believe that TEIL could significantly benefit from the current buoyancy in sugar and distillery realisations. The improving scenario for the engineering division could also add some stability to margins and profits of the company. The increase in the PPA rate with UPPCL can also provide a potential upside.

We initiate coverage with a BUY recommendation and a target price of INR126, which represents a 19% upside from current levels.

Key Concerns

Acute shortage of sugarcane in SS 2008-09 resulted in mills paying an additional incentive of INR15/quintal over the SAP of INR140/quintal from February 2009 onwards. With sugar price increasing to current ex-mill levels of around INR29k/mt in the State and expected to remain firm, any further increase in sugarcane price over and above the yet to be announced next seasons SAP would impact its profitability. Although, we do expect companies to resort to such measures in order to compete with other sugar mills, we remain cautious on the quantum of increase.

Decline in cane crushing from our target levels can not only impact the performance of sugar division but also affect the utilisation of cogen and distillery plants, thereby impacting the profitability. We expect the recovery rate to improve to 9.7% in SS 2009-10 from 9.0% in SS 2008-09, which would partly offset the rise in cane costs. Any slip-up in achieving the target recovery rate could pose a downside risk to our FY10 profit estimates.

Any intervention from the government to control domestic prices can negatively impact our profit estimates.

Financials

Triveni Engineering & Industries Ltd.

Balance Sheet (INR m)

	Sep'07	Sep'08	Sep'09e	Sep'10e	Sep'11e
Equity Share Capital	258	258	258	258	258
Reserves & Surplus	6,811	7,832	9,107	11,331	13,717
Net worth	7,068	8,090	9,365	11,589	13,975
Total Debt	9,995	11,688	9,537	7,277	4,800
Deferred Tax liability	402	607	719	825	902
Capital Employed	17,466	20,384	19,621	19,691	19,677
Fixed Assets	13,063	13,026	12,591	12,185	11,785
Net current assets	4,049	6,908	6,579	7,056	7,441
Investments	331	432	432	432	432
Misc. exp (not w/off)	22	19	19	19	19
Total Assets	17,466	20,384	19,621	19,691	19,677

Source: Company ,Antique

Income Statement (INR m)

	Sep'07	Sep'08	Sep'09e	Sep'10e	Sep'11e
Revenues	**19,282**	**16,376**	**19,021**	**23,738**	**25,086**
Growth (%)	7.8	27.4	16.2	24.8	5.7
Total Expenditure	17,001	13,166	14,991	18,629	19,887
Operating Profit	2,281	3,211	4,031	5,109	5,199
Interest & dividend inc	53	73	73	73	73
EBIDT	2,334	3,283	4,103	5,181	5,271
Interest	733	990	1,050	860	650
Depreciation	867	844	810	796	770
PBT & E.O. Items	734	1,450	2,243	3,525	3,851
Tax provision	31	230	667	1022	1117
PAT	703	1,220	1,577	2,503	2,734
Less: E.O. Items	21	-	78	-	-
Net Profits	681	1,220	1,498	2,503	2,734
Growth (%)	(65.5)	168.5	22.8	67.0	9.3
Eq. sh. O/s (m no)	257.9	257.9	257.9	257.9	257.9
Book Value (INR)	27.4	31.4	36.3	44.9	54.2
Diluted EPS (INR)	2.7	4.7	6.1	9.7	10.6
Cash EPS (INR)	6.0	8.0	9.0	12.8	13.6

Source: Company ,Antique

Triveni Engineering & Industries Ltd.

Cash Flow Statement (INR m)

	Sep'07	Sep'08	Sep'09e	Sep'10e	Sep'11e
Profit Before Tax	712	1,450	2,243	3,525	3,851
Depreciation	869	844	810	796	770
Interest & dividend inc.	(14)	(113)	(73)	(73)	(73)
Interest paid	741	1,100	1,050	860	650
Other Adjustments	(17)	(8)	-	-	-
(Inc)/Dec in working cap.	751	(2,907)	509	(314)	(111)
Tax paid	(146)	(155)	(554)	(917)	(1,040)
Cash from operations	2,895	211	3,985	3,878	4,048
Net capital expenditure	(7,767)	(811)	(375)	(390)	(370)
Net investments	(89)	101	-	-	-
Interest / Dividend recd	19	56	73	73	73
CF investing activities	(7,837)	(654)	(303)	(317)	(297)
Issue of eq. shares	-	-	-	-	-
Pref. Shares Repaid	(1)	(0)	-	-	-
Change in debt	5,992	1,687	(2,151)	(2,260)	(2,477)
Dividend paid	(295)	(31)	(223)	(279)	(348)
Interest paid	(746)	(1,094)	(1,050)	(860)	(650)
CF financing activities	4,950	563	(3,424)	(3,399)	(3,475)
Inc/(Dec.) in cash	9	119	259	162	275

Source: Company ,Antique

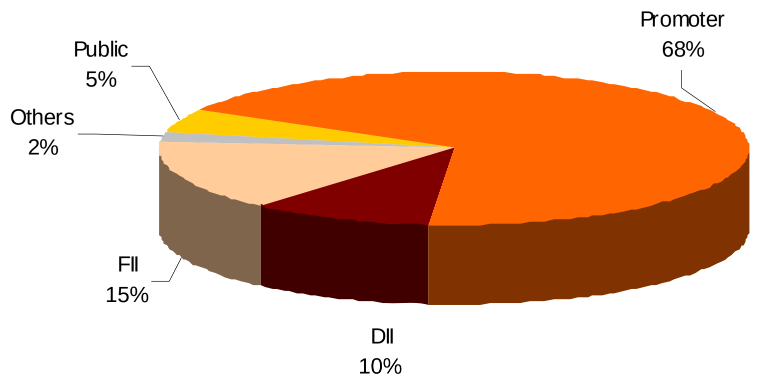
Key Ratios

	Sep'07	Sep'08	Sep'09e	Sep'10e	Sep'11e
OPM (%)	11.8	19.6	21.2	21.5	20.7
ROCE (%)	7.3	13.2	16.8	22.8	23.3
RONW (%)	7.3	16.1	17.2	23.9	21.4
Sales/Total Assets (x)	1.1	0.8	1.0	1.2	1.3
Debt:Equity (x)	1.4	1.4	1.0	0.6	0.3
Current Ratio (x)	1.9	2.5	2.6	2.7	2.7
Interest Cover (x)	2.0	2.5	3.1	5.1	6.9
Debtors (days)	16.2	46.7	45.6	47.0	50.0
Inventory (days)	90.1	149.7	84.7	59.4	55.0
Creditor (days)	81.8	144.7	116.6	94.5	92.2
Net working capital (days)	24.4	51.7	13.6	11.8	12.7
EV/Sales (x)	2.9	2.3	1.9	1.4	1.2
EV/EBIDT (x)	23.6	11.7	8.8	6.5	5.9
P/E (x)	38.9	22.4	17.3	10.9	10.0
P/BV (x)	3.9	3.4	2.9	2.4	2.0

Source: Company ,Antique

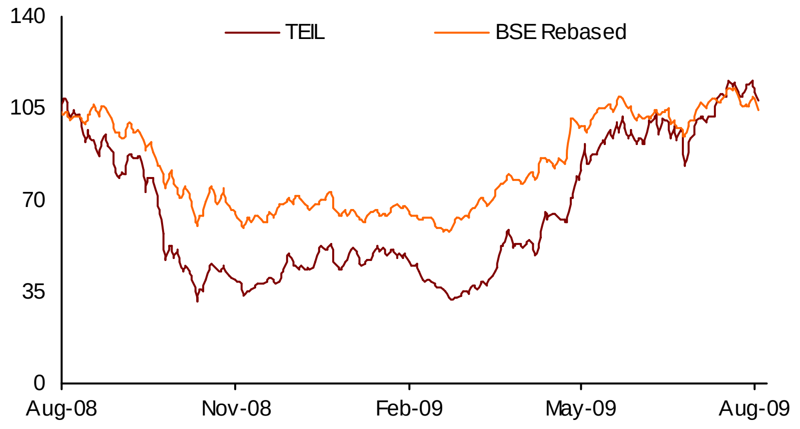
Triveni Engineering & Industries Ltd.

Share Holding



Source: BSE

Stock Performance



Source: BSE, NSE

Key Assumptions

	FY09e	FY10e	FY11e
Cane Crushing	3,733,844	4,270,000	5,100,302
Recovery (%)	8.98	9.70	9.90
Production	335,299	414,190	504,930
Sugar Volumes (mt)	510,000	434,900	504,930
Sugar Price (INR/mt)	21,600	28,500	29,000
Opening Stock	257,339	82,638	61,928
Closing Stock	82,638	61,928	61,928
Distillery sales	30,960	34,560	36,000
Distillery Realisations (INR/KL)	28,424	28,067	29,000
Power sales (mn units)	131	187	201
Power realisation (INR/unit)	3.06	3.09	3.11
Raw Sugar Processed (mt)	-	90,000	-

Source: Antique

Sensitivity of PAT to Cane and Sugar Prices

Cane (INR / mt)	Sugar (INR / mt)				
	28,000	**28,500**	**29,000**	**29,500**	**30,000**
1,900	2,735	2,889	3,044	3,198	3,353
1,950	2,606	2,761	2,915	3,069	3,224
2,035	2,348	**2,503**	2,657	2,812	2,966
2,100	2,168	2,322	2,477	2,631	2,786

Source: Antique

	Firm	Directors	Analysts
Ownership in Stock	No	No	No

Important Disclaimer:

Antique Stock Broking Limited
Nirmal, 2nd Floor, Nariman Point, Mumbai 400 021.
Tel. : +91 22 4031 3444 • Fax : +91 22 4031 3445
www.antiquelimited.com