

MESSAGE FROM THE CHAIRMAN



Dear Shareholders,

As an organisation committed to driving value-led growth for all stakeholders, TTL is consistently striving to create new benchmarks of excellence in its progressive journey. The year under review saw your Company scale new levels of performance excellence across its business operations to deliver outstanding value beyond boundaries.

What was remarkable about our performance during FY 16 was that it came amid a sluggish global economy, contributed in significant measure by the slow growth in China. While the economy in the developed nations continued to be stagnant as demand failed to pick up, the developing and emerging economies reported slow pace of growth, causing the overall macroeconomic environment to remain subdued. In India, the capital goods industry did not perform to our expectations. Fortunately, however, the renewable story remained resolutely unwavering in the face of the global macroeconomic challenges.

I believe that our strong value-oriented business philosophy will enable us to capitalise on the future growth potential just as it steered our progress during FY 16. Though our domestic business remained under pressure, as the demand for turbines up to 30 MW failed to pick up, we successfully maintained our share in the domestic market during the year. And we did this on the strength of the inherent resilience of our business model and our focus on improving efficiencies. Demand for process co-generation and sugar co-generation segments kept our domestic business on track during FY 16.

The major contributor to your Company's growth, however, once again came from the exports and aftermarket business segments. Led by our strong quality focus, we grew our consolidated exports order booking by 49%.

The foundation for translating our intangible ambitions into tangible achievements has been laid and we are now moving meticulously forward to create more frontiers of progress for all of us.

With a high value order from Latin America and that too from a strong growth segment, our subsidiary, GE Triveni Limited, which has been in the profit zone since FY 15, crossed another major milestone in its growth trajectory during FY 16. The subsidiary offices we opened in FY 15 gave a significant boost to our service charter to further contribute to our growth in exports by bringing our value delivery network closer to our customers.

The despatch of a large number of turbines to different parts of the world is indicative of the growth potential of our aftermarket service offering, and we further consolidated our position as a one-stop solutions provider in the turbine business in the global market. We see the momentum in this business scaling new highs in the coming years in both the domestic and international markets.

At the root of these successes is the customer-centric, value-driven approach which steers our business strategy. During the year under review, we further strengthened our customer connect through more and better service and marketing touch-points. Concurrently, we continued to build on this proposition to deliver value to our people, partners and other stakeholders, whose continuous support and efforts are critical to the realisation of our ambitious goal of becoming the preferred choice of customers worldwide.

Going forward, the revival in domestic manufacturing sector and growth in the services sector is likely to show tangible results on the ground. The International Monetary Fund has projected that India will continue to grow at a steady pace, as a result of the decline in oil prices and the low exposure of the country to the prevailing global financial instability. On the domestic front, the 'Make in India' initiative, along with the '100 Smart Cities' and 'Swachh Bharat Abhiyan' projects, are

expected to infuse greater positivity in the economic sentiment. The new 'National Capital Goods Policy' also promises to lend a higher level of dynamism to the industry. These developments, coupled with the positive signs that have started emerging on the global economic landscape since the last quarter of FY 16, provide strong indications of accelerated growth momentum going forward.

The foundation for translating our intangible ambitions into tangible achievements has been laid and we are now moving meticulously forward to create more frontiers of progress for all of us.

In conclusion, I would like to thank, on behalf of the Board members, all our stakeholders who are with us in this journey of achieving bigger successes and delivering more value.

With best regards,

Dhruv M. Sawhney

Chairman & Managing Director



Q&A WITH THE VICE CHAIRMAN & MD

Nikhil Sawhney



Q How do you rate the Company's performance during FY 16? Was it at par with your expectations?

A It has been quite a satisfying year for the Company, with some excellent numbers. Despite a sluggish global and domestic economic environment, we sustained our growth to report increase in consolidated income of 22% over the previous fiscal, with exports and aftermarket services performing exceptionally well. At the net profit level, the growth for the year stood at 19% on consolidated basis, underlining the robustness of our business model. The business achieved a strong consolidated EBITDA margin of 23% for FY 16. In terms of the order intake, a 53% increase in the consolidated product exports order intake, backed by 27% increase in the aftermarket order intake, gave a strong fillip to these segments, taking the total order book size to ₹ 8.03 billion on a consolidated basis and ₹ 6.64 billion on a standalone basis. Most importantly, we have crystallised our plan for export market penetration and have realised the enormous potential of advanced technical services with respect to steam turbines. We believe that we have the requisite capabilities which we hope to market effectively in the coming years.

Q What were the key factors that contributed to the Company's growth in the face of a challenging macroeconomic environment?

A Our strategic focus on brand building, especially in the international markets, played a critical role in facilitating our exports business, which was a key contributor to our growth during the year. Our aftermarket business also continued to benefit from

our strategic shift towards the global markets, with our service proposition in this segment extending to turbines of other makes apart from our own products. During the year under review, we consolidated our service business in the existing regions of our presence, while foraying into new markets of potential growth. We also continued to strengthen our delivery network through our subsidiary offices which we opened in London and Dubai during the previous fiscal. These initiatives have brought us several steps closer to engaging more effectively with our customers in key markets.

Q How has your subsidiary, GE Triveni Limited, performed during the year? What are the growth prospects for GETL going forward?

A The business showed good growth and we despatched one of the largest turbines during the year. Further, the pipeline of orders to be delivered is also good which gives us a good visibility for the coming year as well. The year under review also saw the JV getting a high value order for a growing segment which is a positive break and shows the strong growth potential of GETL. I see this achievement translating into more milestones of success in the coming years. The excellent quality and reliability, backed by superior efficiencies that GETL provides to its customers, promises new vistas of value delivery from this business going forward. The JV, in fact, has a good pipeline of enquiries which should translate into an impressive order intake in FY 17 in both the global and domestic markets.



Q The aftermarket business had shown significant growth potential in the past. Was this potential translated into tangible value creation on the ground during FY 16?

A Yes, definitely. As mentioned earlier, the aftermarket segment has emerged as a strong pillar of our growth, not just in India but globally. During the year, we despatched a large number of turbines to different parts of the world, with sustained focus on quality and timely delivery. Not only were these turbines successfully commissioned by our service team to the full satisfaction of our customers, but they set the foundation for building sustained and life-long relationships with these customers. The growth potential in this business segment is far from reaching its saturation point and we see many more opportunities in the coming years. We also expect our refurbishment services to significantly contribute to aftermarket business, especially in international markets. The consolidated aftermarket business order booking grew by 20% during the year, with an increased turnover of ₹ 1.59 billion. Further the exports aftermarket order booking has gone up by 27% during FY 16.

Q What is your outlook for the Company going forward?

A The opportunity landscape ahead for us is wide and attractive. On the domestic front, the Government initiatives to boost the economic sentiment are expected to yield positive benefits for the Company. We

further expect some increase in demand from process co-generation industries, which your Company is well placed to leverage to its advantage. The prospect of growth in industrial production also augurs well for our domestic business.

On the international front, we see significant potential for expansion through our global subsidiaries. Our continued emphasis on growing our service business is also expected to augment our global business. With our focussed brand building initiatives, we are optimistic about leveraging various business opportunities to boost order intake in the international market. Our thrust in the global market will be on biomass, waste to energy, paper, palm oil and process co-generation segments.

With a strong carry-forward consolidated order book of ₹ 8.03 billion, with 59% of exports, we believe the outlook is positive and we are confident of reaching out across new boundaries of growth.