

FY07* Net Sales – 19.07 billion
FY07 EBITDA margin of 12.7% at Rs 2.40 billion
PAT at Rs. 754 million

Noida, November 14, 2007: Triveni Engineering & Industries Ltd. ('Triveni'), one of India's leading companies engaged in the manufacture of sugar and engineered-to-order mechanical equipment, such as steam turbines, high speed gears and water and wastewater treatment equipment, today announced its performance for the quarter ending 30th September 2007 and for the Financial year 2006-07 ended 30th September 2007.

*** The current accounting year has been extended by six months. Financial year 2006-07 is for a period of 18 months ending September 30, 2007.**

PERFORMANCE OVERVIEW: FY07

- For the period, the Company's Net Sales were Rs. 19.07 billion with EBITDA margin of 12.7% at Rs. 2.40 billion. The turnover rose by 60% during the 18 month period ending FY 07. In spite of impressive growth in EBITDA margins of engineering businesses by over 600 basis points during the 18 month period, steep fall in sugar realization led to an overall fall in EBITDA margins. Depreciation & amortization charges for the period were 199% higher at Rs. 863 million while the Finance Charges were 218% higher at Rs. 731 million. The company achieved a net profit after tax of Rs. 754 million. Apart from the 50% interim dividend paid, the Board has, subject to the approval of the shareholders, recommended a final dividend of 10%.

PERFORMANCE OVERVIEW: Quarter July - September 2007

- Net Sales increased by 5% to Rs. 3.04 billion while EBITDA registered a decline of 12% primarily on account of lower sugar contribution arising from steep decline in the sugar prices.

- In respect of sugar operations, the loss at PBIT level was minimal as the company wrote down its inventory to market value in the previous quarters.
- The cogeneration plants only operated for a brief period in this quarter and hence, its contribution towards turnover and profitability was not significant.
- Net Sales of the Engineering Business is Rs. 1.37 billion which is lower by 15%. This has been primarily due to cyclicalities in dispatches of turbines. PBIT margins from the engineering businesses have shown significant improvement of over 500 basis point and the PBIT, despite lower turnover, is at the same level as last quarter. The order book of the engineering business as of 30th September 2007 was Rs. 4.68 billion for turbines, Rs. 408 million for high speed gears and Rs. 448 million for water & waste water business, to be executed within 6 – 10 months between the respective business units.
- Depreciation (including amortization) cost increased by 118% on account of capitalization of the new projects. Finance cost increased by 274% Rs. 201 million due to higher borrowings for projects and increased requirement of working capital finance.
- Profit before tax and after tax was at Rs. 56 million and Rs. 50 million respectively.

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

"Sugar prices continue to remain depressed both domestically and globally on the back of record production of sugar. Since the company was adjusting its inventory value in line with the market price in the previous quarters, the sugar losses for the current quarter were significantly lower when compared with last two quarters of this financial year. Higher cane prices during season 2006-07 coupled with declining sugar prices, resulted in overall loss for sugar segment in the 18 months.

The engineering businesses continue to register growth in line with our expectations on a year on year basis. With enhanced order book, focus on exports and leveraging the capability of after market operations, we believe that the engineering businesses will continue to grow and will hedge against the volatility of sugar operations to a very large extent."

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 among the three largest sugar manufacturers in India, and the market leader in its engineering businesses comprising steam turbines, 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 Narainpur (all in central Uttar Pradesh) and Ramkola (eastern Uttar Pradesh). The Company's turbine manufacturing and gear manufacturing facilities are located at Bangalore and Mysore respectively while 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. Additionally, Triveni Khushali Bazaar, a rural and semi-urban retail store, is steadily expanding its reach with 42 stores currently in operation.

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

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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.

DETAILS TO THE ANNOUNCEMENT

- Financial results review
- Business-wise performance review and outlook

FY 07 & Q6 FY2007: FINANCIAL RESULTS REVIEW

(All figures in Rs. million, unless otherwise mentioned)

Net Sales

	July – Sept 07	July – Sept 06	FY07 18 months	FY 06 12 months
Net Sales	3040	2883	19072	11920
% change	5%		60%	

During the 18 month period ending September 2007 (FY 07), net sales have risen by 60% (annualized – 7%). During this period, on an annualized basis, the turnover of engineering business has increased by 66%, turbine being the major contributor, and the turnover of cogeneration has increased by 68%. Distillery contributed turnover of Rs 182 million whereas in the previous year, there were no distillery operations. The turnover of the sugar operations suffered due to 9% decline in sugar prices.

During the quarter, the net turnover is higher by 5%. Sugar sales are at the same level as the previous quarter, volumes being 28% higher but realization prices lower by 25%. The turbine sales have declined due to cyclicity in dispatches. The turnover of gears, water and cogeneration has increased by (3%), 59% and 549% respectively.

EBITDA

	July – Sept 07	July – Sept 06	FY07	FY 06
EBITDA	469.7	535.5	2400	2130
EBITDA Change	(12%)		13%	
EBITDA Margin	15.4%	18.6%	12.6%	17.9%

For the 18 month period ending September 2007 (FY 07) EBITDA is higher by 13% but lower by 25% on annualized basis. This has been on account of lower contribution from sugar operations due to the combined play of decline in output prices and unrealistic high cane prices. Further, the profitability of the sugar

operations has been impacted by write down of inventories to the extent of Rs 363.4 million to the market value. With this, the future losses on sale of sugar have been recognized. All other businesses (engineering and cogeneration) have achieved strong growth in operating profit and have been able to mitigate the decline in sugar profitability.

In the current quarter, despite subdued sugar prices, sugar operations have been able to achieve positive EBITDA as sugar inventories were written down to market value in the earlier quarters. However, the sugar EBITDA during the quarter has been lower by 42% due to lower contribution as compared to previous quarter owing to lower sugar prices by 25%. The operating profit of cogeneration and engineering business has increased by 37% and 6% respectively. Engineering EBITDA margins have gone up by over 500 basis points in the quarter.

Finance Cost, Depreciation & Net Profit

	July - Sept 07	July - Sept 06	FY07	FY 06
Depreciation & Amortisation	213	98	863	288
Change	118%		200%	
Finance Cost	201	54	731	230
Change	272%		218%	
Profit before Tax (PBT)	56	384	785	1612
PBT Margin	1.8%	13.3%	4.1%	13.5%
Profit after Tax (PAT)	50	307	754	1315
PAT Margin	1.6%	10.6%	4.0%	11.0%

During the 18 month period ending September 2007, depreciation and amortization charges have increased by 200% (annualized – 100%) on account of capitalization of substantial projects. The finance cost has also gone up by 218% (112% annualized) at Rs. 731 million on account of an increase in borrowings for the projects and higher working capital requirements. Increased volume of cane crush and resulting increase in production of sugar by 55% during the sugar season 2006-07 has led to an increased requirement of working capital.

Higher cane prices and lower sugar realizations, higher depreciation & finance cost resulted in lower profits for the 18 month period ending 30th September 2007. Overall, during the period, owing to Triveni's diversified business model, the company registered a net profit after tax at Rs. 754 million with an EPS of Rs. 2.92.

BUSINESS-WISE PERFORMANCE REVIEW

(All figures in Rs. million, unless otherwise mentioned)

Sugar business

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

Performance

	July – Sept 07	July– Sept 06	FY07	FY 06
Cane Crush (Million Tonnes)	–	–	6.39	3.94
% change			62%	
Sugar Production (000 Tonnes)	–	–	621.1	377.8
% change			64%	
Sugar despatches (000 MT)	104.3	81.4	608.9	461.7
% change	28%		32%	
Realisation price (Rs /MT)				
Levy	12968	13064	12902	12847
Free	13460	18180	15881	17458
Average	13375	17812	15567	17080
Net sales	1552	1541	10963	8649
% change	1%		27%	
PBIT- inventory valued at cost	(7.6)	145.4	(154.7)	1356.6
Impact of inventory write down	13.8	–	363.4	–
PBIT	(21.4)	145.4	(518.1)	1356.6

1. The sugar profitability is impacted due to:

- higher depreciation by 155% in the quarter and 318% in the 18 month period
- Decline in sugar prices
- Increased cost of sugar sold. Part of the sugar sold in FY 2006 was produced in 2004-05 and its cost of production was lower due to lower cane price applicable to 2004-05 season
- Write down of the sugar inventories by Rs 363.4 million. This has had a major impact on the 18 month results and the impact on the current quarter is minimal as the sugar inventories were continually written down in the previous quarters.

2. The dispatches in FY 2006 were higher as the inventories at the beginning of the FY 2006 were higher. The production of the season 2006-07 was 55% higher than the previous season.

Outlook

The last year has been a difficult year for the UP sugar industry. The industry was imposed with one of the highest cane prices in the country which bore no relationship with the output prices. Looking at the record production of 28.5 million tonnes achieved in the season 2006-07, the ban on the export of sugar in July 2006 placed sugar manufacturers in a difficult position. The country lost an opportunity to export at least 2 million tonnes at attractive prices. Further, unrealistic high cane prices in UP needed to be corrected when the decline in the sugar prices became evident. Resultantly, there have been high cane dues in the State and most of the mills are not in a position to pay. Unfortunately, the cane prices for the season 2007-08 have been set at the same level as the prices for the 2006-07 season.

The industry has repeatedly drawn attention to the fact that at the ruling / estimated sugar prices, there is no economic rationale of announcing high cane prices. However, as a last step, the cane prices of 2006-07 and 2007-08 have been challenged and the matter is presently sub judice. In respect of the case on 2007-08 cane price (as on 20th November 2007), the Lucknow Bench of Allahabad High Court has directed for an interim cane price of Rs 1,100 per tonne to be paid till the final decision of the court. The hearings in respect of case on 2006-07 have been concluded and the judgment has been reserved. In both the cases, the industry has challenged the prices being arbitrary in nature and fixed without any regard to the sugar prices and return to the mills.

With no clarity on the sugar prices in the future (which in turn depend on the production during 2007-08), it is difficult to accept the cane price of Rs 1,100 per tonne. The industry will continue to strive for a rational cane price, which is fair and equitable to both the mills and the farmers. Our Company is resilient to withstand the market dynamics of the business but policy makings often ignore the commercial expediency and make it difficult for business. We hope that the final outcome of the case will bring about the desired rationality. In the long run, with proper government policies and impetus, we believe that the domestic sugar industry has enormous

untapped potential and can play an important role in the global sugar market as well as in improving the well being of farmers.

Earlier the forecast was for a bumper crop in the season 2007-08 with production expected to cross 30 million tonnes. However, of late there are various news/views stating that the production would not be as estimated on account of lower yields. This is good news for sugar prices.

The Central Government has announced various sops for the sugar industry including mandatory 5% ethanol blending with immediate effect and 10% blending from October 2008. Further, it has permitted direct manufacture of ethanol from sugar cane juice. The latter will provide flexibility to the mills to plan product mix based on products economics. These are good measures and expected to help the industry immensely in the long term. However, the timely implementation of these measures is important for the benefit of the industry.

Despite tough conditions in sugar operations, the company is aggressively pursuing cane development activities to increase yield and develop optimal balance. The activities will help the company achieve higher recovery which in turn will lower cost and ensure adequate cane supplies.

Co-generation business

Through its co-generation operation at Khatauli and Deoband, Triveni exports surplus power to the state grid after meeting the requirements of its sugar factories. Triveni's three co-generation plants from where power is exported to the grid have an aggregate capacity of 68MW. This excludes the 100% captive co-generation plants for the sugar factories.

Performance

	July – Sept 07	July–Sept 06	FY07	FY 06
Operational Details				
Power Generated (Million units)	33.87	26.69	376.78	145.96
Power Exported (Million units)	28.18	21.71	263.02	103.14

Sales	98.7	15.2	1527.3	605.5
% change	549%		152%	
PBIT	2.7	3.8	497.4	164.8
PBIT Margins	3%	25%	33%	27%

Sale includes sale of power & steam to sugar units as well as exports to grid.

- A new 23 MW plant was commissioned at Khatauli in December' 06
- The operation of the plants in the current quarter was for a period of one month.
- The profitability of the current quarter is lower in view of some large maintenance expenses incurred and due to relatively higher bagasse cost procured from outside sources. Further, the depreciation expenses have increased by 47% to Rs 36 million in the quarter.

Outlook

The co-generation business of Triveni provides a long term and sustainable source of revenue to the Company while at the same time diversifying and de-risking the Company's operating model. Additionally, the Company will derive financial benefits due to a tax holiday for a period of 10 years and reduction of deferred tax charges.

Triveni's co-generation facilities are eligible for carbon credits under the Kyoto Protocol's Clean Development Mechanism (CDM). All the three units put together are expected to generate approximately 200,000 carbon credits annually. The Company has received registration from the UNFCCC for its unit I at Khatauli and Deoband.

Distillery

The 160 klpd distillery started production in April 2007 and has achieved its rated capacity of rectified spirit. The company has achieved net sales of Rs. 111 million during the current quarter with an EBITDA of Rs. 27.3 million.

Currently, it is manufacturing rectified spirit, industrial alcohol and extra neutral alcohol. It is presently not manufacturing ethanol as at the time of tenders by Oil Marketing Companies the distillery was not operational. However, with the government's plan to make mandatory blending of ethanol up to 10% from October 08, oil marketing companies may come out with tenders for additional requirement of ethanol and once the company gets quantity offtake of ethanol, profitability of our

distillery will improve. The distillery is also proceeding with bio-methanation, as result of which methane gas will be progressively available which will reduce the overall cost of the fuel.

Steam turbines business

Triveni is the domestic market leader and one of the largest manufacturers worldwide of high and low pressure turbines up to 18MW. Triveni continues to maintain its market dominance in its applicable range. Its ability to provide high-tech precision engineered-to-order solutions has made it one of the most trusted names within the sector.

Performance

	July – Sept 07	July–Sept 06	FY07	FY 06
Net sales	1091.9	1361.2	6927.7	2779.9
% change	(20%)		149%	
PBIT	275.4	273.6	1538.8	418.4
% change	1%		268%	
PBIT Margins	25.2%	20.1%	22.2%	15.0%

- Annualised turnover and profitability growth in the 18 month period is 66% and 145% respectively. PBIT margins have expanded by over 700 basis points.
- The turnover during the quarter is lower due to cyclicity in dispatches. Despite lower turnover by 20%, profitability is higher by 1%. PBIT margins for the quarter are higher by over 500 basis points.
- The business continued its foray into higher MW turbines as well as expanding the market by focusing on the export market.
- The state of the art full speed balancing tunnel has been installed for balancing turbines/ compressors/ alternators etc. upto 150 MW. All major expansion programmes are completed except for installation of CNC VTL machine.

Tie-up with Beizhong Steam Turbine Generator Co. (BZD)

During the quarter, the Company entered into an agreement with BZD, a technology leader and fourth largest steam turbine manufacturer in China with products offering power solutions up to 660 MW. Triveni will be distributing and marketing BZD products by offering power solutions up to 330 MW which will consist of steam

turbines, alternators, condensing and cooling systems along with electricals and power evacuation systems. Triveni will also sell the balance of plant and provide after sales support.

Tie-up with GE Oil & Gas

In October 2007, Triveni entered into an agreement with the GE Oil & Gas business to enter the fast growing High Speed Reciprocating Compressor Market in India.

GE's agreement with Triveni will consist of an initial term of five years and will involve the import of bare compressors from GE Oil & Gas' Oshkosh, Wisconsin, USA facility. Triveni will do the engineering design, manufacturing and assembly of the package. It will also procure drivers and the rest of the components for packaging in India. Triveni will also be the customer point of contact in India for both selling of the packaged product and the aftermarket sales and service. The market for HSRs should be about 5 billion rupees per annum and in line with Triveni's market leadership in all its existing product lines, Triveni aims to be the leader in this segment as well.

Outlook

The outlook for the turbine business is very strong, as reflected in a rapidly growing order book driven by growing economic activity and a buoyant capital goods sector and Triveni's ability to deliver world-class products at competitive costs.

This business is seen to have minimal downside risk because the order book is widely spread over several sectors and is not dependant on any specific sector or any particular industry.

The order book in this business as on 30th September 2007 stood at Rs. 4.68 billion with a delivery period of 8 – 10 months. Further, with the increased number of installations, the revenue from high margin services and spares is also expected to significantly increase going forward.

High speed gears and gearboxes business

Triveni manufactures high-speed gears and gearboxes upto 70MW capacity and speeds of 50,000 rpm. Triveni is the country's largest one-stop solutions provider in

this sector and currently enjoys over 60% market share with about 85% market share in sub 7.5 MW segment.

Performance

The performance of the gear operations is included in the “others” segment of the Company's segment reporting.

	July – Sept 07	July–Sept 06	FY07	FY 06
Net sales	169.1	173.9	941.1	450.3
% change	(3%)		109%	
PBIT	42.6	42.3	232.6	76.1
% change	1%		206%	
PBIT Margins	25.2%	24.3%	24.7%	16.9%

- The turnover during the 18 month period ending 30th September 2007 increased by 39% on annualised basis and the profitability grew 104%.
- PBIT margin expansion by 780 basis points for the FY 2007 period and by 90 basis points in the quarter.
- The Unit is implementing various initiatives to continue its leadership status like enhancing the share of retrofitting service in the overall sales. Diversifying into slow speed, high power Hydel and special application gear boxes etc., with in-house technology is also underway.

Outlook

Improved internal and overall industry demand from turbine OEMs is driving growth for this segment. The gears business derives a large portion of its revenues from replacement requirements and refurbishment services, which provides a stable and profitable revenue stream. The order book position of this business stands at Rs. 408 million as on 30th September 2007 to be executed within 6 - 7 months, comprising of a wide range of end-user industries.

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. Relative to the Company's overall revenues, this business is small but is gaining recognition in a high

potential market as a supplier of superior quality products and services at competitive costs.

Performance

The performance of the water business is included in the “others” segment of the Company's segment reporting.

	July – Sept 07	July–Sept 06	FY07	FY 06
Net sales	106.0	66.5	511.3	138.1
% change	59%		270%	
PBIT	16.4	8.2	58.0	22.2
% change	100%		161%	
PBIT Margins	15.5%	12.3%	11.3%	16.1%

- The turnover has increased by 147% in FY 2007 on an annualised basis and by 59% in the quarter.
- PBIT has increased by 74% on annualized basis in FY 2007 and by 100% in the quarter. Further, the margins have expanded by 320 basis points in the quarter.
- The growth in turnover and profitability is expected to continue as the Unit is receiving larger-sized orders for the high-end segment.
- Triveni fabricates and assembles equipment based on proprietary or licensed designs. Setting up of an office cum manufacturing facility is under way in Noida and the progress is in line. This will give the company greater control over the manufacturing process, save costs, expand margins and lead to timely deliveries and better quality adherence.

Outlook

Treated water is increasingly becoming a critical resource in large-sized industries and stringent environmental regulations are also mandating industries to treat waste water. At the same time, rising health consciousness is creating a demand for water treatment equipment in housing complexes and municipalities. These developments offer an attractive opportunity for the Company's water business. The Company has been working in association with US Filter Wastewater Group Inc., part of Siemens AG. Triveni has access to sophisticated technologies through a license agreement with Memcor for high technology micro-filtration solutions and equipment for drinking water, process water and reuse applications.

As on 30th September 2007, this business has an outstanding order book of about Rs. 448 million to be executed in the next 5 - 8 months. The growth in outstanding order book has been over 150% on a year on year basis. Recently, the unit got a single desalination plant order which is more than 50% of last year's revenue.

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.*