

Triveni Engineering & Industries announces results for Q4FY07 and 12MFY07

Editor's synopsis

12MFY2007*

1. Total Income up 6% at Rs 1260 crore;
2. EBITDA of 15% at Rs 183 crore;
3. PAT at Rs 90.4 crore

*The current accounting year has been extended for six months. The financial year 2006-07 will be for a period of 18 months from April 1, 2006.

New Delhi, April 30, 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 twelve months and fourth quarter ended 31st March 2007.

PERFORMANCE OVERVIEW: 12M FY2007 V/S 12M FY2006

- Net Sales increased by 6% to Rs 1260 crore. EBITDA declined to 15% to Rs 183 crore primarily due to lower margins in Sugar
- The engineering business (comprising steam turbines, high speed gears and water/ waste water equipments) continues to register record growth in both turnover and profitability. While the turnover of the engineering business grew by 68%, EBITDA grew by 121%.
- While the crush levels are 36% higher, the sugar margins are lower due to high cost of production and declining sugar prices. The cost of sugar inventories were higher than the market value as on 31st March 2007 due to the absorption of preceding off-season expenses amounting to Rs 54.1 crore. Hence, the sugar inventories have been written down to market prices which impacted profitability by Rs 27.86 crore
- The cogeneration capacity was enhanced from 45 MW to 68 MW during the year. The turnover and the EBITDA registered increase of 70% and 92% in the turnover and EBITDA respectively.
- Depreciation cost increased by 58% to Rs 45.4 crore on account of capitalization of new projects implemented during the year. Likewise, finance cost increased by 35% to Rs 31.1 crore due to debt contracted to fund the projects and also due to higher requirement of working capital finance for much increased crush levels.
- PBT and PAT were lower by 34% and 31% % at Rs 106 crore and Rs 90.4 crore respectively.

PERFORMANCE OVERVIEW: Q4 FY2007 V/S Q4 FY2006

- Net Sales increased by 7% to Rs 364 crore. Before considering impact of Rs 27.86 crore towards write down of the sugar inventories to market price, EBITDA is lower by 6% at Rs 54.7 crore.
- Sugar profitability has been adversely affected due to drastic decline in the sugar prices. Further, through writing down of the inventories to the market price, future losses have been recognized.
- Sales and EBITDA of the engineering business increased by 45% and 50% respectively.
- The sales and EBITDA for the cogeneration business jumped by 75% and 68% respectively.
- Depreciation cost increased by 56% on account of capitalization of the new units. Finance cost increased to Rs 13.5 crore due to higher project loans and increased requirement of working capital finance.
- PAT was at Rs 5.4 crore.

Commenting on the Company's financial performance, Mr Dhruv M. Sawhney, Chairman and Managing Director, Triveni Engineering & Industries Ltd, said, "Our engineering business continues to show strong growth, and has for the year enabled the Company to expand top-line and to protect overall margins. The sugar business has witnessed unprecedented volatility both in terms of supply and prices. The steep fall in output prices and the increased input prices culminated in margin compression. This has resulted in sugar business showing a steady decline in profitability in the last couple of quarters. Further, the sudden dip in the market prices in the recent past which resulted in writing down of inventory, has eventually led to a steep decline in sugar profitability for the quarter and twelve month period".

Mr. Sawhney further added, "For the medium term, we expect our engineering business to continue to record strong growth while the sugar pricing scenario is expected to remain depressed due to forecast of surplus sugar, both domestically and internationally. However, the integration of our sugar operations with co-generation of power and distillation of alcohol, along with UP government incentives should support declining sugar business performance to a great extent. Further, based on the current alarming scenario, several States have announced subsidies / incentives to sugar mills to tide over the difficult time and we expect the same from UP Government after the new Government is in place next month. It is a crucial time for the Government to revisit the sugar industry and develop with all the stakeholders a cohesive policy with a view to build in correlation between the input and output prices. Overall, I am pleased with our results, which represent the advantage of our diversified business profile."

About TEIL: Triveni Engineering & Industries Limited (BSE SCRIP ID: TEIL; NSE SYMBOL: TRIVENI) is one of the largest sugar manufacturer and leading turbine manufacturer and has other business operations in co-generation of power, gears and water treatment equipment. For more information about Triveni Engineering & Industries Limited, visit <http://www.trivenigroup.com>.

For further information contact:

C.N. Narayanan
Triveni Engineering & Industries Limited
Noida (U.P.) Phone:- 0120-4308000

Saurabh Saxena/Kunal Takalkar
Adfactors PR Pvt. Limited
New Delhi Phone:- 011-41345155