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*For immediate release*

## **H1 FY 17 Consolidated Results ended Sep 30, 2016**

**Net sales at ₹ 1242 crore**

**Profit after Tax at ₹ 116.2 crore**

- ***Sugar Businesses***
  - ***Improved operational efficiency in the previous season resulting in lower cost of production and firm sugar prices resulted in significant improvement in performance results.***
  - ***India's estimated sugar output at ~ 23 million tonnes for SS 2016-17***
  - ***Domestic Demand-Supply balance appears favourable in SS 2016-17 – should support sugar prices***
- ***Engineering Businesses***
  - ***Muted performance in Engineering businesses due to slowdown in economic activity. Performance in H2 expected much better***
  - ***Outstanding order book of ₹ 618 crore***
- ***Scheme of Arrangement–The Company's scheme of arrangement is progressing well in terms of milestones.***

**NOIDA, November 28, 2016: Triveni Engineering & Industries Ltd.** ('Triveni'), one of the largest integrated sugar producers in the country; 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 second quarter and half year ended September 30, 2016 (Q2/H1 FY 17).

The Company has prepared the Financial Results for the current quarter based on the Indian Accounting Standards (Ind AS) and as in the past, will be publishing and analyzing results on a consolidated basis.

**PERFORMANCE OVERVIEW: Q2/H1 FY 17 (Consolidated)**

	<i>In ₹ crore</i>			
	<b>Q2 FY 17</b>	<b>Q2 FY 16</b>	<b>H1 FY 17</b>	<b>H1 FY 16</b>
Net Sales	641.3	430.7	1242.1	935.4
EBITDA	134.5	74.3	251.1	21.5
EBITDA Margin	21%	17%	20%	2%
Profit / (Loss) Before Tax	83.1	17.0	140.0	(76.0)
Profit / (Loss) After Tax (PAT) Standalone	61.4	17.0	104.2	(75.9)
Share of income from Associates	6.5	5.7	11.9	9.4
Profit / (Loss) After Tax (PAT)	67.9	22.7	116.2	(66.5)
Other Comprehensive Income (after tax)	0.3	0.2	0.5	0.2
Total Comprehensive Income	68.2	22.9	116.7	(66.3)
EPS (not annualized) (₹/share)	2.64	0.89	4.52	(2.57)

- Significant improvement in the performance in the quarter and half year under review is due to:
  - Higher sugar realization prices – quarter over quarter as well as significantly higher sugar prices in comparison to year on year.
  - Improved performance of distillery business owing to increased realization prices and sale volumes.
- The overall debt of the Company as on Sep 30, 2016 is ₹ 1087.5 crore, which is at similar levels as on Sep 30, 2015 primarily on account of higher utilization of cash credit due to accelerated and timely cane payments. The term loan as at Sep 30, 2016 is at ₹ 566.5 crore (including ₹ 221.7 crore loans with concessional interest /interest subvention) while the cash credit utilization was at ₹ 521.0 crore.

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

*“Sugar business continued its profitable performance during Q2 & H1 FY 17, which enabled the Company to record significantly higher turnover and profitability during H1 FY 17 in comparison with H1 FY 16. Apart from the remunerative sugar prices, sugar results were helped by record recoveries in the previous season which resulted in lower cost of production of sugar inventories sold during the current financial year. We are focused on cane development and the benefit of which will be reflected in SS 2016-17 – initial recoveries being achieved in the early part of the season are encouraging. Based on the prevailing sugar prices and outlook of the industry in the next 12 months, sugar cane price increase of ₹ 250/tonne seems affordable. However, two-stage payment mechanism introduced by the State Government in the last two years was indeed an*

*improvement and should have been retained instead of reverting to one-stage payment. Further, cane price is not linked to any other factors, such as, recovery and prices of sugar/co-products, as was being done in the previous two years; the process of cane price setting had improved considerably and the improvement process should not have been discontinued. In view of better yields and conducive climatic conditions, we expect to increase sugar production considerably over the previous season.*

*Despite forecasts of lower sugar production in SS 2016-17, the position of sugar stocks is expected to be comfortable and need not induce Government to import sugar in a panic. Importantly, with satisfactory monsoon and sugar cane planting in 2016, especially in Maharashtra, the crop is set to increase in the SS 2017-18. We believe the domestic sugar prices are expected to be in a range at around the present level of ₹ 36-38/Kg.*

*The distillery business also showed a healthy performance in terms of profitability with the supply of substantial quantity of ethanol though the second quarter was a non-operational period for the co-generation. While the Government seems committed to the ethanol blending programme, the recent actions in terms of withdrawal of excise duty exemption on ethanol and pruning down prices of Ethanol to OMCs may act as disincentive for fresh investments which was being contemplated by the industry. The recent actions of the Government will have an adverse impact on the profitability of the distillery.*

*The performance of the Engineering businesses was subdued during the quarter and half year due to sluggish demand and overall subdued economic activities. While the Company was able to achieve a growth in turnover for the Engineering business, the profitability is still to catch up on account of lower than economic size of the turnover. The order intake has been sluggish during the quarter but with many of the enquiries which are in the advanced stages of finalization, we expect the order booking position for both the Engineering businesses to improve in the second half of the current financial year.*

*The update on the Scheme of Arrangement to segregate Sugar and Engineering businesses is provided at the end of the Investor Brief.*

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*- 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 integrated 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 currently operates three grid connected co-generation plants and three incidental co-generation plants located across five sugar units and one of the largest single stream molasses based distillery in India, located 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 1<sup>st</sup> October 2010, and the same has become effective w.e.f. 21<sup>st</sup> April, 2011. Triveni Engineering & Industries Limited holds 21.82% equity capital of Triveni Turbine Limited.

For further information on the Company, its products and services please visit [www.trivenigroup.com](http://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.*

## Q2/H1 FY 17: BUSINESS-WISE PERFORMANCE REVIEW

(all figures in ₹ crore, unless otherwise mentioned.)

The consolidated result of the Company includes the results of the associates, Triveni Turbine Limited (TTL) in which the Company holds 21.82% equity capital and Aqwise-Wise Water Technologies Limited, in which the Company holds 25.04%, in accordance with Ind AS.

### Sugar business

Triveni is amongst the leading players in the Indian sugar sector, with seven sugar manufacturing facilities located in the state of Uttar Pradesh.

#### Performance

	Q2 FY 17	Q2 FY 16	H1 FY 17	H1 FY 16
Sugar despatches (Tonnes)	148630	140330	288488	292000
Realisation price (₹/MT)	36277	24307	35514	25000
Net sales (₹ crore)	550.3	346.5	1064.2	763.4
PBIT (₹ crore)	98.6	31.3	167.5	(50.8)

- There has been a complete turnaround in the performance of sugar business in the current quarter and half year in comparison to the corresponding periods of last year owing to higher sugar prices and sales volume during the quarter.
- The sugar inventory as on Sep 30, 2016 was 13.91 lac quintals valued at ₹ 2931/quintal.
- Having fully met the obligations under the mandatory export scheme, the Company is eligible to receive cane production subsidy of ₹ 4.50/quintal.

#### Industry Scenario

- As per ISMA's estimates, India's total cane acreage at 49.99 lakh hectares is about 5% less than 2015-16, with preliminary estimates of country's sugar production at 23.37 million tonnes, which is a decline of 7%.
- The total cane acreage in Maharashtra is estimated to be 8.10 lakh hectares, down 23% as compared to last year and the sugar production during 2016-17, is estimated at 6.27 million tonnes, 25% less than actual sugar production of 8.41 million tonnes in the previous season.
- The sugarcane area in U.P. is expected to be more or less same that of previous season i.e. at 23.10 lakh hectares and sugar production in 2016-17 is estimated at 7.66 million tonnes, as compared to 6.84 million tonnes produced in 2015-16.

- Sugarcane acreage in Karnataka has dropped by 19% in 2016-17 as compared to previous season at about 4.15 lakh hectares and Sugar production in 2016-17 is estimated at 3.19 million tonnes, as compared to 4.07 million tonnes produced in 2015-16.
- As per the recent Government's estimates, sugar production in 2016-17 is estimated to decline by 10.27% at 22.5 million tonnes with sufficient stocks to meet domestic demand with an estimated closing stock of 4.73 million tonnes as on 30<sup>th</sup> Sep 2017.
- The Government has also taken steps to maintain sufficient stocks in the country by imposing export duty on export of sugar and sugar stock holding limit on stockiest/dealers to check any speculative tendency and possible hoardings.
- Sugar prices have been stable during the quarter with the NCDEX spot prices moving in a narrow band of ₹ 37-38/kg.
- Crushing season has started and more than 220 mills have started crushing by Nov 15, 2016 as against 175 in SS 2015-16 during the same time last year with a total sugar production of 7.87 lac tonnes.
- The Government of Uttar Pradesh has announced the SAP for the SS 2016-17. As per this, the sugar cane price to be paid as one-stage payment will be as under:
  - ₹ 305 per quintal for general variety cane
  - ₹ 315 per quintal for the early maturity variety cane
  - ₹ 300 per quintal for rejected variety cane

The notified cane price for the SS 2016-17 are higher than the previous season by ₹ 250/tonne and there would be an additional impact of ₹ 65/tonne on account of withdrawal of purchase tax remission and payment of society commission.

- The Government has announced that during ethanol supply period from 1<sup>st</sup> December, 2016 to 30<sup>th</sup> November, 2017, the administered price of ethanol for the EBP Programme will be ₹ 39/- per litre and charges will be paid to the ethanol suppliers as per actuals in case of Excise Duty and VAT/GST and transportation charges as decided by OMCs.
- The stable global sugar prices coupled with a lower than estimated sugar production for the country during 2016-17, will auger well for the Indian Sugar industry in the current season and therefore, the domestic sugar prices are expected to remain firm at the current levels.

#### **International sugar scenario**

- The cane crushed in Centre-South Brazil till Oct 16, 2016 has been 6% higher and sugar production is 19% higher as compared to the same period of previous year. In Thailand, the

sugar production for 2016/17 is estimated to fall by 3% because of the worst drought in more than two decades in the first half of 2016.

- According to recent forecasts, the global sugar production deficit in 2016/17 is estimated at over 6.48 million tonnes to 8.1 million tonnes. The global stock piles are estimated to fall by 17.6 million tonnes over the course of two-year period ending in September 2017.
- Global sugar prices shown a significant increase during H1 with the monthly average prices moving from 15.2 c/pound in April 2016 to 23 c/pound in October 2016 which is a growth of over 50%.
- On account of the supply demand imbalance, the global sugar prices are estimated to remain firm but lately, due to strong dollar, sugar prices have receded.
- There are healthy fundamentals in the industry for firm sugar prices to continue.

## Co-generation business

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

### Performance

	Q2 FY 17	Q2 FY 16	H1 FY 17	H1 FY 16
<b>Financial details</b>				
Net sales (₹ crore)	2.3	1.8	13.4	31.2
PBIT (₹ crore)	1.7	1.3	7.3	15.5

- Q2 FY 17 has been an off-season period with no operations from the co-generation.
- The Sugar Season operations during H1 FY 16 were much higher leading to better operation in Q1 FY 16 of co-generation plants and the same is reflected in the revenue and profitability of this segment.
- With the estimated increase in cane crush for 2016-17 season, the outlook for the co-generation business segment is good and we believe the same will be reflected in the performance in the coming quarters.

## Distillery business

Triveni's distillery produces Extra Neutral Alcohol (ENA), Rectified Spirit (RS), Special Denatured Spirit (SDS), and Ethanol.

### Performance

	Q2 FY 17	Q2 FY 16	H1 FY 17	H1 FY 16
<b>Operational details</b>				
Production (KL)	895	2372	13374	13175
Sales (KL)	9863	6972	20662	19064
Avg. realisation (₹/ ltr)	42.05	40.75	42.85	39.87
<b>Financial details</b>				
Net sales (₹ crore)	41.5	28.5	89.5	77.2
PBIT (₹ crore)	7.5	2.1	20.4	13.8

- Increased profitability in H1 FY 17 is due to higher realization prices and sale volume.
- The share of Ethanol sales in H1 FY 17 is 73% of the total sales volume, as against 83% in H1 FY 16.
- With an estimated higher sugar cane crush for 2016-17, the estimates for distillery production arising from the current sugar season is also expected to be higher.

## 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 17	Q2 FY 16	H1 FY 17	H1 FY 16
Net sales (₹ crore)	15.1	29.1	31.12	43.2
PBIT (₹ crore)	2.7	8.2	4.5	10.3

- Due to slow down in the off-take from customers, finished goods having sale value of ₹ 5.44 crore could not be dispatched for lack of clearance from customers.
- Overall the market is still impacted by the slowdown in the capital goods segment with significantly lower OEM off-take year on year. However, the aftermarket business has shown an improvement over the corresponding periods of the previous year.
- The share of aftermarket went up from 21% in H1 FY 16 to 34% in H1 FY 17.



- Austerity measures being observed by customers towards fresh investments and maintenance spend owing to sluggish business conditions have resulted into limited demand for new capital goods as well as replacement markets.
- The order in-take during H1 FY 17 was ₹ 43.7 crore and the outstanding order book as on 30<sup>th</sup> Sep 2016 stood at ₹ 59.2 crore.

### **Outlook**

- With the sluggish overall economic activity, capex plans in various industries are put on hold and therefore the order finalisation for new gearboxes as well as the replacement; retrofitting and refurbishment markets are being delayed.
- We need to wait for the revival of the capex cycle, which we expect may happen towards the later part of FY 17.
- The export orders are expected to come from the sourcing drives of major OEMs including from GE–Lufkin, GE Oil & Gas and the business is having good enquiries under this arrangement. These augur well for a good growth in this business in the medium to long term.
- Once the capital goods industry is revived, the order intake should improve considerably as this business has a strong market leadership in the country and also expanding in many overseas markets.
- The Company is exploring new product & geographies to expand so as to improve its turnover and profitability.

### **Water business**

This business is focused on providing world-class solutions in water and waste-water treatment to customers in industrial and municipal segments. This business is gaining faster momentum and is getting recognition in a high potential market as a supplier of superior quality products and services at competitive costs.

### **Performance**

	Q2 FY 17	Q2 FY 16	H1 FY 17	H1 FY 16
Net sales (₹ crore)	37.4	24.0	75.8	53.6
PBIT (₹ crore)	1.2	(4.9)	0.1	(6.1)

- The turnover during the half year under review was 41% higher while there has been an improvement in the profitability.
- The profitability of the business will improve upon stable and consistent project execution during the year.
- The order intake during H1 FY 17 was ₹ 39.8 crore and the outstanding order book as on 30<sup>th</sup> Sep 2016 stood at ₹ 559 crore, which include ₹ 256 crore towards Operations and Maintenance contracts for a longer period of time.
- The Company has participated in various tenders and some of such enquiries are in advance stages of finalization.

### **Outlook**

- The turnover should show a good growth going forward based on the execution of the order book.
- The Company has participated in large number of tenders which are in various stages of finalisation. The Company is expecting significant order booking for the year which will ensure growth in turnover in FY 18. The Company is also exploring export opportunities to expand its business thereby aim to improve its performance.
- The Company continues to successfully leverage its existing engineering relationships with industrial sector customers.
- The uncertainty in order finalisation still lingers on but with various policy initiatives of the Central Government and focus on the treatment of waste water and provision of adequate water to the citizens of India; we believe that the order finalisation in this business will gain momentum in the coming quarters.

### **SCHEME OF ARRANGEMENT**

The Company had proposed a Scheme of Arrangement (the Scheme) on March 22, 2016 to segregate the Sugar business and Engineering business. As per the Scheme approved by the Board, the sugar business (all seven sugar units) along with co-generation and distillery will be demerged into a wholly owned subsidiary, Triveni Industries Limited (TIL). Upon the Scheme becoming effective and in consideration of the transfer of Sugar Business through demerger, TIL will issue and allot to the shareholders of the Company one equity shares of Re 1/- each credited as fully paid up in TIL for every one equity shares of TEIL held by them in the equity

shares of the Company. The equity shares of TIL will be listed at both BSE and NSE. The appointed date of the Scheme is April 01, 2016.

After having obtained the NOC from the stock exchanges, the Company had filed applications in the Hon'ble Allahabad High Court for convening meetings to obtain approval of the Scheme by the shareholders, secured & unsecured creditors. In the meetings held on 3<sup>rd</sup> September 2016, the approval of the shareholders, secured creditors and unsecured creditors were taken. Thereafter, petition was filed with the Hon'ble Allahabad High Court for the sanction of the Scheme. After serving a notice on the Regional Director, next date has been fixed on November 29, 2016.

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