Triveni
ENGINEERING & INDUSTRIES LTD.

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For immediate release

Q1 FY 12 (Consolidated) Results
Net sales at ₹ 4.25 billion
PBT (before exceptional items) at ₹ (113) million

- *Engineering Businesses*
  - *Order book at ~ ₹ 5 billion*
  - *Performance to improve in coming quarters*
- *Sugar Businesses*
  - *Positive news on policy front*
  - *Higher sugarcane crush and production estimates*
  - *Higher cane price and low recoveries - adverse impact on the profitability*
  - *Sugar prices remain in a narrow range*
  - *Hon'ble Supreme Court's judgment - impacted profitability for the quarter*
  - *Good performance by Co-generation and Distillery*

Noida, February 7, 2012: Triveni Engineering & Industries Ltd. ('Triveni'), one of the largest integrated sugar producers in the country with 61000 TCD sugarcane crushing capacity, 68 MW of co-generation, 160KLPD of distillery; a market leader of engineered-to-order high speed gears & gearboxes and a leading player in water and wastewater management business, today announced its performance for the quarter ended 31st December 2011 (Q1 FY 12).

PERFORMANCE OVERVIEW: Q1 FY 12 V/S Q1 FY 11 (Consolidated)
(Q1 FY 12 – Oct – Dec 2011);(Q1 FY 11 – Oct – Dec 2010)

- Net Sales at ₹ 4.25 billion
- EBITDA (before exceptional items) at ₹ 300 million at 7% margin
- Profit before Interest & Tax (PBIT) at ₹ 96 million (after considering sugar inventory write down of ₹ 250 million)
- Engineering business revenue at same level as last year
- PBT (before exceptional items) during Q1 FY 12 at ₹ (113) million
- Provision of ₹ 790 million as exceptional item for differential cane price for 2007-08
- Profit after tax after exceptional items at ₹ (680) million

Commenting on the Company's financial performance, Mr. Dhruv M. Sawhney, Chairman and Managing Director, Triveni Engineering & Industries Ltd, said:

"Even though the sugar production for the season 2011-12 is estimated to be higher for the State of Uttar Pradesh, owing to high sugar cane cost and low recoveries (especially in West UP), the industry in the State is reeling under cost pressure, which cannot be met from the prevailing sugar prices. Sugar inventories were accordingly written down. However, if the sugar realisation improves, the same will be reversed leading to better profitability in the coming quarters. It is ironical that though the Hon'ble Supreme Court found it expedient to have the State powers to declare cane price evaluated by a Constitutional Bench, but it gave directions for the payment of cane price under dispute. It will certainly have adverse impact on the financial position of the sugar mills in UP, which need to cope up with more than reasonable cane price. We welcome the recent announcement by the Government for setting up of an Expert Committee to look into the decontrol of sugar industry and hope that actions arising from the Committee recommendations are expeditiously taken. One of the biggest financial burdens being faced by us is the industry subsidizing PDS on behalf of the Government in the form of levy sugar. We also expect the Government to announce further exports so that the overhang of estimated surplus production is done with which in turn should help in maintaining better sugar price realization going forward. We estimate our Co-generation and Distillery operations to benefit from the increased crush and register better financials in the coming quarters.

In our engineering businesses, the outstanding order book is ~ ₹ 5 billion even though the profitability for the first quarter was lower than the previous year, which we believe, will improve in the coming quarters. Further, there are distinct signs of improvement in overall economic outlook. Both the engineering businesses are geared to take advantage of the improvement in the business sentiments."

- ENDS –

- Overall debt at ₹ 8.65 billion, +5% over levels on 30.09.2011 due to higher working capital utilization.
- The term loans declined by 7% over 30.09.2011 to ₹ 4.86 billion.
- The depreciation & amortization remained more or less at the same levels.

Profit before Tax and Profit after Tax

	Q1 FY 12	Q1 FY 11	% change
Profit before Tax (PBT) *(before exceptional items)*	(113)	70	NM
Profit after tax (PAT)	(680)	(54)	NM

- Provision of cane dues for 2007-08 amounting to ₹ 790 million as an exceptional item pursuant to the order of the Supreme Court coupled with write-down of sugar inventories resulted in a net loss of ₹ 680 million.

Q1 FY 12: BUSINESS-WISE PERFORMANCE REVIEW
(all figures in ₹ million, unless otherwise mentioned)

Sugar business

Triveni is among the leading players in the Indian sugar sector, with a crushing capacity of 61,000 TCD.

Performance

	2011-12 (Oct –Dec 11)	2010-11 (Oct – Dec 10)	Variation
Cane Crush (Million Tonnes)	1.80	1.44	25%
Recovery (%)	8.60	8.97	(0.37)
Sugar Production (000 Tonnes)	154.95	129.23	20%

	Q1 FY 12	Q1 FY 11	Change (%)
Sugar despatches (000 MT)	104.19	129.48	(20%)
Realisation price (₹ /MT)			
Free	29,851	27,797	7%
Average (Levy + Free)	28,522	26,791	6%
Net sales (₹ million)	3,387	3,882	(13%)
PBIT (₹ million)	(229)	59	

- On account of higher cane cost and lower recovery of sugar, the cost of production of sugar produced is hig er than the estimated realisable value, resulting in write-down of inventories
- Government's announcement of exports of one million and with further exports permissions in the offing, the sugar realisation in the coming quarters expected to remain firm.

Industry Scenario

- The 2011-12 sugar season started in mid November with most of the mills starting the crushing.
- The estimated sugar production for the current season may be marginally higher than the previous season at 25 - 26 million tonnes.
- On account of high estimates of sugar production for the current season, the Government, in November itself, has already permitted export of one million tonnes of sugar.
- The Central government announced Fair and Remunerative Price (FRP) for sugarcane for the current season at ₹ 145.12 per quintal at 9.5% recovery.

The Government of Uttar Pradesh has announced the State Advised Price (SAP) of ₹ 240 per quintal for normal variety, which is an increase of 17% compared to previous season.

- The industry association has challenged the SAP for 2011-12 in the High Court of Uttar Pradesh and the judgment is awaited.
- The high cane price resulted in lower diversion of cane to alternate sweetener. The diversion may increase during periods of high recovery. It is estimated that UP may end up producing 15-20% more sugar than the previous season and Maharashtra may produce the same as last year or even a little lower.
- Contrary to the initial estimates, the recovery of sugar from cane is lower, especially in the Western Uttar Pradesh, which will have an impact on the cost of production. The latter part of season may see improvement in recoveries.
- With the sugar output prices remaining in a narrow band, high cost of production due to higher cane prices and low recovery coupled with the huge liability relating to arrears of an earlier year, the sugar industry in Uttar Pradesh is passing through a difficult period.
- With the current trend in production, it is expected that the Central Government will allow further exports, which in turn will help the domestic prices to remain firm.
- Further, the recent announcement of setting up of an Expert Committee to look into the decontrol of sugar industry is also a welcome move in the right direction and augurs well for the future of the industry. The dispensation of the levy obligation will be a relief to the industry.
- Sugar production globally is estimated to be high at 175 million, primarily on account of increase in beet sugar production from Europe.
- Brazil is expected to produce less sugar than previous season, which may impact the global supply demand pattern, in turn to have positive impact on the international sugar prices.
- The company estimates its sugarcane crush in line with the UP State average.
- The recovery so far is lower than the previous season, which may improve once the plant cane crushing starts.

Co-generation business

- Triveni's co-generation plants at Khatauli and Deoband supplies (exports) surplus power to the state grid after meeting its own captive requirements.

Performance

	Q1 FY 12	Q1 FY 11	Variation
Operational details			
Power Generated – (million units)	71.76	58.06	24%
Power exported – (million units)	47.38	39.04	21%
Financial details			
Net sales (₹ million)	501	349	44%
PBIT (₹ million)	206	110	87%
PBIT margin (%)	41	32	

- The operational period during the quarter has been higher in comparison to the previous year. The estimated increased crush will augment feedstock availability and thus, increase the operational period during the current year.
- Revenue from sale of CERs for Deoband unit for April 08 - May 2010 at ₹ 43 million was recognised during the quarter. The CER's for Khatauli Plant for the same period are expected to be received in Q2/Q3. The verification for the CERs for the subsequent period has been initiated.
- Both Khatauli & Deoband plants are now registered with National Agency (NLDC) as REC projects. Process of joint meter readings and online filing of energy injection report has been completed. Issuance of RECs is expected to commence in the coming quarters.

Distillery Business

- Triveni's 160 KLPD distillery produces ethanol, rectified spirit, extra-neutral alcohol.

Performance

	Q1 FY 12	Q1 FY 11	Variation
Operational details			
Production (000 ltr)	8,492	6,571	29%
Sales (000 ltr)	9,004	4,420	104%
Avg. realization (₹/ ltr)	33.64	27.90	21%
Financial details			
Net sales (₹ million)	310	128	142%
PBIT (₹ million)	55	11	
PBIT margin	18%	9%	

- No. of days operation in Distillery during the quarter was higher in comparison to previous year resulting in higher turnover and profitability.
- Better product mix enabled the unit to achieve higher average realization.
- Higher cane crush is estimated during the year resulting in higher molasses production which will enable distillery to produce and sell higher volumes in comparison to last year.
- Company has a contract for supplies of Ethanol to oil marketing companies.

High speed gears and gearboxes business

- This business manufactures high-speed gears and gearboxes upto 70MW capacity and speeds of 70,000 rpm. Triveni is the country's largest one-stop solutions provider in this sector, with over 60% overall market share.

Performance

	Q1FY 12	Q1FY 11	Variation
Net Sales (₹ million)	171	226	(24%)
PBIT (₹ million)	42	70	(40%)
PBIT margin (%)	25%	31%	

- The decline in revenue during the current quarter under review is account of lower off-take by OEMs
- The overall mix of aftermarket and product remained more or less similar to the previous year at 27% and 73% respectively.
- On account of lower revenues, the share of fixed expenses were higher which resulted in lower percentage margins.
- Order in-take during the quarter has been reasonable, which enabled the outstanding order book as on 31st December 2011 to remain at same level as on 30th September 2011 at ₹ 683 million.
- Entry into new product lines as per the new agreement is underway and expects to have orders from this segment during FY 12.
- Focus on the export market so as to develop new markets as per the renewed agreement is also underway, the result of which are expected in FY 12 order booking.
- With the overall economic environment showing positive signs, we believe that the sales and order booking in the coming quarters should be better.

Water business

- This business is focused on providing world-class solutions in water and waste-water treatment to customers in industry as well as the municipal segment.
- This business is gaining recognition in a high potential market as a supplier of superior quality products and services at competitive costs.

Performance

	Q1FY 12	Q1FY 11	Variation
Net Sales (₹ Million)	436	384	14%
PBIT (₹ million)	50	36	39%
PBIT margin (%)	12%	9%	

- The performance of this business continued to show improvement during this quarter as well, with turnover and profitability growing by 14% and 39% respectively over the previous year quarter.
- The projects under execution are as per schedule and expected to achieve the milestones in billing thereby recognising the revenues in the coming quarters
- There has been some slackness in the order-intake from industrial segment and also no major municipal projects were finalised during the quarter.
- The outstanding order book as on 31st December 2011 stood at ₹ 4.2 billion including the O&M contracts.
- Many major enquiries are in the pipeline, which are expected to be converted into orders in the coming quarters once the economic environment improves.

Note: 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 Engineering & Industries Ltd. 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.

Attached: Details to the Announcement and Results Table

About Triveni Engineering & Industries Limited

Triveni Engineering & Industries Limited is a focused, growing corporation having core competencies in the areas of sugar and engineering. The Company is one amongst the largest sugar manufacturers in India and the market leader in its engineering businesses comprising high speed gears, gearboxes, and water treatment solutions. Triveni currently has seven sugar mills in operation at Khatauli, Deoband, Sabitgarh, (all in western Uttar Pradesh), Chandanpur, Raninagal and Milak Narayanpur (all in central Uttar Pradesh) and Ramkola (eastern Uttar Pradesh). While the Company's Gears manufacturing facility is located at Mysore, the Water & Waste water treatment business is located at Noida. Triveni's sugar crushing capacity is 61,000 TCD. The Company also has a total co-generation capacity of 68 MW located in two of its major facilities viz., Khatauli (46 MW) & Deoband (22 MW) and a 160,000 litre per day capacity distillery at Muzaffarnagar.

The turbine business of the company, located at Bengaluru has been demerged through a scheme of arrangement into Triveni Turbine Limited (TTL) from the appointed date on 1st October 2010, and the same has become effective w.e.f. 21st April, 2011. Triveni Engineering & Industries Limited holds 21.8% equity capital of Triveni Turbine Limited.

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

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DETAILS TO THE ANNOUNCEMENT

- Financial results review (Consolidated)
- Business-wise performance review and outlook

Q1 FY 12 : FINANCIAL RESULTS REVIEW

(all figures in ₹ million, unless otherwise mentioned)

Net sales

	Q1 FY 12	Q1 FY 11	(%) Change
Net sales	4,245	4,572	*(7%)*

- The decline in sales is on account of lower quantity of sugar sold, even though co-generation and distillery have achieved higher sales. The engineering businesses showed similar levels of sales as last year.

EBITDA

	Q1 FY 12	Q1 FY 11	% change
EBITDA	300	445	(33%)
EBITDA Margin	7%	10%	

- Decline in EBITDA is due to write-down of inventory valuation for sugar produced in 2011-12.
- Overall sugar business EBITDA positive at ₹ 213 million

Finance cost & Depreciation

	Q1 FY 12	Q1 FY 11	% change
Finance cost	209	170	23%
Depreciation & Amortisation	204	205	(1%)

- Finance cost increased by 23% on account of higher cost of borrowing in line with the general increase in interest rates.