TRIVENI ENGINEERING & INDUSTRIES LTD.

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For immediate release

H1 FY 12 (Consolidated)* Results
Net sales at ₹ 9.3 billion
PBT (before exceptional items) at ₹ (513) million

- *Engineering Businesses*
  - *Order book at ~ ₹ 5.04 billion*
  - *Good order in-flow in both Gears and Water during the quarter, in comparison to Q1 FY 12*
  - *Performance to improve in coming quarters*
- *Sugar Businesses*
  - *Estimated sugar output for India at 26 million tonnes for 2011-12*
  - *Higher cane price and low recoveries - adverse impact on the profitability*
  - *Free sugar exports under Open General License (OGL) scheme*
  - *Sugar prices remained subdued during the quarter Some improvements thereafter*
  - *With more exports in the offing, the sugar prices expected to improve in the coming quarters*
  - *Good performance by Co-generation and Distillery*

Noida, May 9, 2012: Triveni Engineering & Industries Ltd. ('Triveni'), one of the largest integrated sugar producers in the country with seven sugar manufacturing facilities, three co-generation units and one 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 and half year ended 31st March 2012 (Q2 / H1 FY 12).

PERFORMANCE OVERVIEW: H1 FY 12 V/S H1 FY 11 (Consolidated)*
(H1 FY 12 – Oct – Mar 2012);(H1 FY 11 – Oct – Mar 2011)

- Net Sales at ₹ 9.3 billion
- EBITDA (before exceptional items) at ₹ 420 million
- Profit before Interest & Tax (PBIT) before exceptional items at ₹ 14 million (after considering sugar inventory write down of ₹ 665 million)
- Engineering business revenue ₹ 1.46 billion, up by 5.5% compared with corresponding period of last year

** After considering Share of Profit of Associates*

- PBT (before exceptional items) at ₹ (513.4) million
- Profit after tax (after exceptional items) at ₹ (961.9) million

PERFORMANCE OVERVIEW: Q2 FY 12 V/S Q2 FY 11 (Consolidated)*
(Q2 FY 12 – Jan – Mar 2012);(Q2 FY 11 – Jan – Mar 2011)

- Net Sales at ₹ 5.1 billion
- EBITDA at ₹ 121 million
- Profit before Interest & Tax (PBIT) at ₹ (82) million (after considering sugar inventory write down of ₹ 415 million)
- Engineering business revenue ₹ 853 million, an increase of 10% over corresponding period of previous year
- PBT during Q2 FY 12 at ₹ (401) million
- Profit after tax at ₹ (282) million

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

"*In spite of improved availability of cane and higher sugar production in the State of Uttar Pradesh, owing to high sugar cane cost and low recoveries (especially in West U.P.), 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 to the estimated realization prices. However, if the sugar realization improves, the same will be reversed resulting in better profitability in the coming quarters. After adverse directions in respect of 2007-08 cane price, which has been fully paid by our company, in another case, the Supreme Court has directed the U.P. based sugar mills to pay the cane price for the season 2011-12 in three installments, commencing from May'2012. It will impose enormous burden on the sugar mills, especially in the regions which experienced low recoveries. The industry would look forward to financial assistance from the State / Central Government to tide over the challenging times. While the government's recent action to announce quarterly release quota (instead of monthly earlier) for free sugar is a step in the right direction, there is need to address other contentious issues as well, most notable being doing away with levy obligations. There is enormous financial burden being imposed on the sugar industry by subsidizing PDS on behalf of the Government in the form of levy sugar, the impact of which on our sugar operations is around ₹ 555 million. The government's policy on export, though delayed, is pragmatic as it aims to avoid inventory build-up in the country more than the consumption. The planned*

** After considering Share of Profit of Associates*

exports to liquidate surplus production in the country and the government's attempts to stringently control selling of free sugar beyond the announced release orders will help in the improvement of the free sugar prices. Our Co-generation and Distillery operations had performed better offsetting a part of losses incurred by the Sugar Operations.

In our engineering businesses, the outstanding order book is over ₹ 5 billion, with water business and gears business getting good orders in the current quarter in comparison to the previous quarter. During the quarter under review, sequentially both the businesses achieved better turnover and profitability. We believe, both the engineering businesses are geared to take advantage of the improvement in the business sentiments that may take place during the balance part of the year."

- ENDS –

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, Rani Nangal 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. 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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undertakes no obligation to publicly update these forward-looking statements to reflect subsequent events or circumstances.

DETAILS TO THE ANNOUNCEMENT

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

H1 /Q2 FY 12 : FINANCIAL RESULTS REVIEW

(all figures in ₹ million, unless otherwise mentioned)

Net sales

	Q2 FY 12	Q2 FY 11	H1 FY 12	H1 FY 11
Net sales	5,052	4,550	9,298	9,122
Change	11%		1.9%	

- Net sales during the quarter and half year showed a growth on account of increase in sales from both the businesses. While the sugar business showed an increase of 9% during the quarter, the increase in turnover of engineering business has been 10%.

EBIDTA *(before exceptional items)*

	Q2 FY 12	Q2 FY 11	H1 FY 12	H1 FY 11
EBIDTA	121	681	420	1,126

- Decline in EBITDA is due to write-down of inventory valuation for sugar produced in 2011-12.
- Overall the sugar business is EBITDA positive at ₹ 192.2 million during H1 FY 12.

Finance cost & Depreciation

	Q2 FY 12	Q2 FY 11	H1 FY 12	H1 FY 11
Finance Cost	319	236	527	406
Dep & Amortisation	203	200	406	406

** After considering Share of Profit of Associates*

- Finance cost increased by 35% and 30% during the quarter and half year, on account of higher utilisation of working capital necessitated by increased crush and higher cane price and increased cost of borrowings in line with the general increase in interest rates.
- Overall debt at ₹ 13.3 billion is higher by ₹ 5.04 billion over levels on 30.09.2011, due to higher working capital utilization as reduced by repayment of term loans during the half year.
- The depreciation & amortization remained more or less at the same levels.

Profit before Tax and Profit after Tax

	Q2 FY 12	Q2 FY 11	H1 FY 12	H1 FY 11
Profit before Tax (PBT) *(before exceptional items)*	(401)	244	(513.4)	314
Profit after tax (PAT) *(after exceptional items)*	(282)	296.6	(961.9)	242.9

- The profitability of the quarter has been impacted due to inventory write-down of ₹ 415 million whereas the half year includes the impact of inventory write-down of ₹ 665 million and exceptional charge of ₹ 789 million relating to differential cane price of 2007-08 pursuant to the order of the Supreme Court.

H1 / Q2 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 seven sugar manufacturing facilities located in the state of Uttar Pradesh.

Performance

	2011-12 season	2010-11 season	Variation
Cane Crush (Million Tonnes)	5.12	4.56	12%
Recovery (%)	9.09	9.21	
Sugar Production (000 Tonnes)	465	420	11%

	Q2 FY 12	Q2 FY 11	H1 FY 12	H1 FY 11
Sugar despatches (000 MT)	107.963	98.101	212.152	227.577
Realisation price (₹ /MT)				
Free	29,091	28,190	29,559	27,954
Average (Levy + Free)	28,607	25,919	28,565	26,415
Net sales (₹ million)	3,989	3,568	7,375	7,450
PBIT (₹ million)	(563)	7.8	(792)	67.1

- The free sugar realisation during the quarter and half year showed an increase of 3% and 6% respectively in comparison to the corresponding period of previous year.
- On account of higher cane cost and lower recovery of sugar, the cost of production of sugar produced is higher than the estimated realisable value, which resulted in write-down of inventory by ₹ 665 million in the half year and ₹ 415 million during the quarter. The cost of production of sugar is final and includes the costs relating to off-season expenses.
- The current half year also includes an exceptional charge of ₹ 789 million relating to differential cane price of 2007-08 pursuant to the order of the Supreme Court.

Industry Scenario

- India's estimated sugar production for the current season is expected to reach ~26 million tonnes, an increase of 7%.
- While the largest producer, Maharashtra, is expected to report similar sugar production as the previous season, the second-largest producer, Uttar Pradesh, has witnessed an increase of 17% at ~ 6.9 million tonnes.
- Average recovery for the state of U.P. for the season 2011-12 was ~ 9.10% as against the state average of 9.14% during the previous season.

It is estimated that Western UP recorded a higher drop in recoveries during the year in comparison to the previous season.

- On account of higher estimates of sugar production for the current season, the Government has so far allowed exports of 2 million tonnes in two equal tranches. Thereafter, reportedly they have placed sugar in OGL, facilitating exports without any restrictions. We estimate a further export of 2 million under the OGL.
- Together with an estimated increase in consumption and higher exports during the year, the sugar balance at the end of September 2012 is expected to be lower than the opening inventory levels. This should augur well for the upward movement in sugar prices during the remain period of the year.
- Government has changed the release mechanism of non levy quota from monthly to quarterly basis effective April 2012.
- The world sugar surplus is expected to be around 8 million tonnes in 2011-12 and is estimated to decline by around 3 million tonnes in 2012-13.
- As per the recent estimates, Brazil's major sugar producing area, viz., Centre/south is expected to produce ~33.1 million tonnes i.e. 5.7% more sugar compared to 2011-12 while ethanol fuel output is expected to rise by 4.6% to 21.49 billion litres. Sugarcane crop estimates fell compared to initial estimates due to an intense drought in February and March in centre-south Brazil which severely damaged plant development.
- International sugar prices are expected to remain under pressure as more sugar is expected to be exported from Brazil, Thailand and India going forward.

Co-generation business

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

Performance

	Q2 FY 12	Q2 FY 11	H1 FY12	H1 FY 11
Operational details				
Power Generated – (million units)	126.23	117.96	197.99	176.01
Power exported – (million units)	82.75	76.42	130.12	115.46
Financial details				
Net sales (₹ million)	699	706	1,199	1,055
PBIT (₹ million)	273	246	479	357
PBIT margin (%)	39.1	34.9	39.9	33.8

- The operational period during the current season has been higher due to higher quantity of bagasse transferred to the co-generation plants. The operating efficiency of the plants continued to be excellent.
- During the current half year, revenue from sale of CERs for Deoband unit for April 08 - May 2010 at ₹ 43 million was recognised. Additionally, CER's for the same period have been issued for Khatauli unit and these will be accounted for upon sale. The request for issuance of the CERs for the period June 2010 – May 2011 in respect of Deoband unit has been submitted to UNFCCC. The verification for the CERs for the subsequent period for both the units is under process.
- 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

	Q2 FY 12	Q2 FY 11	H1 FY 12	HY FY 11
Operational details				
Production (000 ltr)	14,420	13,186	22,912	19,673
Sales (000 ltr)	10,848	11,943	19,852	16,363
Avg. realization (₹/ ltr)	30.37	28.25	31.85	28.16
Financial details				
Net sales (₹ million)	335	341	646	469
PBIT (₹ million)	90	71.5	145	83
PBIT margin	27%	21%	22%	18%

- Distillery operations during the half year have been higher in comparison to the previous season. There has been a growth in production by 16% due to a longer operating period and a higher capacity utilisation.
- The product mix focused primarily on ENA, which continues to be sold to United Spirits Ltd., enabled the unit to achieve higher average realization.
- The operating efficiencies have been excellent.

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

	Q2 FY 12	Q2 FY 11	H1 FY 12	H1 FY 11
Net Sales (₹ million)	362	340	532	566
PBIT (₹ million)	122	143	164	213
PBIT margin (%)	33.7%	42.0%	30.8%	37.6%

- The business has recorded higher sales and profits during the current quarter in comparison to Q1 FY 12. The business from retrofitting, spares, servicing and other aftermarket activities has gone up to 35% of sales during the current half as against 26% in the corresponding period of previous year.
- Order in-take during the quarter has been at ₹ 269 million which is higher by 48% over Q1 FY 12, reflecting the improved trends in order booking.
- Outstanding order book as on 31st March 2012 at ₹ 605 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 is expected in FY 12 order booking.

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

	Q2 FY 12	Q2 FY 11	H1 FY 12	H1 FY 11
Net Sales (₹ Million)	491	433	928	817
PBIT (₹ million)	67	56	116.5	92
PBIT margin (%)	13.6%	13%	12.6%	11.3%

- There has been an increase in the turnover and profitability both during the quarter and half year. While the turnover increase has been 13% during Q2 & H1 FY 12 compared to the corresponding period of previous year, the increase in profitability has been higher by 20% and 27% respectively during the same period.

- After some slackness in the order-intake during the Q1 FY12, the order intake was higher at ₹ 726 million during Q2 FY12.
- The outstanding order book as on 31st March 2012 stood at ₹ 4.44 billion including the O&M contracts.
- Many more major enquiries are in the pipeline, which are expected to be converted into orders in the coming quarters once the economic environment improves and we believe our water business stands a good chance to win some of them.