

Investor concerns unresolved; Retain Hold

February 3, 2012

| | |
|--------------------------|----------------------|
| Reco | Previous Reco |
| Hold | Hold |
| CMP | Target Price |
| Rs345 | Rs282 |
| EPS change FY12E/13E (%) | -47/-10 |
| Target Price change (%) | NA |
| Nifty | 5,270 |
| Sensex | 17,432 |

Price Performance

| (%) | 1M | 3M | 6M | 12M |
|---------------|----|----|-----|------|
| Absolute | 61 | 1 | (2) | (30) |
| Rel. to Nifty | 46 | 1 | (1) | (27) |

Source: Bloomberg

Relative Price Chart



Source: Bloomberg

Stock Details

| | |
|-----------------------------|-------------------|
| Sector | Material Handling |
| Bloomberg | TRF@IN |
| Equity Capital (Rs mn) | 110 |
| Face Value(Rs) | 10 |
| No of shares o/s (mn) | 11 |
| 52 Week H/L | 653/195 |
| Market Cap (Rs bn/USD mn) | 4/81 |
| Daily Avg Volume (No of sh) | 105742 |
| Daily Avg Turnover (US\$m) | 0.6 |

Shareholding Pattern (%)

| | | | |
|--------------|--------|--------|--------|
| | Dec-11 | Sep-11 | Jun-11 |
| Promoters | 34.3 | 34.3 | 39.6 |
| FII/NRI | 5.3 | 5.3 | 0.0 |
| Institutions | 9.1 | 10.2 | 11.0 |
| Private Corp | 13.9 | 13.7 | 13.9 |
| Public | 37.4 | 36.5 | 35.5 |

Source: Capitaline

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- **Above estimates – (1) Strong standalone revenue growth (+89% yoy) – led by Projects div. (2) EBITDA margins down 570 bps qoq to 4.8% - negative surprise (3) APAT at Rs48 mn**
- **Auto components disappoints – (1) Revenue growth at 1% yoy (2) EBITDA margins at 3.6% - negative surprise (3) forex loss of Rs56 mn (4) Net loss of Rs57 mn**
- **Order inflows remain dismal - secures Rs1.9 bn orders. Order book cover down to 1.5X. L1 orders worth Rs5 bn – expect finalization in 2 quarters. DER deteriorates to 3.0X**
- **Cut earnings by 47% & 10% for FY12E & FY13E. Investor concerns on sustainable operational performance unresolved. See no upside catalysts. Retain Hold with target of Rs282**

Strong revenue growth offsets sharp decline in EBITDA margins

TRF standalone Q3FY12 performance was ahead estimates – due to strong revenue growth and forex gains. TRF posted strong revenue growth at 89% yoy to Rs2.8 bn – led by Projects segment (+132% yoy). However, EBITDA margins declined sharply by 570 bps qoq to 4.8% (Vs estimate of 6.6%), partially offsetting strong revenue growth – negative surprise. Decline in EBITDA margin is attributed to higher contribution of low margin orders (Projects business) and increase in input prices. Led by strong revenue growth, EBITDA stood at Rs137 mn (+7% qoq, -40% yoy) – ahead estimates. Correspondingly net profit was also ahead estimates at Rs48 mn – further aided by forex gain of Rs36 mn (Vs loss of Rs111 mn in Q3FY11).

Project division – Turns profitable on back of strong revenue growth

Project division posted improved performance led by strong revenue growth – ahead estimates. Revenues grew sharply by 132% yoy and 170 % qoq to Rs2.5 bn, well ahead estimates – despite a low opening order backlog. Led by strong revenue growth, Project division posted an EBIT profit of Rs43 mn (after 3 quarters of loss) – beating estimates.

Products division – Revenues down 5%, EBIT margin at 12.2%

After posting strong growth for past 6 quarters, Products segment revenues declined 5% yoy to Rs694 mn – below estimates. EBIT margins contracted sharply by 780 bps yoy to 12.2% - owing to un-favourable revenue mix and rise in input prices.

Automotive business disappoints – EBITDA margins back to 3.6%

After strong improvement in Q2FY12, revenue growth tapered off to 1% qoq to Rs1.4 bn (+46% yoy) – split as York Rs0.9 bn, DLT Rs0.4 bn and AAA Rs0.2 bn. Revenues decline led by York and AAA – owing to slow pick-up in domestic demand. EBITDA margins dipped back to 3.6% (down 350 bps qoq, up 20 bps yoy) - negative surprise – in turn failing to sustain better performance of Q2FY12. Led by dismal operational performance and forex loss of Rs56 mn, TRF's auto components business posted a net loss of Rs57 mn – below estimates.

Consolidated Financial Snapshot

Rs Mn

| YE- | Net Sales | EBITDA (Core) | EBITDA (%) | APAT | EPS (Rs) | EPS % chg | RoE (%) | P/E | EV/ EBITDA | P/BV |
|-------|-----------|---------------|------------|------|----------|-----------|---------|------|------------|------|
| Mar | | | | | | | | | | |
| FY10 | 8,659 | 879 | 10.1 | 481 | 41.9 | 13.6 | 33.9 | 5.0 | 4.6 | 1.6 |
| FY11 | 11,136 | 544 | 4.9 | 321 | 27.7 | -33.7 | 20.9 | 7.5 | 9.3 | 1.6 |
| FY12E | 14,064 | 776 | 5.5 | 197 | 17.0 | -38.9 | 12.2 | 12.3 | 7.4 | 1.4 |
| FY13E | 14,300 | 803 | 5.6 | 326 | 24.7 | 45.9 | 15.7 | 8.4 | 6.8 | 1.2 |

Standalone Quarterly Financials

| Rs mn | Q3FY11 | Q4FY11 | Q1FY12 | Q2FY12 | Q3FY12 | YoY (%) | QoQ (%) | YTD'12 | YTD'11 | Gr (%) |
|--------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Revenue | 1,494 | 3,214 | 1,502 | 1,217 | 2,827 | 89.2 | 132.3 | 5,546 | 4,022 | 37.9 |
| Expenditure | 1,264 | 3,195 | 1,402 | 1,089 | 2,690 | 112.8 | 147.1 | 5,180 | 3,651 | 41.9 |
| Consumption of RM | 435 | 2,134 | 627 | 395 | 1,878 | 331.7 | 375.3 | 2,899 | 1,522 | 90.5 |
| <i>as % of sales</i> | <i>29.1</i> | <i>66.4</i> | <i>41.7</i> | <i>32.5</i> | <i>66.4</i> | | | <i>52.3</i> | <i>37.8</i> | |
| Payment to Subcontractor | 499 | 674 | 438 | 350 | 416 | -16.6 | 18.9 | 1,205 | 1,129 | 6.7 |
| <i>as % of sales</i> | <i>33.4</i> | <i>21.0</i> | <i>29.2</i> | <i>28.8</i> | <i>14.7</i> | | | <i>21.7</i> | <i>28.1</i> | |
| Employee Cost | 113 | 117 | 128 | 139 | 144 | 27.4 | 4.1 | 411 | 340 | 20.8 |
| <i>as % of sales</i> | <i>7.6</i> | <i>3.6</i> | <i>8.5</i> | <i>11.4</i> | <i>5.1</i> | | | <i>7.4</i> | <i>8.5</i> | |
| Other expenditure | 217 | 269 | 208 | 205 | 251 | 15.8 | 22.7 | 665 | 659 | 0.8 |
| <i>as % of sales</i> | <i>14.5</i> | <i>8.4</i> | <i>13.9</i> | <i>16.8</i> | <i>8.9</i> | | | <i>12.0</i> | <i>16.4</i> | |
| EBITDA | 230 | 19 | 100 | 128 | 137 | -40.4 | 6.8 | 365 | 371 | -1.6 |
| Depreciation | 10 | 12 | 9 | 10 | 11 | 14.5 | 10.7 | 31 | 27 | 15.3 |
| EBIT | 220 | 7 | 90 | 118 | 126 | -42.9 | 6.5 | 335 | 345 | -2.9 |
| Other Income | 5 | 13 | 6 | -36 | 4 | -16.9 | -112.3 | -26 | 74 | -135.5 |
| Interest | 39 | 42 | 48 | 54 | 60 | 54.5 | 11.6 | 162 | 82 | 97.4 |
| PBT | 187 | -22 | 48 | 28 | 70 | -62.5 | 150.0 | 146 | 336 | -56.5 |
| Total Tax | 13 | -7 | 16 | 7 | 22 | 69.6 | 197.3 | 45 | 13 | 249.0 |
| Adjusted PAT | 174 | -15 | 32 | 21 | 48 | -72.3 | 133.2 | 101 | 323 | -68.7 |
| Extra ordinary items | 0 | 0 | 0 | 0 | 0 | NA | NA | 0 | 0 | NA |
| Reported PAT | 174 | -15 | 32 | 21 | 48 | -72.3 | 133.2 | 101 | 23 | 335.6 |
| Adjusted EPS | 15.8 | -1.4 | 2.9 | 1.9 | 4.4 | -72.3 | 133.2 | 9.2 | 29.4 | -68.7 |

| Margins (%) | | | | | (bps) | (bps) | | | (bps) | |
|--------------------|------|------|------|------|-------|--------|------|------|-------|-------|
| EBIDTA | 15.4 | 0.6 | 6.7 | 10.5 | 4.8 | -1,050 | -570 | 6.6 | 9.2 | -260 |
| EBIT | 14.7 | 0.2 | 6.0 | 9.7 | 4.5 | -1,030 | -530 | 6.0 | 8.6 | -250 |
| EBT | 12.5 | -0.7 | 3.2 | 2.3 | 2.5 | -1,000 | 20 | 2.6 | 8.4 | -570 |
| PAT | 11.6 | -0.5 | 2.2 | 1.7 | 1.7 | -990 | 0 | 1.8 | 8.0 | -620 |
| Effective Tax rate | 6.9 | 32.5 | 32.8 | 26.3 | 31.3 | 2,440 | 500 | 30.8 | 3.8 | 2,700 |

Secures orders worth Rs1.9 bn - too little & too late... Order book cover declines to 1.5X revenues

After 6 dry quarters, TRF secured orders worth Rs1.9 bn, amidst a tough business environment. Order backlog continued to decline - down 30% yoy and 3% qoq to Rs12.2 bn, while forward order book cover declined from 2.2X in Mar'11 to 1.5X revenues. Major orders secured include (1) Tata steel – Rs0.6 bn (2) NTPC – Rs0.8 bn.

...Shares encouraging order inflow outlook; L1 in orders worth Rs5 bn

Despite a dismal 9MFY12, TRF shared an encouraging outlook on order inflows on back of (1) L1 orders worth Rs5 bn from NTPC (a) supercritical order from NTPC – worth Rs3.6 bn and (b) Rs1 bn order from NTPC-TN Port & Yard Trust JV (2) Commencement of Tata Steel Kalinganagar project – expects MHE orders worth Rs2 bn. TRF expects the orders to be finalized over the next 2 quarters.

DER at 3.0X - Continues to deteriorate

TRF's consolidated DER continued to rise – owing to (1) 100% leveraged buy-out of balance 49% stake in DLTML (on other stake holders exercising their put option against TRF) – leading to increase in debt of about Rs0.4 bn (2) TRF's inability to reduce retention money (debtors) with clients – TRF expects to realise about Rs0.2-0.3 bn in Q4FY12E.

Consequently, consolidated DER deteriorated from 2.0X in Mar'11 to 2.4X in Sep'11 and further to 3.0X in Dec'11.

Cut earnings estimates by 47% for FY12E and by 10% for FY13E

We have cut consolidated earnings estimates for FY12E by 47% to Rs17.0 per share to factor (1) dismal operational performance in Q3FY12 (despite strong revenue growth) in both MHE and auto components business (2) consolidated forex loss of Rs53 mn incurred in Q3FY12. Our FY13E consolidated earnings are cut by 10% to Rs24.7 per share – led by continued deterioration of DER to 3.0X (from 2.4X in Sep'11).

Revision in consolidated earning estimates

| Rs mn | FY12E | | | FY13E | | |
|-------------------|---------|---------|----------|---------|---------|----------|
| | Earlier | Revised | % Change | Earlier | Revised | % Change |
| Revenues | 13,969 | 14,064 | 0.7 | 14,521 | 14,300 | -1.5 |
| EBITDA | 803 | 776 | -3.4 | 808 | 803 | -0.6 |
| EBITDA Margin (%) | 5.8 | 5.5 | -20 bps | 5.6 | 5.6 | 10 bps |
| APAT | 355 | 187 | -47.5 | 303 | 272 | -10.2 |
| EPS (Rs) | 32.3 | 17.0 | -47.5 | 27.6 | 24.7 | -10.2 |
| Order Inflows | 5,112 | 5,112 | 0.0 | 7,221 | 7,221 | 0.0 |
| Order Backlog | 11,344 | 11,016 | -2.9 | 11,141 | 10,756 | -3.4 |

Retain Hold rating

TRF's inability to do an encore and sustain Q2FY12's strong operational performance was the key negative highlight of the quarter – key investor concern remains unresolved. Further risks to earnings persist from (1) concerns on profitability of incremental order inflows (2) profitable execution of current order backlog (3) concerns on operating performance in auto components business and (4) high DER at 3.0X. With no upside catalysts and investor concerns unresolved, we retain HOLD rating with price target of Rs282 per share.

Standalone Segmental Performance

| Rs mn | Q3FY11 | Q4FY11 | Q1FY12 | Q2FY12 | Q3FY12 | YoY (%) | QoQ (%) | YTD'12 | YTD'11 |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Segment Revenues | | | | | | | | | |
| Project & Services | 1,093 | 2,862 | 1,037 | 941 | 2,539 | 132.3 | 169.8 | 4,518 | 2,964 |
| Products & Services | 731 | 614 | 674 | 685 | 694 | -5.1 | 1.4 | 2,053 | 1,891 |
| Less: Intersegment Revenues | 330 | 262 | 210 | 409 | 406 | - | - | 1,025 | 832 |
| Total | 1,494 | 3,214 | 1,502 | 1,217 | 2,827 | 89.2 | 132.3 | 5,546 | 4,022 |
| Segment Results | | | | | | | | | |
| Project & Services | 88 | -48 | -60 | -11 | 43 | -51.1 | -507.9 | -28 | 72 |
| Products & Services | 146 | 71 | 157 | 137 | 85 | -42.1 | -38.1 | 378 | 367 |
| Total | 234 | 23 | 97 | 126 | 128 | -45.5 | 1.3 | 350 | 439 |
| Add- Unall Income / (Exp) | -8 | -303 | 0 | -44 | 3 | - | - | -42 | -21 |
| Less- Interest Exp | 39 | 42 | 48 | 54 | 60 | 54.5 | 11.6 | 162 | 82 |
| PBT | 187 | -322 | 48 | 28 | 70 | -62.5 | 150.0 | 146 | 336 |
| Segment Capital Employed | | | | | | | | | |
| Project & Services | 1,804 | 1,758 | 1,982 | 2,258 | 2,466 | 36.7 | 9.2 | 2,466 | 1,804 |
| Products & Services | 704 | 778 | 954 | 879 | 984 | 39.6 | 11.9 | 984 | 704 |
| Unallocated | -787 | -855 | 0 | -1,404 | -1,404 | 78.3 | 0.0 | -1,404 | -787 |
| Total | 1,721 | 1,681 | 2,936 | 1,734 | 2,046 | 18.9 | 18.0 | 2,046 | 1,721 |
| Segment Margins (%) | | | | | | (bps) | (bps) | | |
| Project & Services | 8.1 | (1.7) | (5.8) | (1.1) | 1.7 | -640 | 280 | (0.6) | 2.4 |
| Products & Services | 20.0 | 11.6 | 23.3 | 20.0 | 12.2 | -780 | -780 | 18.4 | 19.4 |
| Average | 12.8 | 0.7 | 5.6 | 7.8 | 3.9 | -890 | -380 | 5.3 | 9.0 |

Consolidated Quarterly Financials

| Rs mn | Q3FY11 | Q4FY11 | Q1FY12 | Q2FY12 | Q3FY12 | YoY (%) | QoQ (%) | YTD'12 | YTD'11 |
|--------------------------------|--------------|--------------|--------------|--------------|--------------|---------------|---------------|--------------|--------------|
| Revenue | 2,484 | 4,332 | 2,720 | 2,657 | 4,276 | 72.1 | 60.9 | 9,654 | 6,802 |
| Expenditure | 2,220 | 4,282 | 2,579 | 2,426 | 4,086 | 84.1 | 68.5 | 9,092 | 6,347 |
| Consumption of RM | 1,124 | 2,918 | 1,520 | 1,418 | 2,941 | 161.8 | 107.5 | 5,879 | 3,418 |
| <i>as % of sales</i> | <i>45.2</i> | <i>67.4</i> | <i>55.9</i> | <i>53.3</i> | <i>68.8</i> | | | <i>60.9</i> | <i>50.3</i> |
| Payment to Subcontractor | 507 | 685 | 452 | 366 | 434 | -14.3 | 18.5 | 1,252 | 1,152 |
| <i>as % of sales</i> | <i>20.4</i> | <i>15.8</i> | <i>16.6</i> | <i>13.8</i> | <i>10.1</i> | | | <i>13.0</i> | <i>16.9</i> |
| Employee Cost | 215 | 209 | 237 | 268 | 278 | 29.4 | 3.6 | 783 | 621 |
| <i>as % of sales</i> | <i>8.6</i> | <i>4.8</i> | <i>8.7</i> | <i>10.1</i> | <i>6.5</i> | | | <i>8.1</i> | <i>9.1</i> |
| Other expenditure | 375 | 469 | 371 | 374 | 433 | 15.5 | 16.0 | 1,178 | 1,156 |
| <i>as % of sales</i> | <i>15.1</i> | <i>10.8</i> | <i>13.6</i> | <i>14.1</i> | <i>10.1</i> | | | <i>12.2</i> | <i>17.0</i> |
| EBITDA | 264 | 50 | 141 | 232 | 190 | -28.1 | -18.1 | 562 | 455 |
| Depreciation | 22 | 25 | 23 | 25 | 33 | 47.8 | 31.1 | 81 | 60 |
| EBIT | 242 | 25 | 118 | 207 | 157 | -35.1 | -24.1 | 481 | 395 |
| Other Income | 4 | 36 | 15 | -95 | -50 | -1239.6 | -47.2 | -130 | 90 |
| Interest | 51 | 57 | 64 | 70 | 81 | | | 216 | 118 |
| PBT | 195 | 4 | 69 | 41 | 26 | -86.9 | -37.9 | 135 | 367 |
| Total Tax | 27 | -3 | 31 | 22 | 37 | 35.6 | 70.5 | 89 | 55 |
| Adjusted PAT | 167 | 7 | 38 | 19 | -11 | -106.8 | -158.4 | 46 | 312 |
| Minority Interest | -4 | 20 | 2 | -6 | -3 | -24.4 | -54.4 | -8 | -4 |
| Adjusted PAT (after MI) | 171 | -14 | 36 | 26 | -8 | -104.9 | -132.6 | 53 | 316 |
| Extra ordinary items | 0 | 0 | 0 | 0 | 0 | NA | NA | 0 | NA |
| Reported PAT | 171 | -14 | 36 | 26 | -8 | -104.9 | -132.6 | 53 | 16 |
| Adjusted EPS | 15.6 | -1.2 | 3.3 | 2.4 | -0.8 | -106.0 | -134.0 | 5.3 | 31.6 |
| Margins (%) | | | | | | (bps) | (bps) | | |
| EBIDTA | 10.6 | 1.2 | 5.2 | 8.7 | 4.4 | -620 | -430 | 5.8 | 6.7 |
| EBIT | 9.7 | 0.6 | 4.3 | 7.8 | 3.7 | -610 | -410 | 5.0 | 5.8 |
| EBT | 7.8 | 0.1 | 2.5 | 1.5 | 0.6 | -720 | -100 | 1.4 | 5.4 |
| PAT | 6.7 | 0.2 | 1.4 | 0.7 | (0.3) | -700 | -100 | 0.5 | 4.6 |
| Effective Tax rate | 14.0 | (65.3) | 45.0 | 52.6 | 144.6 | 13,060 | 9,190 | 66.1 | 14.9 |

Key Consolidated Financials

Income Statement

| Y/E, Mar (Rs. mn) | FY10 | FY11 | FY12E | FY13E |
|----------------------------------|--------------|---------------|---------------|---------------|
| Net Sales | 8,659 | 11,136 | 14,064 | 14,300 |
| Growth (%) | 19.6 | 28.6 | 26.3 | 1.7 |
| Expenditure | 7,781 | 10,592 | 13,288 | 13,497 |
| Materials Consumed | 5,978 | 8,174 | 10,501 | 10,611 |
| Employee Cost | 694 | 832 | 1,074 | 1,064 |
| Manufacturing Exp | 403 | 591 | 652 | 670 |
| Other Exp | 705 | 995 | 1,062 | 1,153 |
| EBITDA | 879 | 544 | 776 | 803 |
| Growth (%) | 9.8 | (38.1) | 42.6 | 3.5 |
| EBITDA margin (%) | 10.1 | 4.9 | 5.5 | 5.6 |
| Depreciation | 61 | 85 | 115 | 126 |
| EBIT | 817 | 459 | 661 | 677 |
| EBIT margin (%) | 9.4 | 4.1 | 4.7 | 4.7 |
| Other Income | 41 | 90 | -65 | 100 |
| Interest expenses | 126 | 176 | 306 | 326 |
| PBT | 732 | 374 | 290 | 451 |
| Tax | 251 | 52 | 93 | 125 |
| Effective tax rate (%) | 34.3 | 14.0 | 32.1 | 27.7 |
| Adjusted PAT | 481 | 321 | 197 | 326 |
| Growth (%) | 18.7 | (33.2) | (38.9) | 65.8 |
| Net Margin (%) | 5.6 | 2.9 | 1.4 | 2.3 |
| (Profit)/loss from JVs/Ass/MI | 20 | 16 | 10 | 54 |
| Adj. PAT After JVs/Ass/MI | 461 | 305 | 187 | 272 |
| E/O items | 7 | -303 | 0 | 0 |
| Reported PAT | 467 | 3 | 187 | 272 |
| Growth (%) | 15.4 | (99.4) | 6,826.7 | 45.9 |

Balance Sheet

| Y/E, Mar (Rs. mn) | FY10 | FY11 | FY12E | FY13E |
|-------------------------------|--------------|--------------|---------------|---------------|
| Equity share capital | 110 | 110 | 110 | 110 |
| Reserves & surplus | 1,362 | 1,338 | 1,501 | 1,756 |
| Net worth | 1,472 | 1,448 | 1,611 | 1,866 |
| Minority Interest | 597 | 687 | 697 | 750 |
| Secured Loans | 1,996 | 3,129 | 4,545 | 4,545 |
| Unsecured Loans | 170 | 155 | 155 | 155 |
| Loan Funds | 2,166 | 3,283 | 4,700 | 4,700 |
| Net deferred tax liability | -27 | -17 | -17 | -17 |
| Total Liabilities | 4,208 | 5,400 | 6,990 | 7,298 |
| Gross Block | 1,705 | 2,315 | 2,555 | 2,655 |
| Less: Depreciation | 623 | 732 | 847 | 973 |
| Net block | 1,082 | 1,583 | 1,708 | 1,682 |
| Capital work in progress | 136 | 173 | 173 | 173 |
| Investment | 37 | 33 | 33 | 33 |
| Current Assets | 7,634 | 9,194 | 12,996 | 13,449 |
| Inventories | 1,554 | 1,805 | 2,782 | 2,828 |
| Sundry debtors | 4,198 | 5,223 | 6,938 | 7,055 |
| Cash & bank balance | 435 | 521 | 1,281 | 1,571 |
| Loans & advances | 1,446 | 1,645 | 1,995 | 1,995 |
| Other current assets | 0 | 0 | 0 | 0 |
| Current lia & Prov | 4,681 | 5,582 | 7,920 | 8,039 |
| Current liabilities | 4,375 | 5,263 | 7,601 | 7,720 |
| Provisions | 305 | 319 | 319 | 319 |
| Net current assets | 2,953 | 3,612 | 5,076 | 5,410 |
| Misc. exp | 0 | 0 | 0 | 0 |
| Total Assets | 4,208 | 5,400 | 6,990 | 7,298 |

Cash Flow

| Y/E, Mar (Rs. mn) | FY10 | FY11 | FY12E | FY13E |
|------------------------------|-------------|-------------|--------------|--------------|
| PBT (Ex-Other income) | 739 | 71 | 290 | 451 |
| Depreciation | 61 | 85 | 115 | 126 |
| Interest Provided | 125 | 189 | 306 | 326 |
| Other Non-Cash items | -75 | -9 | 0 | 0 |
| Chg in working cap | -521 | -342 | -705 | -43 |
| Tax paid | -244 | -157 | -93 | -125 |
| Operating Cashflow | 85 | -163 | -87 | 734 |
| Capital expenditure | -268 | -320 | -240 | -100 |
| Free Cash Flow | -183 | -483 | -327 | 634 |
| Other income | 0 | 0 | 0 | 0 |
| Investments | -478 | -208 | 0 | 0 |
| Investing Cashflow | -478 | -208 | 0 | 0 |
| Equity Capital Raised | 33 | 0 | 0 | 0 |
| Loans Taken / (Repaid) | 1,049 | 1,041 | 1,417 | 0 |
| Interest Paid | -125 | -189 | -306 | -326 |
| Dividend paid (incl tax) | -76 | -97 | -23 | -18 |
| Income from investments | 0 | 0 | 0 | 0 |
| Others | 0 | 0 | 0 | 0 |
| Financing Cashflow | 881 | 756 | 1,087 | -344 |
| Net chg in cash | 220 | 65 | 760 | 290 |
| Opening cash position | 215 | 435 | 521 | 1,281 |
| Closing cash position | 435 | 500 | 1,281 | 1,571 |

Key ratios

| Y/E, Mar | FY10 | FY11 | FY12E | FY13E |
|----------------------------|-------|-------|-------|-------|
| Profitability (%) | | | | |
| EBITDA Margin | 10.1 | 4.9 | 5.5 | 5.6 |
| Net Margin | 5.6 | 2.9 | 1.4 | 2.3 |
| ROCE | 24.1 | 9.6 | 10.7 | 9.5 |
| ROE | 33.9 | 20.9 | 12.2 | 15.7 |
| RoIC | 27.6 | 11.1 | 13.0 | 12.3 |
| Per Share Data (Rs) | | | | |
| EPS | 41.9 | 27.7 | 17.0 | 24.7 |
| CEPS | 47.4 | 35.5 | 27.4 | 36.2 |
| BVPS | 133.7 | 131.6 | 146.4 | 169.5 |
| DPS | 7.5 | 8.5 | 2.1 | 1.6 |
| Valuations (x) | | | | |
| PER | 5.0 | 7.5 | 12.3 | 8.4 |
| P/CEPS | 4.4 | 5.9 | 7.6 | 5.8 |
| P/BV | 1.6 | 1.6 | 1.4 | 1.2 |
| EV / Sales | 0.5 | 0.5 | 0.4 | 0.4 |
| EV / EBITDA | 4.6 | 9.3 | 7.4 | 6.8 |
| Dividend Yield (%) | 3.6 | 4.1 | 1.0 | 0.8 |
| Gearing Ratio (x) | | | | |
| Net Debt/ Equity | 1.2 | 1.9 | 2.1 | 1.7 |
| Net Debt/EBIDTA | 2.0 | 5.1 | 4.4 | 3.9 |
| Working Cap Cycle (days) | 105.1 | 107.6 | 112.7 | 133.8 |

Recommendation History: TRF Limited – TRF IN

| Date | Reports | Reco | CMP | Target |
|------------|---|------|-----|--------|
| 23/01/2012 | Engineering and Capital Goods Sector Update | | | |
| 03/01/2012 | TRF Event Update | Hold | 209 | 282 |
| 03/11/2011 | TRF Q2FY12 Result Update | Hold | 353 | 282 |
| 25/07/2011 | TRF Q1FY12 Result Update | Hold | 409 | 390 |

Recent Research Reports

| Date | Reports | Reco | CMP | Target |
|------------|--|------------|-------|--------|
| 31/01/2012 | Blue Star Q3FY12 Result Update | Hold | 171 | 185 |
| 27/01/2012 | BHEL Q3FY12 Result Update | Hold | 274 | 275 |
| 25/01/2012 | Greaves Cotton Q3FY12 Result Update | Buy | 83 | 90 |
| 23/01/2012 | Larsen and Toubro Q3FY12 Result Update | Accumulate | 1,278 | 1,603 |

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