



**Triveni**  
ENGINEERING & INDUSTRIES LTD.

Annual Report 2008-09

ADDRESSING  
TOMORROW'S  
PRIORITIES

IN  
THIS  
REPORT

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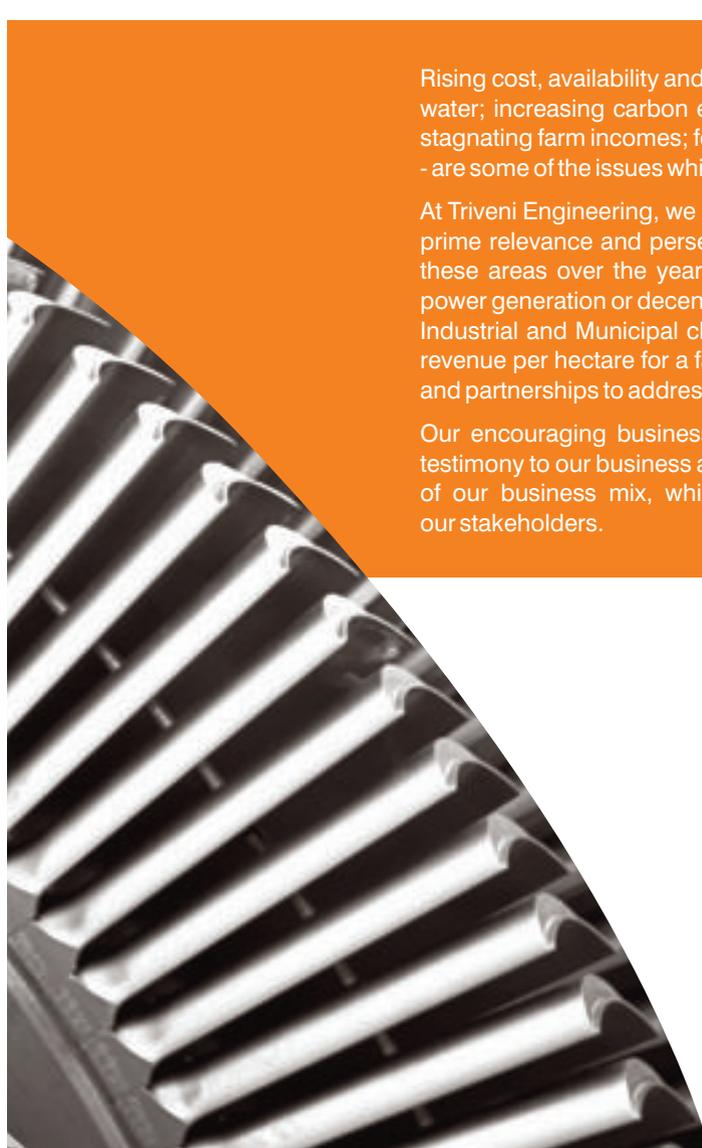
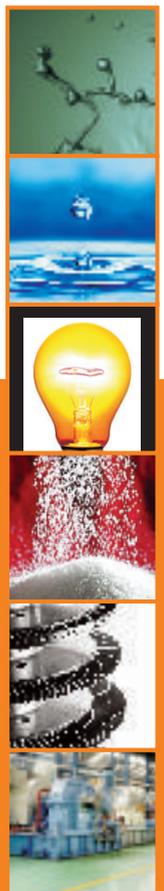


## ADDRESSING TOMORROW'S PRIORITIES

Rising cost, availability and accessibility of power; declining quality and availability of water; increasing carbon emissions and climate change; rural unemployment and stagnating farm incomes; food security and rising demand for essential commodities - are some of the issues which need immediate focus in today's India.

At Triveni Engineering, we have aligned our business interests along these issues of prime relevance and persevered to build world class capabilities and capacities in these areas over the years. Be it to provide hi-technology solutions for industrial power generation or decentralized clean power; or be it world class water solutions to Industrial and Municipal clients; or be it sugar farm initiatives to improve yield and revenue per hectare for a farmer - Triveni has consistently utilised technology, R&D and partnerships to address these issues.

Our encouraging business performance in this year of global turbulence stands testimony to our business alignment to pertinent demand factors and the robustness of our business mix, which is engineered to create and enhance value for all our stakeholders.





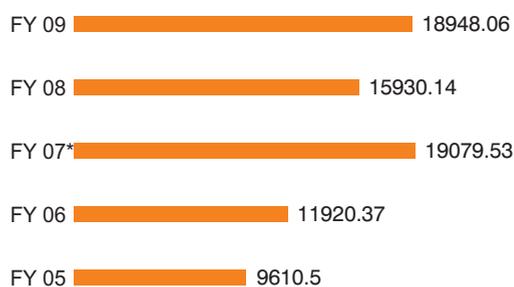
## FINANCIAL HIGHLIGHTS

Particulars	FY ending	CAGR	FY 08-09	FY 07-08	FY06-07	FY 05-06	FY 04-05
			30.9.2009	30.9.2008	(18months) 30.9.2007	31.3.2006	31.3.2005
Net Turnover	Rs. Million	16%	18948.06	15930.14	19079.53	11920.37	9610.50
Operating Profit before exceptional items (PBDIT)	Rs. Million	24%	4527.35	3167.12	2397.83	2130.00	1724.46
Cash Profits	Rs. Million	21%	2840.21	2168.21	1576.97	1734.72	1184.50
Profits before Tax (PBT)	Rs. Million	16%	2429.47	1345.61	785.20	1611.79	1241.06
Profit after Tax (PAT)	Rs. Million	13%	1697.78	1115.18	754.29	1314.96	995.20
Share Capital	Rs. Million		257.88	257.88	257.88	257.88	103.02
Reserves & Surplus (Less Revaluation reserve)	Rs. Million		8806.64	7410.57	6490.64	4863.66	1654.07
Net worth*	Rs. Million		9051.52	7649.28	6726.11	5111.91	1644.87
Loan Funds	Rs. Million		8337.95	11686.96	9993.94	4026.04	4500.93
Net Fixed Assets	Rs. Million		12738.43	12972.13	13025.34	6149.71	2983.79
Net Current Assets	Rs. Million		5379.84	6986.82	4128.08	3572.68	3517.58
Operating Profit Margin	%		24%	20%	13%	18%	18%
Net Profit Margin	%		9%	7%	4%	11%	10%
Return on Average Net Worth	%		20%	16%	13%	39%	72%
Return on Average Capital Employed	%		19%	13%	11%	23%	25%
EPS (fully diluted)	Rs.		6.58	4.32	2.92	5.88	4.77
Cash EPS (fully diluted)	Rs.		11.01	8.41	6.12	7.76	5.69
Debt Equity Ratio	Times		0.92	1.53	1.49	0.79	2.74
Interest coverage	Times		3.20	2.37	2.11	8.01	5.07
Dividend Rate	%		100%	60%	60%	50%	100%

\*After adjustment of miscellaneous expenditure not written off

## NET SALES

(Rs. Million)



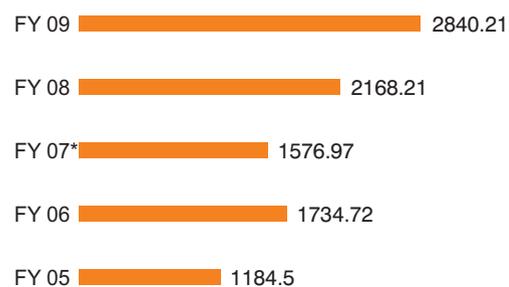
## EBITDA

(Rs. Million)



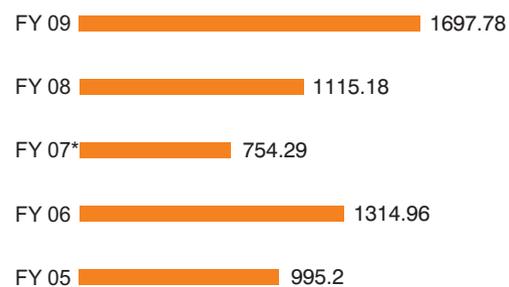
## CASH PROFIT

(Rs. Million)



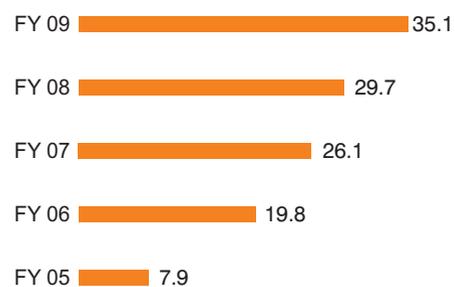
## PAT

(Rs. Million)



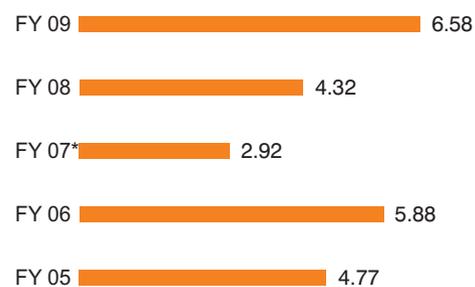
## BOOK VALUE

(Rs. Per Share)



## EPS

(Rs. Per Share)



\* FY 07 - 18 months period from 01.04.2006 to 30.09.2007

# MESSAGE FROM THE CHAIRMAN

*Dear Shareholders,*

I am delighted to share with you some thoughts at a time when our company has achieved record results, and the country is poised to become an important participant in the global scene in many areas - political, financial, trade and the environment. It is also a time when the nation is focusing inwards on our existing disparities, and how all stakeholders can work in partnership to achieve rapid inclusive growth.

There are some areas where Government must necessarily take a major lead, such as basic health and education, rural infrastructure, and security.

However, there are other areas where industry, especially large private sector groups, can focus their efforts, and commit the necessary resources to bring about a rapid turnaround. The three priority areas that our company is actively pursuing are water, power and the rural economy. Over 60% of plan outlay on infrastructure in the XIth five-year plan has been allocated to power, water and

irrigation. I would like to share our company's efforts in these areas.

## **WATER: THE LIFELINE OF DEVELOPMENT**

Besides providing a critical lifeline, shortage of water, and the inadequate treatment of waste water, can be a serious impediment to growth, health and prosperity of our people.

Industrial water consumption is estimated to quadruple between 2000 and 2050, and reach 18% of total annual water consumption by 2050, up from just 6% in 2000. Over 6.2 billion litres of untreated industrial wastewater is generated everyday, with thermal power plants and steel plants being the top contributors. Domestic water consumption is expected to triple from 2000 to 2050, and reach 11% of total annual water consumption by 2050 from 5% in 2000. Only 31% of the over 9300 MM litres of wastewater generated daily from the 23 leading cities is treated.

Our company is encouraging industries to change their mindset,

The three priority areas that our company is actively pursuing are water, power and the rural economy. Over 60% of plan outlay on infrastructure in the XIth five-year plan has been allocated to power, water and irrigation.



**Dhruv M. Sawhney**  
Chairman and Managing Director

## MESSAGE FROM THE CHAIRMAN

Tomorrow's priorities bind our businesses together. From the spectrum of sugar to power to water, our company plays an increasingly important role in making tomorrow better. The magnitude of the challenges in these three priority sectors is huge, and this translates into an equally huge opportunity for our company.

and treat water as a critical raw material and as an input without which their economic activity would come to a standstill. Subsidized water tariffs have in the past encouraged wastage, and we are stressing improved water conservation. Our company is providing state-of-the-art water and effluent treatment equipment and services with the highest efficiencies. On the municipal side, we are encouraging authorities to use the best of global technologies to treat sewage so as to make it usable for consumption. Not only does this add to water availability, but it also helps in minimizing the pollution of available fresh water. In the coastal regions, our desalination technologies are helping in the utilization of sea water for industrial purposes.

Our Water Division's business growth has been an impressive 87% CAGR in the last 5 years, and today, we are recognized as one of the most prominent and successful players in this vital sector.

### **POWER: THE INCUBATOR OF GROWTH**

Power is one of the most powerful enablers for India to transform itself into a developed economy. However, it is also one of our biggest bottlenecks, and the acute shortage of power is having a cascading effect, leading to a tremendous opportunity loss for industry and the economy.

Across industries, for agriculture, services and civic amenities, and for the urban and rural population, India needs power. Peak power deficits range from 11 to 13%. Some parts of our country are still without power, and a majority of cultivable land is not irrigated. With the potential rise in per capita demand, with rising income levels, the Indian power sector has rightly been allocated a top priority by the Government of India.

Dependence on fossil fuel has been an impediment in capacity expansion of this sector since independence. Thankfully, Governments, regulators and industries, have started exploring the potential for clean and renewable energy. The country's latent potential in hydro-power, biomass based power, co-generation, and captive power generation is increasingly being explored for bridging the deficit .

In the steam based Power sector, under 30 MW, Triveni is the most prominent player, with a majority market share and state-of-the-art technologies. The size of the Indian market has enabled Triveni to be amongst the top three manufacturers in this range globally. Many projects in this sector are green in nature, utilizing raw materials such as sugarcane bagasse, rice husk or wheat straw. The technical specifications for these

power plants are the most sophisticated on a global benchmark, and in fact, have set an example for many developing and developed nations to follow. A majority of the outstanding order book of Rs 7.5 billion from our three engineering business is from the power sector, and we are expecting good growth in the years to come. Our sugar plants have efficient co-generation facilities and we are generating 68 MW of green power.

#### **RURAL ECONOMY: FEEDER OF THE NEXT ROUND OF GROWTH**

More than half India's consumers live in rural areas. Their awareness, information and skill levels are rising fast. Most of them are engaged in agriculture for their living, and would greatly benefit from yield enhancing technologies and an economic MSP for their crop.

With more than half of our company's revenue coming from the sugar segment, our company is actively engaging with the rural population across our sugar cane producing belt in Uttar Pradesh. With an objective of enhancing value for farmers, our company is helping them with a variety of cane development initiatives. Our company is helping them adopt new farming methods and new seeds, and utilize improved farm implements and equipment. A breakthrough has been achieved in our demonstration plots through a

drastic reduction in the usage of inputs. Water usage has been reduced to a third and the usage of seeds even more. The company hopes to rapidly increase the usage of these new farming techniques and seeds in the next few years.

On a steady state basis, we are expecting an eventual yield enhancement of cane yield by 30% and this will truly revolutionize the rural economy in our sugar command areas. The significantly less usage of water will also lower the farmer's dependence on the monsoon, and provide them with a more stable livelihood. These efforts are being done in close partnership with multilateral agencies. With our 250,000 farmers, we aim to create a mutual win-win situation. The increased cane supplies will help the company achieve its optimum capacity utilization in terms of cane crush, power generation and ethanol production, while sustaining a truly green rural economy.

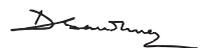
#### **ADDRESSING PRIORITIES**

Tomorrow's priorities bind our businesses together, and there lies our company's recent and future successes. From the spectrum of sugar to power to water, our company plays an increasingly important role in making tomorrow better. The magnitude of the challenges in these three priority sectors is huge, and this translates into an equally huge opportunity for our company.

Our performance is in no small measure due to these strategies and the pursuit of excellence across our various businesses. The strong performance posted in a difficult financial year has enhanced the motivation and drive of our committed workforce at Triveni. I sincerely congratulate all of them for their cooperation, hard work, and contribution, and I seek their continued participation in creating strong values for our shareholders and the communities in which we exist.

I am honoured and privileged to be Chairman of such a committed organization, and I thank all shareholders and stakeholders for their continued trust and encouragement.

With best regards,



Dhruv M. Sawhney  
Chairman and Managing Director

# TRIVENI IN BRIEF

## OUR COMPANY

We are an INR 19 billion manufacturing and engineering solutions conglomerate with operations in sugar, steam turbines, gears and water treatment sectors.

With 11 manufacturing locations across India, Triveni employs over 5000 people and services key priority sectors of power generation, water management and sugar. Listed on country's leading stock exchanges, namely, BSE and NSE, Triveni enjoys the trust of around 40000 shareholders.

## OUR OPERATIONAL DOMAINS

With 7 sugar mills, 3 co-generation units and 1 distillery spread over 8 locations in Uttar Pradesh, our Sugar Business Group enjoys the installed sugar crushing capacity of 61000 TCD, co-generation capacity of 68 MW of power and distilling capacity of 160 KLPD. As one of the leading sugar players of India, we progressively engage with over 250,000 farmers through our cane development program.

Our Engineering Business Group has a dedicated manufacturing cum R&D unit each for Steam Turbine, Gear and Water Treatment Applications at Bangalore, Mysore and Noida respectively. With advanced capability to manufacture steam turbines upto 30 MW, we command market-share in excess to 60 % in upto 30 MW segment. As the largest Indian manufacturer of high-speed gears and gearboxes, we command 60% market-share in the high-speed gears. As a focussed player in water treatment domain, we offer end-to-end services & product mix in the technology spectrum of water and waste water treatment.



## OUR VISION

To maintain leadership position in each of our businesses and their relevant segments.

To create value and delight for all stakeholders including customers.

To deploy technological edge as the key differentiator in sustaining leadership and delivering growth.

## OUR GUIDING PRINCIPLES

Seeking sustainable growth through technological excellence aimed at delivering customer satisfaction.

## OUR SERVICE CAPABILITIES

Our sales and service network at 13 locations serves our global spread of customers across 31 countries and 4 continents. Our technical services workforce provides end-to-end support to customers from the requirement mapping to solution advisory to machinery supply to installation assistance to after sales and refurbishment and maintenance.

## OUR FINANCIAL HEALTH

Segment	Revenue		PBIT	
	FY 09 (INR Billion)	CAGR FY 09 over FY 05	FY 09 (INR Billion)	CAGR FY 09 over FY 05
Company	18.95	16%	3.71	21%
Sugar Business	14.02	14%	2.32	11%
Engineering Business	6.48	31%	1.55	60%



# MANAGEMENT DISCUSSION AND ANALYSIS



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# ECONOMY OVERVIEW

THE YEAR 2008 MARKED A PARADIGM SHIFT IN GLOBAL ECONOMIES AND FINANCIAL MARKETS. THE YEAR WITNESSED UNPRECEDENTED VOLATILITY ON INFLATION, LIQUIDITY AND CRUDE OIL PRICES.

IMF's World Economic Outlook, April 2009, estimated an unprecedented 7.5% decline in real GDP during the fourth quarter of 2008 in the Advanced economies, while Emerging economies were also estimated to have contracted by 4% during the same quarter.

Revised estimates of Central Statistical Organisation showed India's GDP growth contracting to 6.7%. Despite a sharp decline in the growth curve, India did well in arresting the impact of

global crisis thanks to its domestic demand-led economy and regulated economic framework.

As anticipated by Economic Advisory Council to Prime Minister, the Indian Economy has picked up in the second quarter and shall exhibit even stronger recovery in the second half of FY 10. The council did identify accelerated implementation of the infrastructural projects to be a key catalyst in the recovery.

## GDP Growth of India (%)

FY 09	6.7
FY 08	9.0
FY 07	9.9
FY 06	9.4
FY 05	7.5

(Source: Central Statistical Organisation, Govt. of India)



# POWER SECTOR

Responding to the power sector reforms and government's encouragement towards adding generation capacity, private sector is increasing its participation.

THE POWER SECTOR IS HIGH ON INDIA'S PRIORITY AND OFFERS TREMENDOUS INVESTMENT POTENTIAL WITH PROMISING RETURNS. UNDER 'POWER FOR ALL' MISSION, GOVERNMENT OF INDIA HAS AIMED TO TAKE THE INSTALLED GENERATION CAPACITY TO 200,000 MW BY 2012.

The country's gap between power requirement and generation is getting wide as the industrialisation and urbanisation is growing which are the main drivers of power consumption.

With various policy changes of recent past, captive power capacity in the country shall continue to grow higher with double digits in mid term. Possibility of selling up to 75% of the electricity produced through open access system and fuel linkage allotment shall trigger a capacity expansion and capacity addition drive in almost every process industry from steel to chemicals to cement to fertilizers.

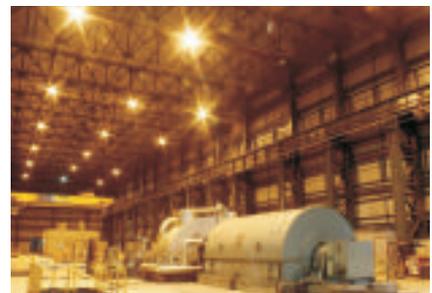
### BIO MASS BASED POWER GENERATION

As per the CEA estimates, the availability of biomass (residues from agriculture, forestry, and plantations) in India is estimated at about

540 million tonnes per year, out of which about 120-150 million tonnes is of usable agro industrial and agricultural residues, which could be made available for power generation. By using these surplus agricultural residues, more than 16,800 MW of grid quality power can be generated with presently available technologies.

Currently, most of the bio-mass projects are operating for captive arrangements. With Government of India's sustained support and incentives, private investors have plans for stand alone grid connected bio-mass projects. Globally also power generation through this source is getting impetus and according to International Energy Agency, the share of global electricity generation from bio-mass is expected to go up from the current 1.3% to 3-5% by 2050.

Further, the bio-mass projects are also eligible for carbon credits. Currently, more than half of the projects registered under the clean development mechanism in the renewable energy sector are bio-mass projects. All these above factors should result in increased presence of bio-mass based power plants in future



and in turn will drive demand for steam turbines upto 50 MW range.

One of the principal and bulk available bio-mass fuels is bagasse. In addition to other bio-mass based power generating capacity, about 5000 MW of power can be produced, if all the 550 sugar mills in the country switch over to modern techniques of co-generation. Thus, the estimated biomass power potential is about 21,800 MW. Further, the potential for generation of power annually from urban and industrial waste amounts to 2700 MW.

As against all these potentials, the total generation capacity created through these sources are 736.1 MW from Bio mass; 1155 MW bagasse co-generation plants while the generation

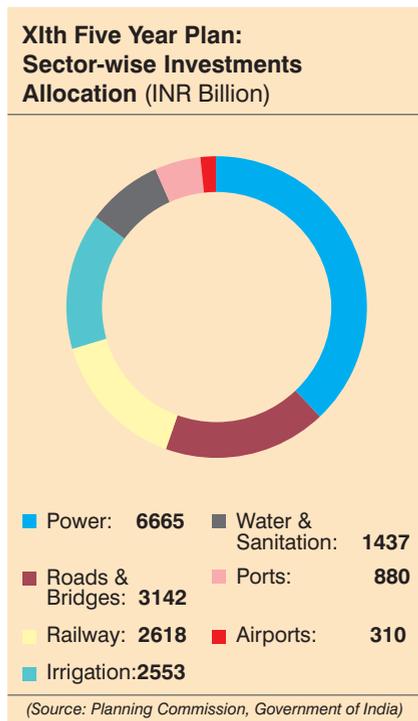
through waste to energy is a miniscule 59 MW. This shows a huge potential for setting up small power generating facilities (sub 50 MW plants).

Maharashtra and Uttar Pradesh, two of the largest sugar cane producing states, have a potential of around 1250 MW each of power generation capacity from bagasse while Tamil Nadu and Karnataka has a potential of 450 MW each. The States of Andhra Pradesh, Bihar, Punjab, Gujarat, Haryana have a potential of 300 MW each. The promotion of biomass-based power generation in the country is encouraged through conducive policy at the State and Central levels.

The Ministry provides the capital subsidy for biomass and bagasse co-generation projects. The MNRE's initiative for providing enhanced capital subsidy for accelerated development of bagasse co-generation projects in cooperative sector sugar mills was continued during the year. Many co-generation projects in cooperative sugar mills in Maharashtra were commissioned or are underway.

SERCs of Andhra Pradesh, Chhattisgarh, Gujarat, Haryana, Karnataka, Madhya Pradesh, Maharashtra, Tamil Nadu and Uttar Pradesh have announced policies for purchase, wheeling and banking and buyback of power at preferential tariffs by the state utilities, generated from biomass power/ co-generation projects.

All these above factors should result in increased presence of bio-mass based power plants in future and in turn will drive demand for steam turbines upto 50 MW range.



# POWER SECTOR

## CO-GENERATION

As per International Energy Agency (IEA), co-generation in India accounts for 5% of the total power generation as compared to a world-wide average of 30-35%. As per MNRE, out of India's total co-generation potential of 7574 MW, two third comes from sugar industry while Paper, textiles, chemicals etc, account for about 20%. As of end of July 2009, bagasse-based co-generation capacity of 1,155 MW has been installed. The major states include Uttar Pradesh, Maharashtra, Karnataka, Tamil Nadu and Andhra Pradesh.

## CAPTIVE POWER

Captive power generation is key to the energy intensive industries and help them to mitigate the problem of unreliable power. 25% of the total

installed grid power capacity comes from captive power. As per CEA, industrial and commercial consumers account for 38.7% share in total connected load of power utilities in India. The peak Power shortage stood at 13,024 MW in 2008-09. Captive power helps industries to meet their internal power demand and fulfil the gap. The decision to set up a captive power plant is generally influenced by three factors viz., reliability of supply, quality and consistency of power and the third and most important the cost of power.

With the increasing tariffs for industrial customer, the cost benefit of captive versus grid power weighs more in favour of captive where the fuel linkage/availability is more. Fuel account for 35-40% of the total cost for

generation and access to fuel is the key determinant. Coal based captive power plants have unit costs ranging from Rs. 1.16 per unit to Rs. 3.5 per unit depending on the fuel linkage while the median value for energy charges from grid works out to be around Rs. 3.5 per unit. As the industrial growth is back on track after the financial crunch and global economic slowdown, captive power generating capacities will be one of the main source for securing energy requirement for industries.

With more and more state regulatory agencies allowing open access of power and transfer of power to third party for direct use, the co-generation/ captive industry will be incentivised to invest in power plants. This facilitates the user industry for setting up of bigger power plants than required for their actual use so as to have some revenue stream from this business.

## CAPTIVE POWER CAPACITY AND DEMAND

### Total Power Demand

Terawatt hours (Twh)

	Captive Power Demand	Total Power Demand	CAGR (between periods)
1990	20	350	4.7%
2005	70	700	7.1%
2020	200	1870	7.1%
2030	420	3870	7.1%

### Power Capacity Requirement

Gigawatt (GW)

	Captive Installed Capacity	Total Power Capacity	CAGR (between periods)
1990	0	62	6.1%
2005	25	150	6.7%
2020	50	423	6.7%
2030	80	760	6.7%

(Source: McKinsey analysis, Environment and Energy Sustainability: An Approach for India, McKinsey 2009)



# WATER SECTOR

AS A COUNTRY OF A BILLION PLUS PEOPLE WITH MORE THAN HALF THE POPULATION DEPENDENT ON AGRICULTURE FOR A LIVING, WATER IS RIGHTLY GAINING ITS DUE FOCUS AND EMERGING AS A PROMISING BUSINESS SECTOR.

Per capita fresh water availability is decreasing at a steep rate. With rapid industrialisation and urbanisation, the need for water is only going up day by day. Large scale industrialisation including major power plants also will drive the demand for high purity water for use in boilers etc. As the quality and availability of ground water is reducing, alternate sources for water has become inevitable.

This is evident from the fact that increasingly large users of water are either using sewage or sea water for their feed-water requirements. For using both these types of water, treatment of the same is a must. This is technology driven treatment and industrial users are investing more and more in the high end water purity system.

Sustained GDP growth across agriculture, industry and services will need more water. Progressive lifestyle on account of improving social economic condition of people will need more water. With the fast melting Himalayan glaciers, erratic monsoon patterns and depleting groundwater levels, the supply side will be greatly challenged going forward. Water management is the only way to address this problem and the government, regulators and people at large are awakening to acknowledge

its importance. Conservation, recycling, reuse, harvesting, treatment, forestation are all gaining momentum. New technologies are being developed and commoditised in order to expand water availability and conservation.

## INDUSTRIAL & MUNICIPAL SECTORS

A basic necessity of industrial development is adequate availability of water. The Second Irrigation Commission in their report of 1972 recommended a provision of 50 b.cu.m. for industrial purpose for the country as a whole. However, a recent assessment indicates that requirement for industrial use during the year 2000 was about 30 b.cu.m., while it will rise to 120 b.cu.m by 2025 AD.

One of the most important goals of the National Water Mission is to improve the efficiency of water use by at least 20%. The objective can be achieved by ensuring improved efficiency of water usage in domestic and industrial sector both on the demand and supply side. Water recycle and water reuse is one of the strategies being implemented by NAPCC (National Action Plan on Climate Change).

The mission is to ensure that a considerable share of the water needs of urban areas are met through recycling of wastewater and ensuring that the water requirements of coastal cities with inadequate alternative sources of water are met through adoption of new and appropriate technologies such as desalination technologies that allow for use of ocean water.

A mammoth government initiative in 'Jawaharlal Nehru National Urban Renewal Mission (JNNURM)' is engaging 63 cities with more than 1 million residents to initiate steps to bring about improvements in the existing service levels in a financially sustainable manner. A total of 461 projects were approved in FY 09 corresponding to a total investment of Rs. 494 billion; out of which water supply segment alone received approval worth Rs. 183 billion.

Another driver for this sector is environmental regulations. With the growing industrialisation and urbanisation, the disposal of used water becomes more relevant as the same may cause serious ecological problems if not processed properly before discharging the same. Governments and other public utilities besides private sector are investing heavily into the processing of effluent and recycling of waste water.



# GLOBAL SUGAR INDUSTRY

WORLD SUGAR MARKET WITNESSED ONE OF ITS HIGHEST VOLATILITY DURING THE SUGAR SEASON (SS) 2008-09. GLOBAL SUGAR PRODUCTION DIPPED MUCH LOWER THAN EXPECTATIONS, RESULTING IN INTERNATIONAL SUGAR PRICES REACHING A RECORD HIGH OF 28 YEARS.

A major factor impacting the volatility in global sugar prices was the steep decline in sugar production in India. Sugar production in India came down to 14.6 million tonnes in 2008-09, dropping by near 50% from the 28.3 million tonnes produced in 2006-07. From a record export of about 5 million tonnes of sugar achieved in SS 2007-08, India had to contract significant sugar import in SS 2008-09.

Disappointing monsoon and the resultant dismal estimates of 2009-10 crop in India coupled with heavy rains in centre-south region of Brazil signalling lower than expected production growth in Brazil are two factors impacting the further firming up of sugar prices, going forward.

Raw sugar prices rose by 78% and refined white sugar prices moved up by 74% year on year. The average raw

sugar (fob) in September 2009 was 23.11 cents/pound while that of whites (fob) was USD 578 per tonnes.

From significantly high levels of Sugar production in two consecutive seasons prior to 2008-09, global sugar production declined by over 10% in 2008-09. A sharp decline of 28% in

Asia, most of which was contributed on account of India led this global decline. With consumption being the highest in Asia, the gap between production and consumption in Asia reached 33% in SS 2008-09 from just 5% in SS 2007-08. While India, China, Pakistan, Bangladesh, Indonesia happen to be the major sugar

## WORLD SUGAR CONSUMPTION & PRODUCTION

### Consumption by regions Oct/Sep (1,000 tonnes, raw value)

	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10 (E)
Europe	31,473	31,243	31,143	31,156	31,641	31,322
Africa	13,534	14,062	14,402	14,704	14,995	15,575
N. & C. America	19,248	19,491	19,379	19,828	19,938	20,115
South America	17,066	17,336	17,667	18,518	19,276	19,862
Asia	61,403	62,563	68,025	71,367	72,377	74,462
Oceania	1,538	1,549	1,554	1,570	1,580	1,654
<b>Total</b>	<b>144,262</b>	<b>146,244</b>	<b>152,170</b>	<b>157,143</b>	<b>159,807</b>	<b>162,990</b>

(Source FO Licht)

### Production by regions Oct/Sep (1,000 tonnes, raw value)

	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10 (E)
Europe	29,839	29,715	27,118	25,846	24,422	24,987
Africa	10,169	9,964	10,237	9,977	10,393	10,800
N. & C. America	19,668	18,276	19,766	19,650	18,381	19,180
South America	35,407	40,622	40,431	38,487	43,004	45,172
Asia	41,153	47,212	64,024	67,572	48,699	51,663
Oceania	4,929	5,611	5,830	5,121	5,071	5,063
<b>Total</b>	<b>141,165</b>	<b>151,400</b>	<b>167,406</b>	<b>166,653</b>	<b>149,970</b>	<b>156,865</b>

(Source FO Licht)



consuming countries in the world, the production in these countries have been erratic over recent years leading to sugar imports in these countries.

Initial estimates at the beginning of the SS 2008-09 expected Brazil to produce a significantly higher volume. The central and south region of Brazil accounts for 90% of its sugar cane and sugar production. Against an initial production estimate of over 31 million tonnes in SS 2008-09, the latest estimates show the production reducing to 29.4 million tonnes. Erratic & excess rainfall over large parts of sugarcane region of Brazil reduced the concentration of sucrose in the cane and also the pace of crushing. Rainfall in September 2009 was three times the historical high and impacted the sucrose content at 132 kg/tonne of cane, the lowest level of sucrose content since 1992. On account of better realisation potential from sugar as compared to ethanol, many producers switched to maximise sugar production. As a result, 43.7% of the cane went in for sugar production in SS 2008-09 as against 40.8% in SS 2007-08. This is the estimate for maximum extent of possible swing.

As per the preliminary estimates for SS 2009-10, global production is expected to go up by 4% year on year with rising production in USA, Brazil, India and Thailand and near flat or lower production in rest of the countries. The production consumption gap is expected to come down to 6 million tonnes during SS 2009-10 from 10 million tonnes in SS 2008-09. Two consecutive years of

deficit will see most of the carry forward inventory getting exhausted. Net impact of these factors is expected to be tighter supplies and firm sugar prices, going forward.

Sugar prices internationally have been on the rise during SS 2008-09 and rose by about 75% since September 2008, touching a 28 year high. India permitted sugar imports without duty in February 2009. Global markets sensed this initial signal of a huge demand supply gap in India and the prices in the international market started moving up since then. With the estimated gap between the Indian consumption and production to remain over 6 to 7 million tonnes during SS 2009-10, there would be need for higher imports going forward. This in turn is expected to keep the international prices firm.

Two consecutive years of deficit will see most of the carry forward inventory getting exhausted. Net impact of these factors is expected to be tighter supplies and firm sugar prices, going forward.

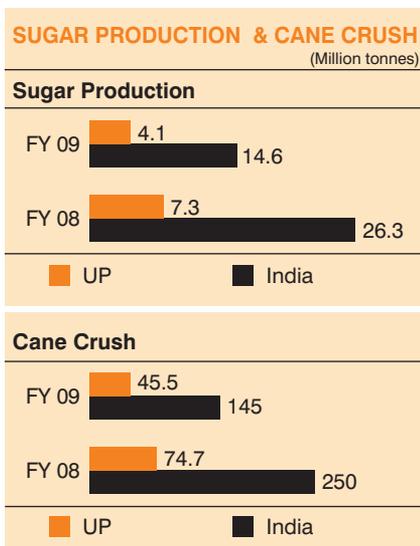
#### MONTHLY AVERAGE OF SUGAR PRICES IN THE INTERNATIONAL MARKETS

LIFFE (White Sugar). y-o-y change 74.3%		ICE Raw Sugar. y-o-y change 77.9%	
Sep-09	577.94	Sep-09	508.42
Aug-09	547.58	Aug-09	492.14
Jul-09	469.92	Jul-09	408.54
Jun-09	439.56	Jun-09	372.68
May-09	442.2	May-09	371.58
Apr-09	404.36	Apr-09	317.46
Mar-09	392.26	Mar-09	304.26
Feb-09	387.2	Feb-09	305.8
Jan-09	344.74	Jan-09	287.98
Dec-08	313.94	Dec-08	270.82
Nov-08	330	Nov-08	283.14
Oct-08	331.54	Oct-08	285.78

(Source: LIFFE & NYBOT monthly average fob prices)

# INDIAN SUGAR INDUSTRY

The carry forward inventory including sugar from imports as on 30th Sept 2009 is estimated to be about 3.5 million tonnes of white sugar. At 16% in terms of the stock to consumption ratio, this is one of the lowest in a decade.



INDIA IS A LEADING PRODUCER AND THE LARGEST CONSUMER OF SUGAR. TRADITIONALLY IT MANAGES TO MEET ITS REQUIREMENTS AND TURNS INTO A MARGINAL IMPORTER OR EXPORTER DEPENDING UPON THE DOMESTIC SUGAR PRODUCTION.

As sharp contrast to the above traditional scenario, India impacted the global sugar market significantly in the past two years, courtesy the swinging production levels. A record all time high production of 28.3 million tonnes in SS 2006-07 led India to export around 5 million tonnes of sugar in SS 2007-08. In SS 2008-09, the production plummeted by 48% from SS 2006-07 level to 14.6 million tonnes, leading to a demand supply gap of 7 to 8 million tonnes.

India's 2008 - 09 imports of about 2.5 million tonnes included 2.3 million tonnes of raw sugar, out of which about 1.1 million tonnes only would have converted into white sugar. The carry forward inventory including sugar from imports as on 30th Sept 2009 is estimated to be about 3.5 million tonnes of white sugar. At 16% in terms

of the stock to consumption ratio, this ratio is one of the lowest in a decade.

Sugar Industry confronted acute challenge of availability and productivity of sugar cane in SS 2008-09. Estimated sugar cane production for the country dropped to 271 million tonnes, registering a decline of 22%. The decline in sugar production was over 45%. The area under cultivation of sugar cane declined from 5.06 million hectares to approx. 4.40 million hectares, registering a decline of around 13%. Lower yield of sugarcane per hectare due to unfavourable climatic conditions further impacted the sugar production in India.

In the backdrop of an overall decline of 22% for the entire country, sugarcane production in UP declined by about 13% to 109 million tonnes in SS 2009 from 125 mn tonnes in SS 08. While the drop was much lower in UP, the diversion of sugar cane to alternate sweetener in UP resulted in the share of sugar cane made available for sugar manufacturing dropping to 39%.

## SUGAR BALANCES FOR INDIA

Particulars	2005-06	2006-07	2007-08	2008-09(E)	2009-10(P)
<b>Total Opening Stocks</b>	<b>4.9</b>	<b>3.7</b>	<b>10.2</b>	<b>9.9</b>	<b>3.5</b>
Production During the Season	19.3	28.3	26.3	14.6	16.5
Imports (white sugar)	0.0	0.0	0.0	0.2	2.0
Imports (raw sugar)	0.0	0.0	0.0	2.3	4.0
Imports (raw sugar processed)				1.1	5.2
<b>Total Availability</b>	<b>24.1</b>	<b>32.0</b>	<b>36.5</b>	<b>25.8</b>	<b>27.2</b>
a) Indigenous	19.3	20.2	21.7	22.3	22.8
b) Exports	1.1	1.7	4.9	0.0	0.0
<b>Total Off Take</b>	<b>20.5</b>	<b>21.9</b>	<b>26.6</b>	<b>22.3</b>	<b>22.8</b>
<b>Total Closing Stock</b>	<b>3.7</b>	<b>10.2</b>	<b>9.9</b>	<b>3.5</b>	<b>4.4</b>
<b>% of Stock to Consumption</b>	<b>19%</b>	<b>50%</b>	<b>45%</b>	<b>16%</b>	<b>20%</b>

(Source: ISMA/Company Estimates)

## KEY FACTORS IMPACTING THE DROP IN SUGAR PRODUCTION

### SWITCH TO ALTERNATE CROPS

The gradual switching to alternate crops like wheat, paddy etc since SS 2007-08 by farmers in view of higher or comparable realisation with that of sugarcane was the leading factor. The record sugar production in the SS 2006-07 had led to softening of sugar prices. In turn, sugar producers offered lower prices for sugar cane, which did not match the expectations of the farmers. The price expectation and offering mismatch spiralled into spate of litigations over the cane prices and delayed payments on part of sugar producers, further dampening the motivation of farmers.

However, due to better and improved sugar economics, while the sugar producers are willing to pay better cane prices, the farmers are not lured in view of continuing lucrative prices of alternate crops and better cane price economics with the producers of alternate sweeteners. Resultantly the cane cultivation is getting impacted each year. It is important to note that even

marginal drops over a period in cultivation area is impacting the cane availability significantly as the base cultivation of 2007-08 was already significantly lower. Going forward, this will reflect in much lower ratoon output in SS 2009-10.

### ERRATIC CLIMATIC PATTERN

Total cane availability was further accentuated by drastic reduction in yields. Early rains during the tillering phase of crop hampered the growth and resulted in pests in plants, both of which in turn lowered the net weight per cane stick. At an average of 52 tonnes per hectare, UP witnessed lowest yield per hectare in SS 2008-09. This yield was lower by about 14% in comparison to the peak yield achieved in UP and by over 9% in comparison to the U.P.'s average during the decade. The recovery of sugar from cane in U.P. also dropped to a record low of 8.94% as against a 10 year average of 9.54%.

### DIVERSION OF CANE TO ALTERNATE USERS

SS 2008-09 also witnessed significant share of cane diverted to

alternate uses of cane such as Khandsars & Kohlus. The percentage of cane crushed by sugar mills out of the total cane production in the state of UP came down to around 42% during SS 2008-09, from over 60% in SS 2007-08 and over 67% in 2006-07. The jaggary prices, normally, are lower than the sugar prices, but during the year, the difference in prices narrowed considerably and at times, the price realisation for jaggary was higher than the sugar prices. This enabled the producers of these products to pay a higher price for sugar cane which resulted in higher diversion. It is believed that abnormally high jaggary prices had also been due to its use for illicit distillation. With a better and improved sugar dynamics, sugar producers were willing to pay better cane prices but farmers were not lured enough as sale of cane to alternate sweeteners was considered equally remunerative, if not better by the farmers.



# INDIAN SUGAR INDUSTRY

The sugar production for 2009-10 season expected to remain well below consumption levels by about 6-7 million tonnes based on the current estimates. With a record low stock to consumption ratio of the decade, the outlook for sugar prices appear promising.

### REMUNERATIVE PRICING

Traditionally, the Government of India has been announcing the Statutory Minimum Price (SMP) while certain State Governments such as Uttar Pradesh announce its own cane price which is State Advised Price (SAP). During the year 2008-09, the SMP announced by Central Government was Rs. 811.80 per tonne with base recovery of 9% while Government of Uttar Pradesh announced SAP of Rs. 1450 per tonne for general variety of sugar cane. With the increase in sugarcane pricing for 2008-09, the sugar farmers planted more cane. However, overall cane availability would be less on account of the much lower ratoon crop (second crop).

In order to bring parity for sugar cane pricing, the Government of India, vide an ordinance announced a uniform cane price across the country called Fair & Remunerative Price (FRP) and the price fixed for 2009-10 season has been Rs. 1298.4 per tonne at 9.5% recovery and an additional payment of Rs. 13.7 per tonne for every 0.1% increase in recovery. For 2009-10, the UP government has announced SAP of Rs. 1650 per tonne for normal variety. However, the FRP mechanism may undergo changes in view of

agitations by farmers and require approval of parliament.

### SUGAR PRICES

Like the international markets, the sugar prices in India also witnessed significant movement during SS 2008-09. While the international prices



moved over 75% year on year, the increase in domestic market was at 61% in comparison to 25% year on year increase as witnessed in SS 2007-08. Starting to rise from August 2008, prices continued to rise throughout the year.

#### LEVY SUGAR

In order to maintain the supplies through Public Distribution System, the Government of India, has raised the levy sugar quota from 10% to 20% for the 2009-10 sugar season in view of the declining sugar production. Traditionally the levy sugar prices have been announced on provisional basis and are presently ruling at much lower levels than the cost of production. In order to negate a Supreme Court Judgement, which has directed Government to compute levy price based on State Advised Price paid for the cane instead of Statutory Minimum Price being considered by the Government, the Government has introduced the concept of Fair & Remunerative Price (FRP) for the cane through an Ordinance and that the levy price will be computed based on the FRP. Accordingly, the levy prices to be announced for SY 2009/10 will be based on FRP and hence, the impact of increased allocation of levy

sugar may be partially offset. However this is subject to passing of the legislation.

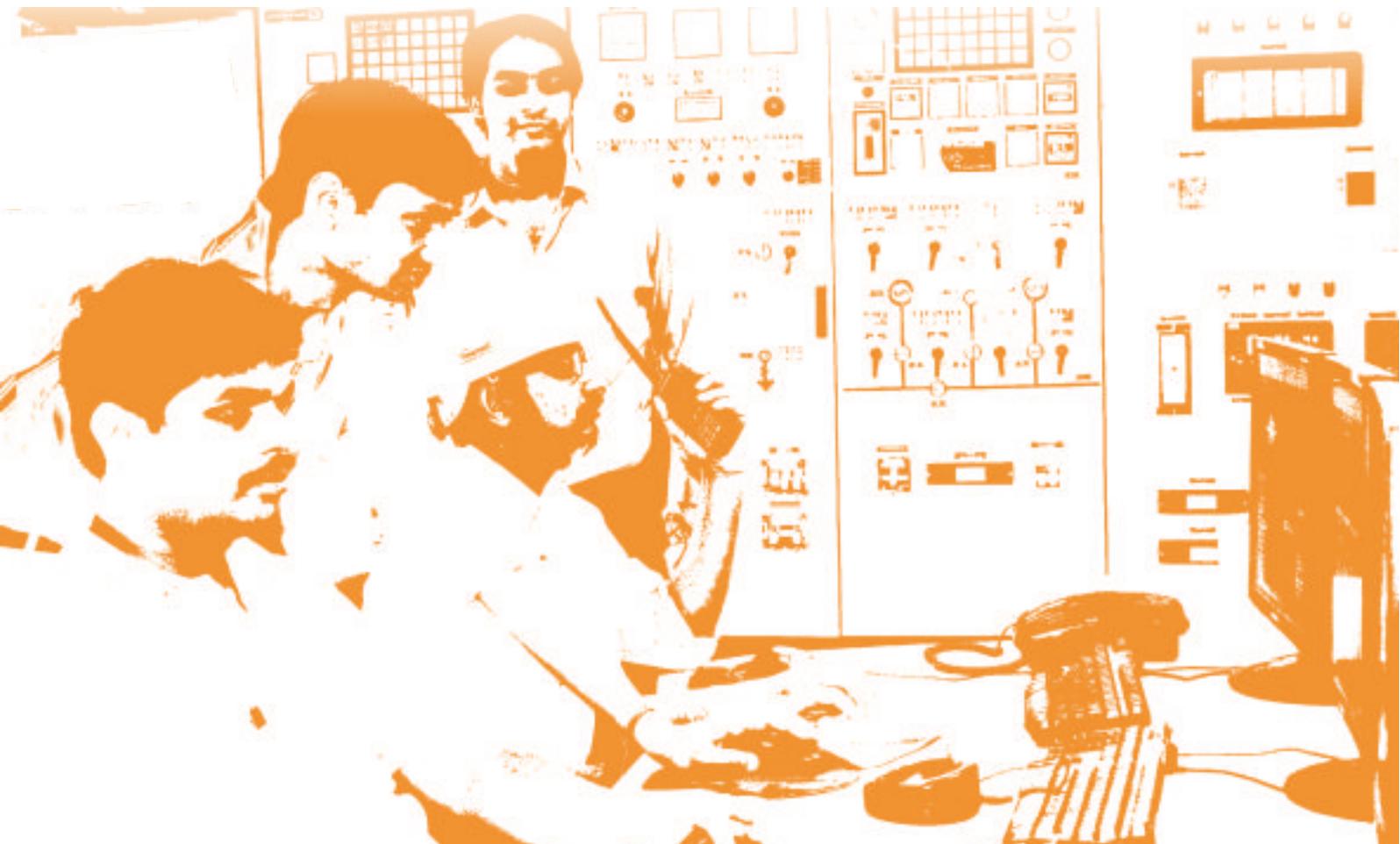
#### OUTLOOK

The sugar production for 2009-10 season is expected to remain well below consumption levels by about 6-7 million tonnes based on the current estimates. With a record low stock to consumption ratio of the decade, the outlook for sugar prices appear promising. The prices have continued rising even post September 2009. The average of NCDEX spot prices at Delhi for October 2009 was Rs. 30864 while the same for the period upto 18th November 2009 was Rs. 34588 per tonne. Brazilian sugar outlook for 2010-11, future switch of cane from ethanol to sugar, India's spring planting programme owing to expectedly higher cane prices during the current season etc., will determine the sugar price movement, going forward. However, for meeting the current year's gap, country needs sugar imports which are only feasible provided the domestic prices support import parity along with appropriate returns. Hence, the domestic sugar prices are expected to move in tandem with the international prices.

**With a record low stock to consumption ratio of the decade, the outlook for sugar prices appear promising. The prices have continued rising even post September 2009.**



# PERFORMANCE REVIEW



# SUGAR BUSINESS GROUP

WITH 7 SUGAR MILLS AND TOTAL DAILY CRUSHING CAPACITY OF 61,000 TONNES, TRIVENI'S SUGAR BUSINESS GROUP (SBG) IS ONE OF THE LARGEST SUGAR PLAYERS IN INDIA. SPREAD ACROSS THE WESTERN, CENTRAL AND EASTERN PART OF THE CANE RICH AREAS OF UTTAR PRADESH (UP), SBG'S SUGAR OPERATIONS ARE STRATEGICALLY LOCATED TO RECEIVE A FAVOURABLE SHARE OF CANE PRODUCED EVERY SEASON.

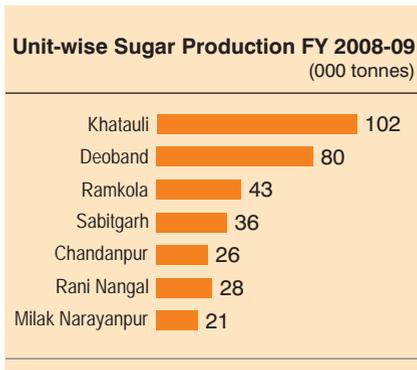
Its Khatauli, Deoband and Sabitgarh units are in western UP; Rani Nangal, Chandanpur and Milak Narayanpur units are in central UP and Ramkola unit is in Eastern UP. More than half of Triveni's revenues come from sugar manufacturing operations alone. Courtesy its integrated sugar operation with co-generation and distillery functions, the group's sugar operations are not only optimised for value addition but also de-risked from cyclical nature of pure sugar operations.

With a philosophy of co-creating and sharing a better tomorrow with farmers, Triveni conducts an extensive cane development program across all locations of its facilities. Engaging

over 250,000 farmers towards cane development, the company has been promoting various yield improvement techniques through slew of education programs and farmer symposia. Its dedicated cane development team of over 400 professionals help farmers maximise yield through supply of high-yield seeds and spreading knowledge on advanced practices in agronomy.

### PERFORMANCE HIGHLIGHTS

Sugarcane crush in Uttar Pradesh, came down to 45.5 million tonnes in FY 09 from 74.7 million tonnes in the previous year, a decline of 39% whereas Triveni's cane crush declined by 36%. Similarly, sugar production in Uttar Pradesh, where Triveni's sugar units are located, came down to about 4.1 million tonnes, recording a decline of 45% as against a decline of 42% in



With a philosophy of co-creating and sharing a better tomorrow with farmers, Triveni conducts an extensive cane development program across all locations of its facilities.



# SUGAR BUSINESS GROUP

Triveni's initiative of increased autumn planting has gained momentum and going forward about 15% of the planting area shall benefit from this, thereby increasing sugar cane production.

Triveni's sugar production. Triveni produced 0.3363 million tonnes during 2008-09 as against 0.5796 million tonnes in 2007-08. Triveni's production share within UP rose to 8.3% in FY 09 from 7.9% in FY 08.

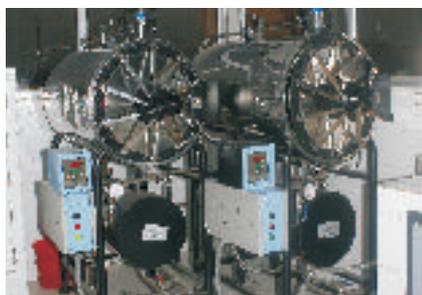
### OPERATIONAL HIGHLIGHTS

The company's units operated on an average for 103 days as against the industry average of 72 days in Uttar Pradesh. In view of sugar deficit situation in the country and projected lower sugar production in 2009-10, central government allowed import of raw sugar without duty to be refined and sold in domestic market without any export obligation. SBG responded to this policy relaxation by contracting for about 90000 tonnes of raw sugar at competitive landed prices, which will be processed in 2009-10 and will augment its overall production.

The company continued its focus on strong farmer relationship. Cane development has been the thrust for the company and it realises that long term relationship with the farmers can only mitigate its risk of cane availability to a great extent. Collaboration with ICRISAT-WWF Project for working on technologies based on underlying principle of "Grow More with Less" are

designed for addressing the long term needs of both farmers and factory and are mutually beneficial. Some of the key initiatives under this programme will result in significantly lower consumption of seeds than the conventional methods, increased weight of sugarcane, thereby improving the yields to the farmer and more output to the factory. The new practices adopted by the farmers would bring down water consumption significantly and also reduce the requirements of other inputs for sugarcane cultivation. The scientific farming practices to be adopted by farmers would also bring better air and sunlight to the plants thereby improving the health of the crop. Further, inter-cropping between rows of sugarcane planting can generate additional income for farmers. The company is in the process of scaling up this programme in a massive way across all its 7 units.

SBG's initiative of increased autumn planting has gained momentum and going forward about 15% of the planting area shall benefit from this, thereby increasing sugar cane production. While all these measures aim at enhancing farm income for the farmers, the company also expects to



reap rich dividends by securing a large share of cane for its mills in return. The Company has also taken several initiatives for improving the yield of sugar cane through application of Ethophone spray and aquasap application. Further, the cane development team is closely associated with the farmers and is providing them with subsidized seeds and fertilizers, to enable them to grow early varieties of cane, improve yields, etc.

#### OUTLOOK

The state of UP, in 2008-09, had experienced a decade low yield and recoveries. Given the current year's weather pattern so far, the yields and recoveries are expected to be better than the previous season. Even though there has been a decline of about 14% in area under sugar cane for 2009-10 season in UP, substantial gap in terms of sugarcane availability should be met on account of improved yields and further recoveries, which were also the lowest last year, should also be better. Moreover, on account of improved sugar cane pricing scenario by the sugar mills during the current season, the diversion of sugarcane for alternate sweeteners could also be lower. With all the above

factors, we believe that the sugar production in UP is expected to be better than last year.

Sugar prices are expected to remain firm at the current levels on account of lower carry forward inventories and the estimated sugar production significantly below consumption. Better payment to farmers during 2008-09, has to a certain extent restored the confidence of farmers which is being reflected in the fresh planting during 2008-09 being higher than the last year by approximately 11%. With further improved cane pricing scenario during 2009-10 season, we expect the planting during 2009-10 to be even better.

In line with the estimates for UP, the company, during 2009-10, expects to produce more sugar. Further, the company has imported around 90,000 tonnes of raw sugar at very competitive prices, which will also be processed during the season. These factors augur well for Triveni's sugar production during the 2009-10 sugar season.

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# CO-GENERATION BUSINESS GROUP

UPERC for the next five years has revised the tariff for the sale of power vide it's order of September, 2009. Revised tariff has resulted in an increase of around Rs. 0.80 per kwh for our plants.



TRIVENI OPERATES THREE CO-GENERATION UNITS IN UTTAR PRADESH WITH COMBINED INSTALLED CAPACITY OF 68 MW AND EXPORTS SURPLUS POWER TO THE GRID. ONE UNIT OF 22MW IS AT DEOBAND, WHILE THE OTHER TWO UNITS OF 23 MW EACH ARE LOCATED AT KHATAULI.

### PERFORMANCE HIGHLIGHTS

The significantly lower sugarcane crush resulted in a correspondingly lower availability of bagasse. Consequently the co-generation units generated 172.31 million units of power and exported 111.85 million units to the grid. Despite the reduction in bagasse availability, the company was able to maintain operational efficiencies in all three plants.

Deoband and Khatauli phase 1 co-generation units are registered with United Nations Framework Convention on Climate Change (UNFCCC) and qualify for carbon credit benefits. Verification for the monitoring period 'April 2007 to March 2008' is at an advanced stage of completion. A request for issuance of CERs will be made thereafter.



### OUTLOOK

UPERC for the next five years has revised the tariff for the sale of power vide it's order of September, 2009. Revised tariff has resulted in an increase of around Rs. 0.80 per kwh for our plants. This increase in tariff shall improve the realisation and profitability of the co-generation division.

In a new power policy initiative, to enhance the utilisation of the co-generation plants, UP government has allowed usage of coal in off season and sale of 50% of such generation through Open Access. This has the potential to significantly enhance the generation as well as realisation in the offseason.

In the present power deficit scenario, to emphasize on cleaner technology Governments and Regulators will continue to promote co-generation. The revised tariff; co-generation units' qualification for carbon credit, tax benefits will continue to be the growth drivers for Triveni's co-generation business.



# DISTILLERY BUSINESS GROUP

WITH AN AIM TO COMPLETELY INTEGRATE ITS SUGAR OPERATIONS, TRIVENI ENTERED THE DISTILLERY BUSINESS IN THE YEAR 2007 WITH COMMISSIONING OF ITS SOLE DISTILLERY AT MUZAFFARNAGAR. ITS DISTILLERY, WITH 160 KLPD CAPACITY, IS ONE OF THE LARGEST SINGLE-STREAM MOLASSES-BASED DISTILLERIES IN INDIA.

Strategically located at a close proximity to 2 of its largest sugar units, the distillery procures consistent supply of captive raw material at a considerably low logistic cost.

The distillery currently produces Extra Neutral Alcohol (ENA), Rectified Spirit

(RS) and Special Denatured Spirit (SDS) and is known for the high quality of its products. Equipped to produce Ethanol as well, it has bid for supply of the same in year 2009-10 in response to the tender for the oil marketing companies. The unit extracts bio-gas from the effluent and uses it as main fuel in the boiler.

### OUTLOOK

The pricing of alcohol is expected to remain at the present levels or marginally higher. This may get further enhanced once the ethanol supplies to oil companies start in full earnest on attractive prices against present tenders.

### PERFORMANCE HIGHLIGHTS

Sharp decline in cane crushing in FY 09 adversely affected the distillery performance. Distillery operated for 141 days in FY 09 as against 231 days in the previous year. However it recorded 98% capacity utilization in this period as compared to 97% in the previous year.

Major customers of distillery business are United Spirits Ltd., Jagatjit

Industries, Indian Oil and Jubilant Organosys. The distillery produces high quality products and commands premium pricing. Distillery remains preferred supplier to some of the prestigious customers such as USL.

The recovery increased in FY 09 to 236 Ltr/tonne of Molasses due to much higher fermentation and distillation efficiencies.

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# TURBINE BUSINESS GROUP

With a record installation of over 2500 turbines since inception, it caters to a wide range of industries, including biomass & municipal solid waste based independent power plants (IPPs), captive power plants (CPPs) and co-generation plants in various industries.

TRIVENI'S TURBINE BUSINESS GROUP (TBG) MANUFACTURES STEAM TURBINES USED IN POWER GENERATION. AS A LEADING PLAYER IN TURBINE MARKET, IT DEPLOYS A WORLD-CLASS MANUFACTURING FACILITY; SUSTAINED INDIGENOUS TECHNOLOGY DEVELOPMENT THROUGH A STRONG R&D TEAM AND STRATEGIC PARTNERSHIPS WITH THE BEST GLOBAL TECHNOLOGY RESEARCH & DESIGN FIRMS.

A robust product matching with equally strong after sales service team together with sizeable spares and services revenue describes our Turbine Business. With its relentless focus on technology development programme, this business has achieved continuous upgradation in the range of turbines manufactured over these years.

Courtesy its lean and efficient manufacturing & supply chain, the business group has become the cost leader in the turbine range it operates in and has garnered larger market share over the years.

With a record installation of over 2500 turbines since inception, it caters to a

wide range of industries, including biomass & municipal solid waste based independent power plants (IPPs), captive power plants (CPPs) and co-generation plants in industries like sugar, paper, textiles, fertilizers, petrochemicals, chemicals, pharmaceutical, carbon black, solvent extraction, steel, metals, cement, tyres and others.

**STEAM TURBINES:** TBG provides comprehensive solutions in steam based power generation in 0.5-30 MW range, which is the most preferred turbine segment for the captive & co-generation power plants. It offers turbines at most competitive prices coupled with reliable after sales service. It commands over 75% market-share in steam turbines up to 15 MW and has gained a market share of over 20%, in the 15 MW to 30 MW range, which it entered recently. It has also entered into high pressure, high temperature range of turbines through its indigenous development programme supported by internationally renowned research outfits.

**SPARES & REFURBISHMENTS:** Most of the older imported turbines in India face a challenge of procuring



spares and after sales service from OEM on time and at efficient cost. Riding on its technological expertise and nationwide network, TBG has created a sustained revenue stream in this domain in addition to the refurbishment requirements coming from its own make of turbines. From maintenance and balancing of the turbines; to Refurbishment and Residual Life Assessment (RLA) of all makes of turbines, compressors, blowers, and pumps; to customisation and upgradation of old turbines for higher power output upto 150 MW; to overhauling and troubleshooting, TBG is a trusted name today.

**CUSTOMER SERVICES:** TBG customer services are employed by its customers to minimise downtime in turbine and hence the production loss. Prompt and efficient back-up service and spares has helped TBG in achieving unmatched service levels. It's 135 service professionals from 13 service offices work relentlessly to respond to customer requests within 24 to 48 hours. It services more than 900 turbines of all makes including its own every year. Customer care and after sales service has been the unique selling proposition for this business as the end user of these

equipment needs such comfort from the OEM. Triveni offers this service seamlessly across the country and also for its overseas installations.

**TRAINING FACILITY:** TBG has set up in-house training facility for the development of technical expertise in design, manufacture and servicing of steam turbines. This facility which was started in the last financial year, has been successful in imparting training for freshers as well as those who are on the job. Various specific training modules have been designed for training Graduate Engineering Trainees and a total of 30 GETs were trained during the year. Apart from this, training has been imparted to 120 engineers engaged in servicing, customer care on various aspects of erection & commissioning, trouble shooting, balance of plant etc. Similarly, about 60 employees of TBG from design, engineering & manufacturing departments also underwent training on various modules which enrich their jobs. Computer based self learning interactive modules (CBT) have been developed to cover manufacturing/erection/commissioning/ operation of turbines and other engineering topics which is

**Despatches went up by 32% in the second half over the first half of the financial year.**



# TURBINE BUSINESS GROUP

The outstanding order book position of Turbine Business Group stood at Rs. 4.95 billion as on 30th September 2009 for 759 MW. The order intake during the fourth quarter registered a growth of 38% in comparison to third quarter of FY 09.

used by all TBG technical employees for enriching their knowledge. This is one of a unique facility for an engineering business of our size and operations. This year some more topics will be added in CBT and also to the technical training, as the training in soft skills as identified by TBG for all the employees will also be conducted.

### PERFORMANCE IN FY 09

As a consequence of global economic slowdown and the financial turmoil, FY 09 witnessed a substantial drop in new capacity additions and deferments in ongoing power projects. While the impact of slowdown was severe in the first half of FY 09, sentiments and situation gradually revived in the second half. On account of the slowdown & liquidity crunch with the customers, the despatches in the first half of the year were impacted severely but with normalisation of financial markets in the second half, despatches went up by 32% in the second half over the first half of the financial year.

In a period that witnessed the turbine market contracting, TBG could absorb the impact of the slowdown reasonably well with a revenue decline of 7% when compared with the

previous year and managed to maintain the profitability margins at the previous year's level. TBG countered the impact of slowdown with a slew of measures including aggressive pitch towards retaining and acquiring new orders for turbine and refurbishing services; increased efforts on exports; cost rationalisation; expansion of its product line and service domain; and enhancing the skill levels of its technical manpower.

Net sales for FY 09 at Rs. 4.75 billion were marginally lower than Rs. 5.09 billion in FY 08. This marginal decline year on year is the impact of severe economic slow down & financial crisis in the first half of the financial year. Exports during the year had been good. With the increase in installation base going up year on year, the revenue from spares, servicing etc., were on the rise. Similarly, with installation of state-of-the-art facility for refurbishing and retrofitting, the businesses from these two counts were also on the rise. Continuing the trend of increasing revenues from all these segments, the percentage of revenue from servicing, spares, retrofitting & refurbishment to the total revenue increased to 16 % in FY 09 from 12 % in FY 08.



The outstanding order book position of Turbine Business Group stood at Rs. 4.95 billion as on 30th September 2009 for 759 MW. The order intake during the fourth quarter registered a growth of 38% in comparison to third quarter of FY 09.

**OPERATIONAL OVERVIEW**

FY 09 witnessed customers switching to need based order placing. TBG intensified closer contact with customers and secured their attention in times of their necessity. New avenues like overhauling of utility turbines, turbo-visory systems and rotor refurbishing of turbines of other make were explored with success. With successfully refurbishing a large capacity turbine in FY 09, TBG did announce its arrival in the utility sector. TBG made substantial improvement on the erection and commissioning front during the year.

With its high-speed balancing machine, which is the best in its class in South and South East Asia, TBG has balanced over 12 rotors in FY 09. Computerized wireless Advanced Data Acquisition System (ADAS) for capturing mechanical steam run test data and automatic generation of test reports was added in the assembly

section in FY 09. Two more 5-axis CNC machining centres for blades of Liechti make were also added in FY 09.

TBG entered into Palm Oil sector in South East Asia with newly designed, compact, multi-stage, efficient and competitive turbines. TBG also strengthened its presence in District Heating application in Europe and consolidated its position in South Korea with additional orders.

TBG's stringent quality assurance and quality control functions ensure that products meet national and international benchmarks such as IS, CE, API, IEC specifications etc. It's every working turbine registers an average uptime of above 99%. With the accreditation of ISO 9001:2008

**KEY ORDERS**

30 MW, 87 Kg pressure cycle order from a sugar Co-gen plant in Karnataka

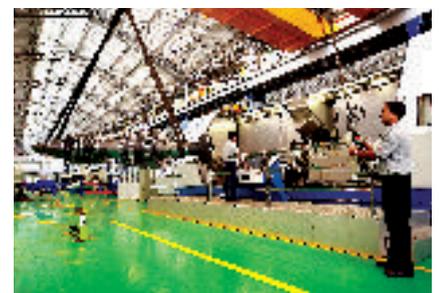
23 MW, 87 kg pressure cycle order from an IPP coming up in Orissa

20 MW, 105 Kg pressure cycle order from a sugar co-gen plant in Maharashtra

and ISO 14001:2004 certifications, TBG's pursuit of excellence was recognized for its "Strong Commitment to Excel" at CII-EXIM Bank Award for Excellence.

**RESEARCH & DEVELOPMENT**

The company has continuously been making substantial research and development efforts in its Steam Turbine business. With the successful completion of earlier programmes and the increased acceptance of its products by customers in a variety of industries, it is now embarking on another phase of development to further improve efficiencies and reduce costs. The research partners overseas, who are recognized as one of the best in their field, have agreed to continue their association with the company. Its various R&D programmes are supported not only by world's leading design houses but also by some of the country's best academic institutions like Indian Institute of Science, Bangalore and Indian Institute of Technology, Chennai. It convenes training programmes at the research partners' facilities to enable it to be self sufficient and independent in its research and development efforts.



# TURBINE BUSINESS GROUP

Its successful foray in refurbishing large size utility sector equipments shall not only grow in revenue but also contribute in improving profitability of the entire turbine business.

Intellectual property for all its past developments, and future efforts too will remain with the company.

### OUTLOOK

With the economy showing the signs of improvement, growth revival of power sector is likely to gain momentum. The share of higher steam pressure will increase as the industry is aiming for higher cycle efficiencies. The energy cost to production cost ratios are significantly high around 34%, 20% and 12% in cement, paper and sponge iron respectively. Most of the players in these industries are likely to explore captive/co-generation route for cheaper power. About 8500 MW capacity in textile industry and 1400 MW in cement industry is still using DG route for captive power generation. With the generation cost through DG route being as high as Rs. 9 per unit, they are likely to explore the steam route as a cheaper alternative. Kiln waste heat recovery based power plants in cement sector will also create more demand for steam turbines, going forward.

Various regulatory and tax benefits including carbon credits will drive the growth of renewable energy segment,

which may further boost the growth prospect of steam turbines.

With Triveni's leadership in steam turbines upto 30 MW and decades old relationship with various industrial sectors, its business of steam turbine manufacturing is expected to grow faster. Further, its successful foray in refurbishing large size utility sector equipments shall not only grow in revenue but also contribute in improving profitability of the entire turbine business. Its sustained research & development efforts also will enable it to expand the addressable markets in future both domestically and globally. Further, TBG will also be exploring various opportunities for expanding its business.



# GEAR BUSINESS GROUP

TRIVENI'S GEAR BUSINESS GROUP (GBG) IS THE LARGEST MANUFACTURER OF HIGH-SPEED GEARS AND GEARBOXES IN INDIA AND COMMANDS A MARKET-SHARE OF OVER 60% IN COMPLETE HIGH SPEED MARKET ACROSS APPLICATIONS UP TO 70 MW.

GBG manufactures gears and gearboxes up to 70 MW capacity and 70000 rpm speed; hydro gearboxes, niche low-speed gearboxes and loose gearing. It also provides replacement & refurbishment solutions for domestic and international customers. It caters to all niche slow speed and high speed application including test rigs.

Having a technology license agreement with Lufkin Industries Inc. of USA, the world leader in high-speed gears; Triveni produces high-speed gearboxes from 7.5 to 25 MW using Lufkin designs and technology. Above 25 MW gearboxes are produced under a joint manufacturing programme with Lufkin. In under 7.5 MW segment, GBG deploys its own indigenous technology and commands over 85% market share.

While technology and quality continue to be its growth engines; stringent focus on quality, technology, and strong product performance have

been instrumental in GBG earning customer preferences.

## ORIGINAL EQUIPMENT SEGMENT

GBG continues to enjoy over 75% market-share in OEM Segment comprising major turbine, pump and compressor manufacturers like Triveni TBG, Siemens, BHEL, Elliot, Dresser Rand, Sulzer, KSB and L&T. GBG enjoys 100% market-share in supplies to BHEL for technology and quality driven compressors and pumps market, which has a mix of high-speed and low-speed requirements.

GBG commands a strong share in the steadily growing mini-hydel segment market of 150 MW. Deploying indigenous technology in 'above 3 MW' segment, it realises better price than competition, which is mainly imports. The segment offers significant expansion potential in the global markets to GBG.

## REFURBISHMENT SEGMENT

With the distinction of being the only player in India providing diagnostic services and spares for imported gearboxes, GBG's refurbishment services bring replacement and upgrading solutions to old gearboxes of other makes. It caters to all critical applications and market segments

with impeccable product quality and reliability. Being a strong forte of GBG, refurbishment together with servicing & spares account for substantial portion of the total revenue.

## SPARES & SERVICES SEGMENT

GBG makes replacement parts needs predictable and helps its clients maintain optimum inventory. It supports them with keeping conservative stock levels of essential spares and delivering them in minimal response-time at all eventualities including breakdown at client's site. GBG also offers AMCs, overhauling of gearboxes, gear unit inspections, installation and commissioning, replacement of spare parts and technical assistance.

## LOOSE GEARINGS

GBG also manufactures customised loose gears for Indian and global operations of high technology equipment manufacturers like Voith and Wartsila. It commands a dominant share in gear needs for hydraulic couplings, used in medium to large power plants. It also supply loose gears to marine, oil and gas sectors.

## PERFORMANCE OVERVIEW

Courtesy its diverse business mix of manufacturing and refurbishment;



# GEAR BUSINESS GROUP

## KEY ACHIEVEMENTS

6 MW hydel gearbox was indigenously developed and commissioned.

Successfully developed an off-shore flare gas compressor gearbox with integrated lub system, for an installation in Australia

Milestone order for a 70,000 rpm test rig gearbox from ISRO created a new speed milestone, joining the club of highest rpm gearbox manufacturers globally.

Supply of larger 20 MW double helical gear sets to Voith Germany and dispatch of first gear box under license range of 10MW for Jebsen & Jessen

Prestigious orders include a 40MW steam turbine gearbox; breakthrough OE orders from Shin Nippon, Kirloskar Ebara Pumps Ltd., sizeable replacement orders from both export and domestic markets.

wide range of offerings; and presence in domestic and global markets, GBG weathered the economic slowdown and liquidity tightening of FY 09 reasonably well. While the first half somewhat arrested its continuing growth momentum, GBG made significant revenue gains in the second half of FY 09.

Net sales for the year stood at Rs. 733 million, reflecting a marginal decline of 5% on account of temporary postponement of investments in capital equipments by its customers during the year. Revenues from spares, refurbishment and services reached 42% from 40% in the previous year. Growing contribution from services; and operational efficiencies on account of lean manufacturing and efficient supply chain helped GBG improve its margins. The expansion in PBIT margin during the year was 500 basis points.

The order book position of Gear Business Group stood at Rs. 545 million as on 30th September 2009.

## OPERATIONAL HIGHLIGHTS

GBG continued its improvement in margins with strategically increasing the revenues from services, spares, refurbishment and exports. Its foray into high-power hydel gearboxes and

loose gearings gained further momentum in FY 09. It further expanded its penetration in the Asian region and expanded its exports base in FY 09.

In order to upgrade its capability to grind internal gears upto 2m diameter, GBG commissioned the 2m profile grinder from Gleason Pfauter, Germany at its Mysore unit. It also commissioned a 3 axis CNC vertical machining centre.

GBG continued its improvement of processes and products including vendor processes. It successfully completed six improvement projects using six-sigma methodology. It has further embarked upon several other projects which are aimed at enhancing customer satisfaction, cost reduction and quality improvements. GBG prides in benchmarking its operational metrics with the best in the world and stands among the best.

GBG is pursuing to double its capacity in assembly & testing, heat treatment and matching general purposed machinery. 2m CNC vertical lathe and CNC vertical grinder are slated to be commissioned in FY 10 which will complete the process capability for doing complex and large gears.



### OUTLOOK

With the overall industrial output growing in the last two quarters of FY 09, industrial sector appears to transit from recovery to growth phase in FY 10. With the positive outlook for turbine players in domestic and overseas markets, high-speed gear market shall regain its growth momentum.

Riding on the higher realisation and consequent increase in their internal accruals, sugar players are likely to make new investment in co-generation. On the back of similar recovery and in the light of high cost of DG based captive generation, Cement industry is likely to add captive capacities and switch some of their DG based capacities to steam route.

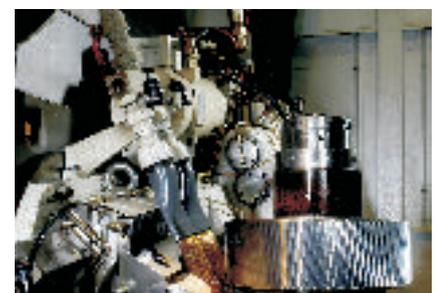
The economic recovery shall fuel the new power capacity building across the steel and large-size thermal power sectors, thus boosting prospects for compressors, pumps and hydraulic couplings.

Triveni's Gear business is poised to grow faster in FY 10. GBG's intensified efforts and focus to penetrate deeper in the OEM compressor & pumps

segment shall further enhance its outlook in FY 10.

GBG's non-captive (from outside of its group turbine business) revenue share has consistently risen over the years reflecting its rising acceptance. Its goodwill in Asian markets is fast translating in increased number of references and retro as well as OEM opportunities from these markets are expected to increase. Revival of palm oil segment in Indonesia and possible FTA amongst South Asian countries shall add to the promising outlook for Triveni's gear business.

GBG is pursuing to double its capacity in assembly & testing, heat treatment and matching general purposed machinery. 2m CNC vertical lathe and CNC vertical grinder are slated to be commissioned in FY 10 which will complete the process capability for doing complex and large gears.



# WATER BUSINESS GROUP

POTABLE WATER SECURITY AND WASTEWATER TREATMENT & RECYCLING ARE INCREASINGLY BECOMING THE GLOBAL FOCUS AREAS FOR GOVERNMENTS, CIVIC AUTHORITIES AND INDUSTRIES.

The gravity and significance of water security is such that it has started transcending geo-political boundaries. Triveni foresaw this challenge and its latent business opportunity, when it re-structured its water business in 2003 under Water Business Group (WBG). Within a span of 5 years, WBG has emerged as one of the fastest growing business segments for the group. It consistently features amongst the best players in country's water space today. It has achieved a CAGR of 87% in sales during the last five years.

## PERFORMANCE HIGHLIGHTS

WBG's growth has been quite consistent across all its product lines

including equipments and turnkey as well as electro-mechanical packages for wide range of applications in Municipal and Industry sectors.

Blending technology and engineering expertise, WBG provides optimum solutions for Water Treatment, Wastewater Treatment and Wastewater Reuse & Recycle packages.

Net sales for the year reached Rs. 997 million in FY 09 from Rs. 668 million in FY 08, registering a growth of 49%. During the year, the business also achieved strong growth in order book by adding many prestigious orders. The PBIT margin also remained healthy at 15%, in line with the industry.

## OPERATIONAL OVERVIEW

During FY 09, WBG expanded its business footprint in small to medium

size thermal power plants, large size power plants, coal sector and steel sectors apart from municipal sector. Its market expansion was truly inclusive across its domains of water treatment, wastewater treatment and recycle/reuse applications. Its strategy to focus on sizeable turnkey contracts met with reasonable success and WBG secured some municipal and industrial projects involving advanced technology variants.

In order to break into large size turnkey contracts, it countered the impediment of qualifying technological credentials by collaborating with globally renowned companies. By maintaining the lead bidder's status in such collaborative bidding, it did secure some of the high-value advance-technology orders. Choosing technology partners which were extremely competitive on life cycle

## KEY ORDERS

Order from Jindal Group for their 6 X 135 MW thermal power plant at Angul, Orissa for Boiler Feed Water Treatment through UF-RO membrane treatment process instead of conventional route. The proposed water treatment plant of 2x400 M3/Hr capacity is based on the UF feed of 900 M3/Hr. This is the largest fully automated plant under construction in India as on date on UF-RO technology to produce Boiler Feed Water.

Order for setting up 20,000 M3/Day (20 MLD) capacity Ultrafiltration (UF) plant on the Secondary sewage. Awarded by Hyderabad Municipal Development Authority under their

Hussain Sagar Lake Improvement Programme funded by JICA, Tokyo, this is the largest UF plant in the country on Secondary sewage. The job also involves upgrading the existing plant for nutrient removal again for improving the quality of treated wastewater discharging into the Hussain Sagar Lake.

Breakthrough assignment from NDPL, Delhi for their upcoming 108 MW Gas Based Power Plant, which will have certain unique features particularly in Pre-treatment section. The challenge is to convert secondary sewage from an existing Sewage Treatment Plant into Boiler Feed Quality Water. Once commissioned, this project will

become a reference project for future technology applications in the industry.

BHEL order for one of the largest DM plants in the industry involving 2x150 M3/Hr capacity for IISCO, Burnpur. This package also includes Effluent Recycling facility including Tertiary treatment through UF-RO route.

Project with advanced technology variant involving Mixed Bed Bio-reactor (MBBR) for 30,000 M3/Day capacity STP for Loni, Ghaziabad plant of UP Jal Nigam. This MBBR based STP plant will be the first in NCR and one of the largest in the country.

cost basis for their respective technologies did add to WBG's success in FY 09.

Responding to the business expansion over recent years and potential future opportunities, WBG did formally organise its after-sales services under Customer Care division in FY 09. This division will cater to all customer services including AMCs, Spares & Chemicals, Operation & Maintenance, Erection & Commissioning, Retrofits etc.

**OUTLOOK**

Water sector in India is entering into a high growth trajectory. Across the domestic and industrial usage, water has started getting its due attention. From governments to regulators to social interest groups-all are making their due contribution in creating an exciting business environment for treatment, recycling and reuse of water.

Power and water shortages in urban centres shall push the power and municipal sectors to make committed investment and thereby create significant opportunities for water sector. Increase in domestic water consumption shall lead to higher wastewater discharge and create

opportunity in wastewater treatment. With the wastewater discharge parameters getting stringent, the treatment plants are required to be designed with advanced technologies and nutrient removal capabilities which is resulting in substantial increase in the value of contracts.

There lies a sea of opportunities in membrane based sea water desalination system in coastal regions. These opportunities are across the industrial and potable water sectors.

WBG is well placed to capitalise on these opportunities. Its strength lies in providing customized solutions for specific applications instead of approaching from standard viewpoint, which ensures its clients getting most optimal solution. WBG's another advantage lies in its most diversified technology platform coupled with its ability to provide large equipment range for extensive Water & Wastewater treatment applications and at the same time offering turnkey solutions for large spectrum of Municipal and Industrial applications.

Having attained the leadership position with wider technology platform, some of the global leaders as technological partners and its

continuing pursuit of bigger partnership and consortium arrangements, WBG is uniquely poised to participate in and benefit from the accelerated growth of country's water segment.

**Across the domestic and industrial usage, water has started getting its due attention. From governments to regulators to social interest groups – all are making their due contribution in creating an exciting business environment for treatment, recycling and reuse of water.**



# TOWARDS INCLUSIVE GROWTH

While a junior high school in UP spreads the power of education to girls from the surrounding villages, one of the oldest charitable hospitals of Delhi uses management and financial inputs from Triveni in providing quality healthcare to needy people.

AS A RESPONSIBLE CORPORATE CITIZEN, TRIVENI ENDEAVOURS TO UPLIFT THE COMMUNITIES AROUND IT. WITH A FIRM BELIEF THAT COMMUNITY DEVELOPMENT IS IMPERATIVE TO SUSTAINABLE GROWTH, TRIVENI CARRIES OUT ITS COMMUNITY DEVELOPMENT PROGRAMMES IN THREE FOCUSED AREAS OF EDUCATION, HEALTHCARE AND CONSERVATION OF ENVIRONMENT.

In addition to running schools and dispensaries, Triveni also provides financial support to charitable hospitals. While a junior high school in UP spreads the power of education to girls from the surrounding villages, one of the oldest charitable hospitals of Delhi uses management and financial inputs from Triveni in providing quality healthcare to needy people. To promote greenery around factory premises, its various units undertake regular plantation drives. Providing assistance to fire victims of nearby villages through local government authorities, distribution of blankets during winter season, extending healthcare services at its factory hospitals to needy people, participation in national health schemes like pulse polio campaigns,

access to reading room and library at factory for village community etc. are regular features of its CSR programme. To spread awareness among the school children about science and environment, company circulates magazines and journals in and around all its factory areas. The company also participates in various mid day meal programmes and promotes overall development of people around its factory areas by supporting various sports and social events.

During FY 09, various programmes were conducted across its business locations. Sponsoring education and books for underprivileged children, organising medical camps like eye-care and blood donation, tree plantation drive, contribution to mid day meal programme, adoption of Balawadi to support underprivileged children, providing potable water points under Jal Sewa, pest management initiatives across sugar locations and construction of colvet in a village were some of the highlights of Triveni's CSR campaign in FY 09.



# FINANCIAL REVIEW

## FINANCIAL HIGHLIGHTS

(Rs. in Million)

	2008-09	2007-08	Change %
Net Turnover	18948.1	15922.2	19
EBITDA	4527.4	3183.1	42
Depreciation & Amortization	817.5	839.9	-3
Finance Cost	1158.8	997.6	16
Profit Before Exceptional/ Non-Recurring items & Tax	2551.1	1345.6	90
Exceptional/Non-Recurring items	121.6	-	
Tax	731.7	230.4	218
Profit After Tax	1697.8	1115.2	52

	Revenue			PBIT		
	2008-09	2007-08	%	2008-09	2007-08	%
Business segments						
-Sugar	14016.5	10773.8	30	2316.5	1011.4	129
-Engineering	6482.3	6528.8	-1	1548.0	1605.2	-4
-Others	132.2	122.7	8	2.9	- 1.0	
Unallocated/inter unit adjustment	-1682.9	-1503.1		-157.5	-272.4	
Total	18948.1	15922.2	19	3709.9	2343.2	58

The improvement in the financial performance is attributed to the sugar operations, the profitability of which has achieved a growth of 129% over the previous year. While the landed cane cost had substantially increased from Rs.1185 per tonne in the sugar season 2007-08 to Rs.1545 per tonne in the sugar season 2008-09, the increase in cane price and resultant cost of production was more than compensated by 45% increase in average sugar realisation price, thereby, leading to higher contribution by Rs.3150 per tonne. In view of global economic slow down and the financial crisis, it has been a challenging year for our turbine business which caters to the capital goods industry. However, it has met the difficult conditions well with only marginal decline in PBIT over the last year. Both our gears and water business have recorded better profitability over the last year, especially the water business where the turnover increased by 49% and PBIT by 41%.

### RAW MATERIAL & MANUFACTURING EXPENSES

(Rs. in Million)

Description	2008-09	2007-08	Change %
Raw material	9293.5	10673.8	-13
percentage to sales	49%	67%	
Manufacturing expenses	1015.6	1279.0	-21
percentage to sales	5%	8%	

**Note :** In respect of sugar, the aforesaid cost components are linked to cane crushed rather than sale.

### RAW MATERIAL

The decline in raw material consumption is mainly in respect of sugar operations wherein crush has been lower by 36% over the last year. The decline due to lower crush has been partially offset by about 30% higher landed cane cost from Rs.1185 per tonne to Rs.1545 per tonne. In respect of engineering business, raw material cost has marginally declined to

56% of net sales as against 58% of net sales in 2007-08 due to change in product mix but the decline was more pronounced in the case of sugar due to higher sales arising from 45% increase in average sugar realization price.

### MANUFACTURING EXPENSES

The decline in manufacturing expenses is mainly attributed to sugar operations wherein the crush has been lower by 36%. Further, the percentage to sales has reduced because of better sugar realization price. However, in the case of engineering business, manufacturing expenses are marginally higher due to change in the business mix.

### PERSONNEL COST, ADMINISTRATION EXPENSES AND DEPRECIATION

(Rs. in Million)

Description	2008-09	2007-08	Change %
Personnel cost	1349.6	1193.5	13
percentage to sales	7.1%	7.5%	
Administration	591.8	681.7	-13
percentage to sales	3.1%	4.3%	
Depreciation & Amortisation	817.5	839.9	-3
percentage to sales	4.3%	5.3%	

### PERSONNEL COST

Personnel cost in respect of sugar business is almost at the same level as last year in view of relatively shorter season as well as due to stricter control over manpower deployment during off-season. In respect of co-generation and distillery, the increase is due to normal increments. However, it has substantially increased by 24% for the engineering business mainly due to increased recruitments at water business on account of scaling up of the activities and due to normal increments across all the engineering businesses.

**ADMINISTRATION EXPENSES**

The reduction in administration expenses has been on account of various cost control measures implemented, particularly in respect of sugar business, and further, the previous year included the impact of various provisioning.

**DEPRECIATION & AMORTISATION**

The depreciation charge has reduced due to write back of excess depreciation of Rs 23.66 million charged in the earlier years. The amortization has increased mainly on account of intangible assets, particularly computer software, owing to implementation of SAP ERP at the sugar units.

**SELLING EXPENSES**

(Rs. in Million)

Description	2008-09	2007-08	Change %
Selling expenses	242.9	218.7	11
percentage to sales	1.28%	1.37%	

The selling expenses comprising commission on the sale of sugar through agents which is dependant on the volume and value of sugar sold and in respect of engineering business, it includes expenses relating to packing and forwarding expenses, export promotion expenses, participation in various exhibitions and charges to consultants/ intermediaries.

The selling expenses during the previous year were higher due to the inclusion of some quality discounts relating to sugar.

**OFF SEASON DEFERRED EXPENSES**

(Rs. in Million)

Description	2008-09	2007-08
Off-season expenses deferred (net)	(117.6)	(181.8)

The crush in the sugar business commences in October-November and it continues till April-May which period is termed as season.

The period comprised between April-May to October-November is termed as off-season. As per the Accounting policy followed by the company, all expenses incurred in the off-season relating to the production are deferred and these expenses are then charged over the ensuing season. The actual expenses deferred depend upon the length of the off-season.

**FINANCE COST**

(Rs. in Million)

Description	2008-09	2007-08	Change %
Interest on term loans	778.1	690.2	13
Interest on working capital funding	361.1	396.0	-9
Others	19.6	13.8	42
Less: Subsidy of buffer stock	0	102.4	
Net finance cost	1158.8	997.6	16

Without considering the buffer stock subsidy, the finance cost during the current financial year has increased by 5% over the last year. Average cost of funds during the current year was 9.55% as against 8.95% in the previous year. Consequent to the financial melt down in the first half of the financial year due to tight liquidity position, the cost of funds had substantially increased and there were hardly any arbitrage opportunity available to lower the cost of working capital funds. Further, even in respect of rupee term loans, which were scheduled for interest reset, the reset was done at higher interest rates in view of increase in Prime Lending Rates of the banks.

However, during the later part of the year, upon restoration of the normal conditions, the liquidity position became much comfortable and resultantly, the funds were available at much lower costs. The company had taken this opportunity to renegotiate the interest rates of the term loans and these have now been set at

competitive levels. Further, in view of improved financials the short term rating of the company was upgraded to "A1+" indicating the highest safety. In respect of long term rating, the company has been rated "LA+" indicating adequate credit quality from ICRA. All these would help in substantially lowering the finance cost next year.

**SEGMENT ANALYSIS****SUGAR BUSINESS SEGMENTS****SUGAR OPERATIONS**

(Rs. in Million)

Description	2008-09	2007-08	Change %
Turnover	12529.1	8863.0	41
PBIT	2022.9	358.8	464
PBIT/Turnover (%)	16%	4%	
Cane cost (landed)-Rs MT	1545	1185	30
Production of sugar (MT)	336330	579576	-42
Volume of sugar sold (MT)	526608	508132	4
Average realization price (Rs./MT)	21590	14840	45

The revenue of the sugar operations include sale of sugar and by-products, such as, molasses and bagasse which are sold after meeting captive requirement of co-generation plant and distillery.

Despite lower sugar production by 42% due to shortage in cane availability and unprecedented low recovery in cane, the volume of sugar sold is higher by 4% due to opening sugar inventories. During the current financial year, the cost of production increased by 44% due to increase in landed cane costs by 30%, on account of much lower recovery experienced and due to lower operating leverage. However, the cost of goods sold was lower as the sugar sold also included those pertaining to the season 2007-08 for which cost of production was much lower. Consequently, the contribution at PBIT level was at Rs.4050 per tonne.

## CO-GENERATION

(Rs. in Million)

Description	2008-09	2007-08	Change %
Turnover	948.3	1042.6	-9
Income from carbon credit	-	131.0	
Total turnover	948.3	1173.6	-19
PBIT	201.4	475.7	-58
PBIT/Turnover (%)	21%	41%	

As explained earlier, due to shorter sugar season owing to short availability of cane, the operational period of the co-generation plants has reduced from 200 days to 127 days due to shortage of fuel (bagasse) to operate the co-generation plants. Consequently, the power generation has been 36% lower. However, power tariffs were higher by Rs.0.30 per unit on account of higher tariff given during off-season operations on account of high fuel cost.

The turnover of previous FY 2007-08 includes carbon credit income of Rs.131.0 million whereas no carbon credit income has been booked in the current Financial year. The issuance of carbon credit for the year ended 31st March, 2008 is under an advanced stage.

## DISTILLERY

(Rs. in Million)

Description	2008-09	2007-08	Change %
Turnover	539.1	737.2	-27
PBIT	92.2	176.9	-48
PBIT/Turnover (%)	17%	24%	
Avg. realization price of alcohol Rs./litre (net of excise duty)	28.18	20.59	37

The operations of distillery were also impacted due to shorter sugar season. Consequently, the production was lower by 39% during the current year. The operations of distillery have been fully stabilized and its efficiency

parameters are one of the best in the industry and the quality of its output commands premium in the market.

## ENGINEERING BUSINESS SEGMENT

### TURBINES

(Rs. in Million)

Description	2008-09	2007-08	Change %
Turnover	4752.0	5091.9	-7
PBIT	1155.8	1280.1	-10
PBIT/Turnover (%)	24%	25%	

In view of global economic slow down and severe financial crisis with the customers, the production, dispatch schedule and order intake during the first half of the current year were impacted. Thereafter financial conditions eased considerably and capex plans of our customers were back on the track. Resultantly, there were progressively much improved performance in third and fourth quarters of the current financial year. Under such challenging conditions, it is commendable that there has been only minor decline in the turnover and profitability as compared to last year.

For margin preservation, our continued focus and on high margin yielding spares and servicing has been paying off. The spares and servicing business form around 16% of the total turnover in the current year as against 12% achieved in the previous year. We have procured state-of-the-art machines to increase the productivity and quality of our products.

### GEARS

(Rs. in Million)

Description	2008-09	2007-08	Change %
Turnover	732.9	769.3	-5
PBIT	243.9	219.7	11
PBIT/Turnover (%)	33%	29%	

Our gear business has been able to withstand the challenging times during the current financial year and has been, by and large, able to maintain its turnover with better profitability. There has also been a margin expansion by 400 basis points over the last year due to value engineering and due to focus on spares and services including refurbishment revenue, which forms around 42% of the total turnover.

## WATER AND WASTE WATER TREATMENT PLANT

(Rs. in Million)

Description	2008-09	2007-08	Change %
Turnover	997.4	667.6	49
PBIT	148.3	105.4	41
PBIT/Turnover (%)	15%	16%	

Despite difficult conditions in the current year, water business achieved 49% increase in turnover and 41% increase in profitability. During the current year, it has received orders of Rs.1.56 billion. Along with supplying electro mechanical equipments, this business is now providing comprehensive solution to its customers in the industrial as well as in the municipal segment. In view of enormous opportunities in the sector, it is gearing up to scale up its business rapidly to meet its growth plans. During the current year, it has been able to, by and large, maintain its margins.

## REVIEW OF BALANCE SHEET

### SHARE CAPITAL

The share capital has remained unchanged at Rs.257.9 million.

### RESERVES

The reserves of the company have increased by 18 % from 7.58 billion to Rs.8.97 billion during the year. This has been due to plough back of the profit from the operations during the year.

### LOANS

Total loans of the company have reduced by 29% to Rs.8.34 billion. While the term loans have decreased by Rs.292.2 million, working capital loans (including unsecured loans) reduced significantly from Rs.4.11 billion to Rs.1.06 billion, mainly due to parking of surplus funds in the overdraft account.

### FIXED ASSETS

During the year, there have been additions to the fixed assets to the extent of Rs.754.51 million. In respect of sugar business, the additions represent some balancing equipment to maintain consistent crush and for steam savings whereas in respect of turbine and gear business, these represent additional machines to enhance the productivity and the quality of the final products.

There have been additions to the extent of Rs.93.34 million in respect of intangible assets, mainly on account of implementation of SAP ERP in respect of sugar business.

### INVESTMENTS

Investments have marginally increased from Rs.116.15 million to Rs.269.84 million. The increase is primarily on account of funds of Rs.155.09 million temporarily invested in the liquid schemes of mutual funds at the year end.

### CURRENT ASSETS, LOANS & ADVANCES

Current Assets, Loans & Advances have reduced marginally from Rs.11.54 billion to Rs.11.45 billion. The comments on the major amounts/ changes are as hereunder:

- Inventories are lower from Rs.5.40 billion to Rs.4.58 billion mainly on account of lower sugar inventories due to faster dispatches. However, raw sugar of around Rs.1.70 billion

has been purchased and kept in stock to be processed in the ensuing season.

- Receivables have increased from Rs.2.13 billion to Rs.2.43 billion, primarily on account of increased activities relating to sugar and water businesses.
- MAT credit entitlement has increased from Rs.238.7 million to Rs.352.1 million on account of MAT liability for the tax year 2008-09. It is believed that for the tax year 2009-10, substantial MAT credit entitlement will be adjusted against the normal tax liability.

- An amount of Rs.1.40 billion is due from State Government in respect of capital subsidy and other incentives receivable from UP Sugar Industry Promotion Policy, 2004.

### CURRENT LIABILITIES & PROVISION

Current liabilities and provisions have increased from Rs.4.58 billion to Rs.6.07 billion. The increase is mainly attributable to liability of Rs.1.52 billion on account of purchase of raw sugar and increase in advances from customers mainly in respect of turbine business.

### KEY RATIOS

The key ratios for the current year duly compared with the last year are given below:

Ratios	30.9.09	30.9.08
PBT/ Net Sales	13%	8%
PAT/ Net Sales	9%	7%
Return on Equity	20%	16%
Return on Capital employed	19%	13%
Long Term Debt/Net Worth	0.80	0.99
Total debt/ Net Worth	0.92	1.53
Fixed Assets Coverage Ratio	1.73	1.69
Earning Per share	6.58	4.32

# RISKS REVIEW

## SUGAR BUSINESS GROUP

**Sugar business group comprise of three divisions:** 1. Sugar (seven units across Uttar Pradesh).  
2. Co-generation division (three units across Uttar Pradesh). 3. Distillery division (One unit in Uttar Pradesh).

### RAW MATERIAL AVAILABILITY RISK

Sugarcane is the main raw material for a sugar mill and any decline in the availability of sugarcane results in less than optimal utilization of the capacity. Lower availability of sugarcane results in lower generation of bagasse and molasses, by-products in the manufacture of sugar, and thus their supply to cogeneration and distillery also gets impacted.

The shortage in cane availability may take place due to climatic reasons, diversion of cane by the farmers to the producers of alternate sweeteners, or due to switch over to alternate crops owing to better economics.

### RISK MITIGATION

- All the sugar mills of the company are situated in the state of Uttar Pradesh where substantial land is irrigated and consequently, adverse monsoon does not have significant impact on the production of the sugarcane. However, due to changing rainfall pattern, it has been witnessed that the yields and recoveries have been erratic. Company is engaged with the farmers in terms of improving the farming practices which uses less water than the conventional methods, thereby reducing the dependence on water to a very great extent.
- Unlike earlier years, the prices for competing alternate crops have improved significantly and consequently, the farmers in Uttar Pradesh are not entirely dependant on sugarcane which earlier was considered to be the most remunerative cash crop. The company gives high importance to the relationship with farmers and, apart from timely cane payments, is actively involved with them through various cane development initiatives to improve the cane

yields while keeping input cost for farming low. This is a win-win situation for both farmer and factory as higher yields mean higher income to the farmer and higher volume of cane crush to the factory.

### RAW MATERIAL PRICING RISK

The Central government declares Statutory minimum Price (SMP) every year and the UP State Government had also been declaring the State advised price (SAP) every year which is much higher than SMP. The sugar industry in UP is in litigation with the UP State Government in respect of SAP for 2006-07 & 2007-08, as according to the industry, SAP announced was arbitrary and without any justifiable rationale.

### RISK MITIGATION

- Sugar cane pricing has been one of the major issue of contention with the Government. In the various litigations with the State Government in the matter of cane pricing, the sugar industry in Uttar Pradesh has been seeking more realistic and rational State Advised price for the cane, in the best interest of the growers and the sugar millers. It is hoped that the pending litigation will bring about much needed reforms in this respect.
- Further, the Central Government has through an Ordinance amended the Sugar Control Order 1966 and substituted "minimum price" by "fair and remunerative price" (FRP) and has stipulated that if any State Government fixes price above the FRP, such State Government shall pay the amount which it fixes above FRP to the growers of sugar cane. Further, the Central Government has also fixed up FRP for the season 2009-10 at Rs. 1298.4 per tonne linked to basic recovery of 9.5% as against SAP of Rs. 1650 per tonne

earlier declared by the UP Government.

It is the first meaning step towards reforms in the matter of cane pricing. However, there are indications that the State Governments are not inclined to accept these arrangements and hence, it is uncertain as to how the cane pricing mechanism will finally evolve.

### OUTPUT PRICE RISK

The profitability of the sugar operations is extremely sensitive to the prices of the sugar and its by-products. During adverse sugar cycle, in view of increased supply of sugar, the sugar prices get depressed and in view of the fact that the cane prices generally do not fall, the increased cost of production leads to losses in operations.

### RISK MITIGATION

- After having attained record production of over 28 million tonne in 2006-07, the production in the country reduced progressively and it resulted in corresponding increase in sugar prices. It is felt that some major changes have taken place in the agriculture product economics as the prices of competing alternate crops continue to be high and resultant business cycle in sugar may not be as pronounced as had taken place in the past.
- The adverse sugar cycle is accompanied with increased cane supplies which are extremely beneficial to the company in view of its large sugar capacities and hence, due to the effect of operating leverage, it will be able to significantly reduce the cost of production to offset the decline in sugar prices.
- The company focuses on achieving controllable efficiency parameters with a view to reduce its cost and enhance competitiveness.

## ENGINEERING BUSINESS GROUP

**Engineering business group comprise of three divisions:** 1. Steam Turbine Business (located in Bangalore, in Karnataka). 2. High speed Gear Business (located in Mysore, Karnataka). 3. Water and waste water treatment Business (located in Noida, Uttar Pradesh).

### ECONOMIC SLOWDOWN RISK

All our engineering businesses cater to capital goods/ infrastructural sectors and any slow down in the economy adversely impacts the demand. Further, scarcity of credit or high cost credit may also lead to financial difficulties for our customers and may result in project delays, thereby impacting the performance of our engineering business.

### RISK MITIGATION

- The company's engineering business group is a preferred supplier to two core sectors - power and water and these core sectors are, by and large, not likely to be affected by the economic slow down. Our engineering business have met recent challenges well and done reasonably well in maintaining their turnover and profitability.
- The company on a continual basis endeavors to diversify the geographical reach with a view to insulate the business from any slackness in demand in one region. Similarly, the turbines business cater to several sectors of industry viz., sugar, paper, cement, metals, pharma etc. to avoid over dependence on any one sector. Further, significant portion of the engineering revenue arises from high margin yielding spares and services, the demand of which rather increases during difficult times.

### PRODUCT OBSOLESCENCE RISK

If the products are not consistently upgraded, there is a possibility of the

competition making inroads in the market share of our business through introduction of superior products.

### RISK MITIGATION

- The philosophy of the company is to manage and lead business through technology.
- The company has consistently invested in technology upgradation and is also engaged in constant R&D initiatives with globally renowned design houses and support from leading academic institutions from India, to upgrade the product and its features. Further, the company also undertakes extensive training programmes to develop competence to produce qualitatively superior products.
- The company has been continually investing in state-of-the art equipments and machines to provide globally benchmarked products in lower time, thereby ensuring better customer service.

### COMPETITION RISK

The company faces competition from both domestic and international players.

### RISK MITIGATION

- With continuous upgradation of technology through in-house R&D in the turbine business, the company is in a position to offer world class products to stay ahead of the competition. In the high speed gear business, it has technology tie-up with world's leading gear manufacturer. The water business is getting into larger

projects with tie-ups with globally established players as technology partners.

- The turbine and gear businesses have acquired state-of-the-art machines to improve quality and productivity. In addition to the competitive product features, the turbine business is a cost leader with focus on value engineering and cost reduction, to offer value proposition to the customers.

# DIRECTORS' REPORT



# DIRECTORS' REPORT

Your Directors have pleasure in presenting the 74th Annual Report and audited accounts for the Financial Year ended September 30, 2009

(Rs. in Million)

	2008-09	2007-08
Sales (Gross)	19676.4	17022.5
Sales (Net)	18948.1	15922.2
Operating Profit ( EBITDA)	4527.4	3183.1
Finance cost	1158.8	997.6
Depreciation & amortization	817.5	839.9
Profit before tax (before exceptional items)	2551.1	1345.6
Exceptional items	121.6	-
<b>Profit before Tax (PBT)</b>	<b>2429.5</b>	<b>1345.6</b>
Tax	731.7	230.4
<b>Profit After Tax (PAT)</b>	<b>1697.8</b>	<b>1115.2</b>
Surplus Brought Forward	100.1	92.5
<b>Available for appropriation</b>	<b>1797.9</b>	<b>1207.7</b>
<b>APPROPRIATIONS</b>		
Equity dividend (incl. proposed dividend & dividend distribution tax)	301.7	181.0
Transfer of Debenture Redemption Reserve	75.0	-
Transfer to Molasses reserves	1.1	3.6
Transfer to General Reserves	1200.0	923.0
Surplus Carried forward	220.1	100.1
<b>Earning per equity share of Re.1 each (in Rs.)</b>	<b>6.58</b>	<b>4.32</b>

## PERFORMANCE

The company achieved the best performance in its history in the year under review. We produced record results in terms of Sales, EBITDA and Profit After Tax despite the global economic slowdown and financial crisis.

The previous financial year (2007-08) had been a turnaround in the operations of the Sugar Division, and this continued for the year under review. For the company as a whole, net sales have increased from Rs. 13 billion (annualised) to Rs 19 billion, and PAT from Rs. 0.50 billion (annualised) to Rs 1.7 billion in the last two years. This remarkable turnaround has been due to the good profitability in our Sugar operations, and the resilience of our Engineering businesses to withstand the recession

and financial crisis experienced by the Indian capital goods industry in particular.

In the sugar season ended on 30th September, 2009, production in India dropped precipitatively by 45% to 14.7 million tonnes. This was the largest drop in production ever encountered by the industry in its history in volume terms, and necessitated a sharp draw down in stocks and the import of a large quantity of both raw and white sugar. The opening stocks for 2009-10 as a percentage of projected consumption, is the lowest in the last decade. However, this caused Sugar prices to increase substantially in the second half of the year and compensate for the drop in production. Cane production was lower owing to the diversion of cane areas to other crops, and the

unfavourable weather conditions.

These climatic conditions also affected sugar recoveries, especially in Northern India and at our factories, and were much lower than those achieved in the past. However, owing to good opening sugar inventories, we were able to maintain sales volume with a much better sugar price realization.

Our Steam Turbine business effectively combated the drop in demand and the postponement of deliveries by customers, with only a marginal reduction in turnover and profitability. We feel this was a commendable performance given the magnitude of the crisis in the first half of the year under review. The position progressively improved for our turbine business in the third and fourth quarter. However, the Gear and Water Business Groups were able to improve their performance in terms of both turnover and profitability in spite of the adverse environment.

Segment wise reporting of the various business segments of the company has been provided in Note 16 of the Notes to Accounts to the audited financial statements, and detailed comments on the performance of the various divisions and business outlook are given in the financial review and management discussions and analysis.

## DIVIDEND

During the year under review, your directors had declared an interim dividend of 30% (Re.0.30 per equity share). Your directors have pleasure to recommend a final dividend of 70 % (Re. 0.70 per equity share) on 257880150 equity share of Re. 1/- each for the financial year 2008-2009 ended on September 30,

2009 subject to approval of members at the ensuing Annual General Meeting. The total outgo on account of dividend (including Dividend Distribution Tax) for the Financial Year 2008-2009 will be Rs 301.7 million versus Rs. 181.0 million in 2007-2008.

### **HUMAN RESOURCES**

The Company continues to focus on enriching the skills and competencies of its employees to enhance their effectiveness and meet their aspirations to accelerate business growth. During the year, training programs were organized for officers in technical as well as behavioral areas for 5116 man-days leading to 5.4 day training per officer.

To enhance organizational performance and effectiveness, the Company is revamping its Performance Management System in partnership with one of the leading HR consultancy firms. Continuous efforts are being made to strengthen the processes of Talent Management & Development and Compensation Management and align them with the market best practices, benchmarks, and needs of the organization.

Robust HR processes and initiatives adopted by the Company helped in containing the attrition of executives. Industrial Relations remained cordial and harmonious during the year.

### **CONSOLIDATED FINANCIAL STATEMENT**

In accordance with the Accounting Standard 21 on Consolidated Financial statement read with Accounting Standard 'AS-23' on Accounting for investment associates, your Directors have pleasure in attaching the consolidated financial statement which form a part of the Annual Report and Accounts.

### **SUBSIDIARIES**

In terms of approval granted by the Central Government under section 212(8) of the Companies Act, 1956 Company has been exempt from the provisions of Section 212 (1) of the Act, relating to attachment of the annual accounts of its subsidiaries to its accounts. The annual accounts of the subsidiary companies and related detailed information will be made available to investors of the Company/ Subsidiary companies seeking such information at any point of time. The annual accounts of the subsidiary companies will also kept for inspection by any investor at the Company's Corporate Office and that of concerned subsidiary companies. However, as directed by the Central Government, the financial data of the subsidiaries have been furnished in the consolidated financial statement forming part of the Annual Report. Information on subsidiary companies required under Section 212 of the Companies Act 1956 is provided in Annexure 'C' of the Report.

### **CORPORATE GOVERNANCE**

A separate report on Corporate Governance is given in Annexure 'D' along with the Auditors' statement on its compliance in Annexure 'E'.

### **AUDITORS**

M/s J.C. Bhalla & Co., Chartered Accountants, Auditors of the Company, who retire at the conclusion of the forthcoming Annual General Meeting, have consented to continue in office, if appointed. They have confirmed their eligibility under Section 224 of the Companies Act, 1956 for their appointment as Auditors of the Company.

### **DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to Section 217(2AA) of the Companies Act, 1956, your Directors confirm that

- i. In the preparation of the Annual Accounts, the applicable accounting standards have been followed.
- ii. Appropriate accounting policies have been selected and applied consistently, and they have made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the statement of affairs of the Company as on September 30, 2009 and of the profit of the Company for the period October 1, 2008 to September 30, 2009.
- iii. Proper and sufficient care has been taken for the maintenance of adequate accounting records, in accordance with the provisions of the Companies Act, 1956, for safeguarding and detecting fraud and other irregularities.
- iv. The Annual Accounts have been prepared on a going concern basis.

### **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO**

The particulars required under Section 217 (1) (e) of the Companies Act, 1956, read with Companies (Disclosure of Particulars in the Report of the Board of Directors), Rules, 1988 are provided in Annexure 'A' to this Report.

### **PARTICULARS OF EMPLOYEES**

As required under the provision of sub-section (2A) of section 217 of the Companies Act, 1956 read with the Companies (Particulars of Employees)

Rules, 1975 as amended, particulars of employees are set out in the Annexure 'B' to the Directors' Report. However, as per provision of section 219(1) (b) (iv) of the Companies Act, 1956, the report and the accounts are being sent to all the shareholders excluding the aforesaid information. Any shareholder desirous of obtaining the same may write to the Company Secretary at the registered/ Corporate office of the Company whereupon a copy would be sent.

#### **DIRECTORS**

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Dr. F.C. Kohli and Lt Gen K.K. Hazari ( Retd) retire by rotation at the ensuing Annual General Meeting (AGM) of the Company and being eligible offer themselves for reappointment. The Board has recommended their re-appointment.

By virtue of provisions of Section 260 of the Companies Act , 1956, Mr. Amal Ganguli and Mr. Shekhar Datta were appointed as Additional Directors by the Board on 19th January, 2009 and 25th April, 2009 respectively and shall hold office upto the date of the ensuing AGM of your Company. The Company has received notice, pursuant to Section 257 of the Companies Act, 1956 from members signifying their intention to propose the appointment of Mr. Amal Ganguli and Mr. Shekhar Datta as Directors of the Company. Both being eligible and offer themselves for appointment as Director. The Board has recommended for the approval of the members the appointment of Mr. Ganguli and Mr. Datta as Directors.

The present term of office of Mr Dhruv M. Sawhney as Managing Director of the Company will expire on March 30, 2010. The Board has, subject to approval of the shareholders by a special resolution at the ensuing AGM, approved the reappointment of Mr Dhruv M. Sawhney as Managing Director (designated as Chairman and Managing Director) of the Company for a period of five years effective March 31, 2010 and fixed his remuneration.

Mr. V. Venkateswarlu ceased to be Director of the Company on account of resignation with effect from 25th April, 2009. Your Directors would like to place on record their gratitude and appreciation for the guidance given by Mr. Venkateswarlu to the Board during his tenure as Director.

#### **DEBENTURES**

During the year under review, the Company has issued and allotted 1,000 -12.45% Secured Redeemable Non Convertible Debentures (NCDs) of the face value of Rs.10 lac each, aggregating to Rs.1000 million on private placement basis. The said NCDs are listed on the National Stock Exchange of India Ltd.

#### **DEPOSITS**

In pursuance of decision taken by the Board of Directors at their meeting held on 20th July 2009, your Company has discontinued the acceptance of deposits from the public and shareholders with effect from 1st August 2009. All the existing deposits are being/will be repaid as per their maturity profiles.

As on September 30, 2009, fixed Deposits stood at Rs.105.25 million. Deposits amounting to Rs. 5.90 million remain unpaid, as the claim in

respect thereof were not lodged with the company and since then, Rs. 1.51 million have been repaid as on date.

#### **APPRECIATION**

Your Directors gratefully acknowledge the support given by our customers, shareholders, employees, farmers, the Central, Uttar Pradesh and Karnataka Governments, financial institutions and banks, and all other stakeholders, and we look forward to their continued support and encouragement.

For and on behalf of the  
Board of Directors

**Dhruv M. Sawhney**

Place : Noida (U.P)

Date : November 19, 2009

Chairman and

Managing Director

# ANNEXURE - A

## (A) CONSERVATION OF ENERGY

### (a) Energy Conservation Measures

#### • Turbine Unit

- ✓ Replaced conventional drive of 7.5 ton EOT crane with Variable frequency drive.
- ✓ Dedicated compressed air piping grid is provided for CNC machines and a new MS pipeline with fully welded joints to ensure zero leakages has replaced previously installed Aluminum piping.
- ✓ Battery operated Inter bay Trolley is commissioned for movement of materials across the factory bays.
- ✓ All extraction turbines are now tested using condenser to reclaim water & heat from exhaust steam.
- ✓ A new system for treatment of used coolant is introduced, in which the oil concentrates are extracted from coolant water.

#### • Sugar and Co-generation Units

- ✓ New efficient condensers installed at Ramkola unit resulting in reduced injection water requirement.
- ✓ Exhaustive insulation of steam and vapour pipelines and installation of waste heat recovery from sulphur melting at both Khatauli & Deoband units.

#### • Distillery

- ✓ Modification in pipelines resulting in stoppage of one pump at each station and consequently resulting in saving of electricity.
- ✓ Efficient utilization of agitators in Digester by stopping two agitators without affecting the performance of the Digester.

### (b) Additional Investment and Proposals for Reducing Energy Consumption

#### • Turbine unit

- ✓ Waste heat recovery system for boiler fuel gas to reduce furnace oil consumption.
- ✓ Installation of solar lighting system for outdoor lighting.

#### • Sugar Units

- ✓ Exhaustive insulation of steam and vapour pipelines at Chandanpur, Ramkola and Milak Narayanpur sugar units.
- ✓ Installation of planetary gearboxes at both Khatauli & Deoband units to save electrical energy.

### (c) Impact of Above Measures

With the above measures, there will be substantial conservation of energy in our plants. There has been significant reduction in steam requirements at our existing sugar units at Khatauli and Deoband and our new sugar units have achieved industry best steam efficiency levels.

## Form A

Disclosure of particulars with respect to conservation of Energy

	2008-09	2007-08
<b>I Power &amp; Fuel Consumption</b>		
<b>1. Electricity</b>		
<b>a) Purchased</b>		
Units (000's KWH)	4911	4677
Total amount (Rs.in Millions)	26.55	27.13
Rate (Rs./Unit)	5.41	5.80
<b>b) Own generation</b>		
<b>I) Through Diesel Generators</b>		
Units (000's KWH)	4356	4151
Unit per litre of Diesel Oil	2.88	2.86
Cost/Unit(Rs.)	12.07	12.29
<b>II) Through Steam Turbine/Generator by use of own bagasse</b>		
Units (000's KWH)	137698	193470
<b>2. Furnace Oil</b>		
Quantity (K Ltrs)	498	705
Rate (Rs./K Ltrs)	29052	33831
Total Amount (Rs. in Millions)	14.47	23.85
<b>II Consumption per unit of production</b>		
Sugar		
Electricity (KWH/MT)	335.66	284.73
Rectified Sprit		
Electricity (KWH/KL)	267.77	284.54

Note : In the case of the other business groups no standard products are manufactured, and hence their figures have not been incorporated.

## FORM B

Disclosure of particulars with respect to technology absorption

### (A) Research & Development (R & D)

#### Turbine Unit

#### 1 Specific Areas in which R&D was carried out by the Company

Development of various models for higher steam parameters is complete and manufacturing is under progress. This is in continuation of the company's sustained R&D programme which it is carrying out for a very long time.

- a) Continuing programme of development of a series of efficient and cost effective twisted & tapered blades.

- b) Development of new generation turbine with double casing construction.
- c) Reliability and efficiency improvement programs for regular Triveni models are complete.

**2 Benefits as a result of the above R&D**

- a) Filling the gap in our range of turbines with improved efficiency and reliability.
- b) Increasing the product range to 30MW with higher steam rating.

**3 Future plan of action**

- a) Completion of a new advanced LP blade family for higher MW turbines.
- b) Development of new higher MW range with high temperature & pressure conditions.
- c) Cost reduction program in Triveni models 15-30 MW range.

**4 Expenditure on R&D**

Particulars	(Rs. in Million)	
	2008-09	2007-08
a) Capital	22.58	13.31
b) Recurring	25.43	20.64
c) Total	48.01	33.95
d) Total R&D expenditure as percentage of Turbine turnover	1.01%	0.67%

**Note :** Additionally, we have incurred expenditure of Rs 99.3 million (previous year Rs.56 million) towards cane development in respect of our sugar units.

**(B) Technology absorption, adaptation and innovation**

Efforts made and the benefits derived have already been given under Technology Absorption earlier in this Annexure Information regarding technology imported during the last 5 years

Technology Imported	Year of import	Has Technology been fully Absorbed
1) Blade path design & development - 30 MW LP blade family - 40 MW LP blade family	2004 2009	Yes Yes
2) Manufacture & Process Engineering for Low Pressure Membrane Filtration System for Water/Waste Water/ Recycle Projects	2005-06	Partially

**(c) Foreign Exchange Earning & Outgo**

	(Rs. in Million)
1) Earning in Foreign Exchange	
Value of exports on FOB basis	1314.21
Others	52.75
2) Foreign Exchange Outgo	2418.77

# ANNEXURE - C

## STATEMENT PURSUANT TO SECTION 212 OF COMPANIES ACT, 1956

(Rs. in Million)

SUBSIDIARY COMPANIES	TRIVENI RETAIL VENTURES LTD	UPPER BARI POWER GENERATION LTD	TRIVENI ENGINEERING LTD	TRIVENI ENERGY SYSTEMS LTD
1. Financial Year ended	31st March 2009	31st March 2009	31st March 2009	31st March 2009
2. Extent of holding Company's interest at the end of financial year of the subsidiary	100%	100%	100%	100%
3. The net aggregate amount of the subsidiaries Profit/(Loss), so far as it, concerns the members of the holding Company and is not dealt with in the Company's accounts				
a) For the financial year ended 31.3.2009 of the subsidiary company	(80.86)	0.02	(0.06)	(0.37)
b) For the previous financial years of the subsidiaries since these became the holding Company's subsidiary	(100.80)	(0.01)	(1.49)	-
4. a) The net aggregate amount of the subsidiary's Profit/(Loss), for the financial year of the subsidiary so far as those Profit/(Loss) are dealt within the holding Company's accounts				
b) The net aggregate amount of the subsidiary's Profit/(Loss), for the previous financial years of the subsidiary since it became the holding Company's subsidiary so far as those Profit/(Loss) are dealt within the holding Company's accounts	In view of the losses incurred, a provision of Rs.100 million has been made by the holding company towards the loans advanced by the holding Company in the subsidiary	NIL	NIL	NIL
5. Changes in the holding Company's interest in the subsidiary between the end of the financial year of the subsidiary and holding Company	-	-	-	-
6. Material changes which have occurred between the end of the subsidiary Company's financial year and at the end of the holding Company's financial year in respect of : *				
i) The subsidiary's fixed assets	-	-	-	-
ii) Its investments	-	-	-	-
iii) The money lent by it	-	-	-	-
iv) The funds borrowed by the subsidiary	Rs. 10.87 million	-	-	-

\* Accounting year of the holding Company ends on 30th September 2009.

## ANNEXURE - D

### CORPORATE GOVERNANCE

As per the requirement for providing a Report on Corporate Governance pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges, your Directors present the Company's Report on Corporate Governance as under :-

#### COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

The Company believes that sound Corporate Governance is critical to enhance and retain stakeholders' trust. Accordingly the Company has consistently practiced good corporate governance. The Company creates an environment for the efficient, just and ethical conduct of the business to enable the Management to meet its obligations in a fair, transparent and equitable manner to all stakeholders viz. its shareholders, farmers, customers, employees and the community in which the Company operates. The Board of Directors believe in managing the Company's affairs efficiently and in a responsible manner. The Company envisages the attainment of a high level of transparency and accountability in the functioning of the Company and the conduct of its business internally and externally.

#### BOARD OF DIRECTORS

The Company is managed and guided by the Board of Directors ("Board"). The Board formulates the strategy and regularly reviews the performance of the Company. The Chairman and Managing Director with the support of the

Executive Directors and senior executives manages the day to day operations of the Company.

The Company has an optimum combination of Executive, Non-Executive and Independent Directors who are eminent persons with professional expertise and valuable experience in their respective areas of specialization and bring a wide range of skills and experience to the Board. The composition of the Board conform to the requirements of clause 49 of the listing agreement. Presently the Board consist of ten members, out of which there are three Executive Directors including Chairman & Managing Director and the others are Non-Executive Independent Directors.

The Independent Non-Executive Directors meet all the criteria mandated by clause 49 of the listing agreement. None of the Directors on the Board is a Member on more than 10 Committees, and Chairman of more than 5 Committees across the companies in which he is a Director. The necessary disclosures regarding Committee positions have been made by the Directors.

The composition of the Board of Directors and the number of Directorships and Committee Memberships held in other companies are given below :-

Name of Director and DIN	Category	No. of Directorships in other companies # #	No. of Committee positions held in other companies ###	
			Chairman	Member
Mr. Dhruv M. Sawhney # Chairman & Managing Director DIN-00102999	Promoter & Executive Director	3	NIL	NIL
Mr Tarun Sawhney # DIN-00382878	Promoter & Executive Director	2	NIL	NIL
Mr Nikhil Sawhney # DIN-00029028	Promoter & Executive Director	2	NIL	NIL
Dr. F.C.Kohli DIN-00102878	Independent Non-Executive Director	4	NIL	NIL
Lt. Gen. K.K. Hazari (Retd.) DIN-00090909	Independent Non-Executive Director	3	NIL	1
Mr. M.K. Daga DIN-00062503	Independent Non-Executive Director	3	NIL	2
Mr. K.N. Shenoy DIN-00021373	Independent Non-Executive Director	3	1	1
Mr. R.C. Sharma DIN-00107540	Independent Non-Executive Director	NIL	NIL	NIL
Mr V. Venkateswarlu* DIN-00122995	Independent Non-Executive Director	1	NIL	1

Name of Director and DIN	Category	No. of Directorships in other companies # #	No. of Committee positions held in other companies ###	
			Chairman	Member
Mr. Amal Ganguli** DIN-00013808	Independent Non-Executive Director	11	5	4
Mr. Shekhar Datta*** DIN- 00045591	Independent Non-Executive Director	2	2	2

\* Ceased to be Director with effect from 25.04.2009

\*\* Appointed with effect from 19.01.2009.

\*\*\* Appointed with effect from 25.04.2009.

# Mr. Tarun Sawhney and Mr. Nikhil Sawhney Executive Directors are related to each other, being brothers and both are sons of Mr. Dhruv M. Sawhney, Chairman & Managing Director of the Company.

## Excludes Directorships in Indian Private Limited Companies, Section 25 Companies, Alternate Directorships and membership of various Chambers and other non-corporate organizations.

### The committees considered for the purpose are those prescribed under Clause 49(l)(c) of the Listing Agreement i.e. Audit Committee and Shareholders' Grievance Committee of public limited companies.

#### BOARD FUNCTIONING AND PROCEDURE

The Board and its Committees meet at regular intervals for discussion on agenda items circulated well in advance. The senior management of the Company is invited to attend Board meetings, make presentations and provide clarifications as and when necessary. The Directors bring an independent perspective on the issues deliberated by the Board. They have complete and unfettered access to any information of the Company and to any employee of the

Company. The agenda items include information such as strategy and business plans, annual operating & capital expenditure budgets, investment and exposure limits, adoption of quarterly and annual results of the Company and its operating divisions, review of major legal issues, compliance with statutory/ regulatory requirements, HR related issues, purchase and disposal of equipment or property etc.

#### ATTENDANCE RECORD OF THE DIRECTORS

The Board of Directors met seven times during the financial year 2008-2009 ended on 30th September, 2009. The interval between any two successive meetings did not exceed four months. Board Meetings were held on 4th October, 2008, 19th November, 2008, 10th December, 2008, 29th December, 2008, 19th January, 2009, 25th April, 2009 and 20th July, 2009. The attendance record of all Directors at Board meetings and the last Annual General Meeting (AGM) during the year is as under:-

Name of Director	No. of Board Meetings		Attendance at last AGM held on 29.12.2008
	Held*	Attended	
Mr. Dhruv M. Sawhney Chairman & Managing Director	7	7	Yes
Mr. Tarun Sawhney Executive Director	6	5	No
Mr. Nikhil Sawhney Executive Director	6	5	No
Dr F.C.Kohli	7	4	No
Lt. Gen. K.K. Hazari (Retd.)	7	7	Yes
Mr. M.K. Daga	7	6	No
Mr. K.N. Shenoy	7	2	No
Mr. R.C. Sharma	7	7	Yes
Mr. Amal Ganguli (Appointed w.e.f. 19.01.09)	3	3	-
Mr. V. Venkateswarlu (Ceased to be Director w.e.f. 25.04.09)	5	3	No
Mr. Shekhar Datta (Appointed w.e.f. 25.04.09)	2	2	-

\*No. of Board Meetings held during the tenure of the Director.

### APPOINTMENT/REAPPOINTMENT OF DIRECTORS

The information/details pertaining to Directors seeking appointment/reappointment in Annual General Meeting (AGM), is provided in the Notice for the AGM. The Notice contains the relevant information, like, brief resume of the Directors, nature of their expertise in specific functional areas and names of the companies in which they hold Directorship and membership of any Committee of the Board.

### BOARD COMMITTEES

#### (I) Executive Sub-Committee

The Executive Sub-Committee of the Board was reconstituted on 20th July, 2009. The Committee now comprises of following Directors, namely:

- (i) Lt. Gen. K.K. Hazari (Retd.) (Chairman)
- (ii) Mr R.C. Sharma
- (iii) Mr Tarun Sawhney
- (iv) Mr Nikhil Sawhney

The Chairman & Managing Director is not the member of the Executive Sub-Committee but he and other senior executives are invited to the meetings as & when required. The Board has delegated powers to the Executive Sub-Committee in accordance with the provisions of the Companies Act, 1956 to facilitate the working of the Board. The Executive Sub-Committee met five times during the year 2008-2009.

#### (II) Audit Committee

The Audit Committee was reconstituted on 19th January, 2009 The Committee now comprises of following Directors, namely:

- (i) Lt. Gen. K.K. Hazari (Retd.) (Chairman)
- (ii) Mr R.C. Sharma
- (iii) Mr Amal Ganguli

The Company Secretary acts as the Secretary to the Audit Committee and the Vice President & Chief Finance Officer acts as the coordinator.

The constitution and terms of reference of the Audit Committee meet the requirements of Clause 49 of the Listing Agreement as well as Section 292A of the Companies Act, 1956.

The broad terms of reference of the Committee include:-

- Reviewing the Company's financial reporting process and its financial statements.
- Reviewing the accounting and financial policies and practices and compliance with applicable accounting standards.
- Reviewing the efficacy of the internal control mechanism, monitor risk management policies adopted by the Company and its units, and ensure compliance with regulatory guidelines.
- Reviewing reports furnished by the internal and statutory auditors, and ensure that suitable follow-up action is taken.

- Examining accountancy and disclosure aspects of all significant transactions.
- Reviewing with management the quarterly, half yearly & annual financial statements including review of qualifications, if any, in the audit report before submission to the Board for approval.
- Recommending appointment of external and internal auditors and fixation of audit fees.
- Seeking legal or professional advice, if required.

### MEETINGS & ATTENDANCE

The Audit Committee met six times during the financial year 2008-2009 ended on 30th September, 2009 on 4th October, 2008, 18th November, 2008, 18th January, 2009, 25th April, 2009, 18th July, 2009 and 19th July, 2009. The attendance of each Audit Committee Member is as under:-

Name of the Members	No. of meetings	
	Held*	Attended
Lt. Gen. K.K. Hazari (Retd.)	6	6
Mr. R. C. Sharma	6	6
Mr. Amal Ganguli (Appointed as member w.e.f. 19.01.09)	3	3
Mr. V. Venkateswarlu (Ceased to be Member w.e.f 25.04.09)	3	3

- Meetings held during the tenure of the member.

#### (III) Remuneration Committee

The Remuneration Committee comprises of following Directors, namely:

- (i) Dr. F.C. Kohli (Chairman)
- (ii) Lt. Gen. K.K. Hazari (Retd.)
- (iii) Mr R.C. Sharma

The broad terms of reference of the Committee are to evaluate performance, determine & recommend to the Board on specific remuneration packages for the Chairman & Managing Director and Executive Directors including pension rights and any compensation payment to them.

### MEETINGS AND ATTENDANCE

The Remuneration Committee met once during the financial year 2008-2009 ended on 30th September, 2009 on 19th November, 2008. The attendance of each Committee Member is as under:-

Name of the Members	No. of meetings	
	Held	Attended
Dr. F.C. Kohli	1	1
Lt.Gen. K.K. Hazari (Retd.)	1	1
Mr R.C. Sharma	1	1

### REMUNERATION TO EXECUTIVE DIRECTORS

During the year 2008 - 2009, the Company had three Executive Directors viz. Mr. Dhruv M. Sawhney, Chairman & Managing Director (CMD), Mr. Tarun Sawhney and Mr. Nikhil Sawhney, Executive Directors (ED).

The details of remuneration paid/payable to CMD and both EDs during the financial year 2008 - 2009 are as under :

(Amount in Rupees)

Name of the Executive Director	Mr. Dhruv M. Sawhney CMD	Mr. Tarun Sawhney Executive Director*	Mr. Nikhil Sawhney Executive Director*
Service Period	31.03.2005 to 30.03.2010	19.11.2008 to 18.11.2013	19.11.2008 to 18.11.2013
Salary	18960000	6864000	8007135
Performance Bonus/Commission	25000000	2500000	2500000
Contribution to PF, Gratuity & Other Funds	376500	1053000**	1053000**
Other Perquisites	3946318	2350963	871130
<b>Total</b>	<b>48282818</b>	<b>12767963</b>	<b>12431265</b>

\*Mr. Tarun Sawhney and Mr. Nikhil Sawhney were appointed as Executive Directors with effect from 19.11.2008.

\*\* Does not include gratuity payable as the same is provided on the actuarial valuation for the entire company.

### REMUNERATION TO NON-EXECUTIVE DIRECTORS

The Company paid sitting fee to its Non-Executive Director for attending the meeting of the Board and its Committees. The Company pays commission to its Non-Executive Directors within the limits approved by the shareholders of the Company. The said commission is decided by the Board and distributed to Non-Executive Directors based on their attendance and contribution during Board/Committee meetings, as well as time spent on operational/ strategic matters other than at meetings.

The details of the remuneration paid during 2008 - 2009 to Non-Executive Directors are as under:-

Name of the Non-Executive Director	Sitting Fees for the year ended Sept. 30, 2009 (Rs.)	Commission for the year ended Sept. 30, 2008 (Rs.)	No. of shares held as on Sept. 30, 2009
Dr. F.C. Kohli	95000	500000	-
Lt. Gen. K.K. Hazari (Retd.)	315000	500000	-
Mr. K. N. Shenoy	40000	1000000	-
Mr. M.K. Daga	120000	300000	800
Mr. R.C. Sharma	315000	500000	444900
Mr. Amal Ganguli *	105000	-	-
Mr. Shekhar Datta **	40000	-	10000
Mr. V. Venkateswarlu ***	105000	200000	-

\* Appointed with effect from 19.01.2009

\*\* Appointed with effect from 25.04.2009

\*\*\* Ceased to be Director with effect from 25.04.2009

**Note:** A sum of Rs. 62.5 lac has been provided as commission payable to the Non-Executive Directors for the year 2008 - 2009.

None of the Non-Executive Directors have any pecuniary relationship or transactions with the Company, its promoters and its senior management, its subsidiaries and associate companies except for the payment of remuneration as stated above. The Company has not issued any Stock Options to any of its Directors.

**(IV) Investors' Grievance and Share Transfer Committee**

The Committee comprises of following Directors, namely:

- (i) Lt. Gen. K.K. Hazari (Retd.) (Chairman)
- (ii) Mr R.C. Sharma

Ms. Geeta Bhalla, Company Secretary is Compliance Officer of the Company with effect from 20th January, 2009.

The Committee is authorized to look into and review the actions for redressal of shareholders and investors grievances such as non-receipt of transferred/transmitted share certificates/annual report/refund orders/ dividend warrants etc. as also to review the reports submitted by Ms. Geeta Bhalla, Company Secretary relating to approval / confirmation of requests for share transfer/ transmission/transposition/ consolidation /issue of duplicate share certificates/sub-division, remat, demat of shares etc from time to time.

**MEETINGS & ATTENDANCE**

The Investors' Grievance and Share Transfer Committee met four times during the financial year 2008-2009 ended on

30th September, 2009 on 18th November, 2008, 18th January, 2009, 25th April, 2009 and 18th July, 2009. The attendance of each Committee Member is as under:-

Name of the Members	No. of meetings	
	Held	Attended
Lt.Gen. K.K. Hazari (Retd.)	4	4
Mr R.C. Sharma	4	4

During the financial year 2008-2009 ended on 30th September, 2009 the Company received 69 complaints from various shareholders/investors directly and/or through the Stock Exchanges/SEBI relating to non-receipt of dividend/ redemption money, demat of shares, implementation of the scheme of arrangement etc. All of them were resolved/replied suitably by furnishing the requisite information/documents. There was no investor complaint pending for redressal as on 30th September, 2009. Further there was no pending share transfers and requests for dematerialization as on 30th September, 2009.

**GENERAL BODY MEETINGS**

Particulars of the last three Annual General Meetings are as follows:

Year	Date & Day	Location	Time	Special Resolution
2007-08	29th December, 2008 Monday	Company's Guest House at Deoband Sugar Unit Complex, Deoband, District Saharanpur, U.P.	12.30 P.M.	1. Alteration in Articles of Association 2. Appointment of Mr. Tarun Sawhney as Executive Director and payment of remuneration to him. 3. Appointment of Mr. Nikhil Sawhney as Executive Director and payment of remuneration to him.
2006-07	24th December, 2007 Monday	Company's Guest House at Deoband Sugar Unit Complex, Deoband, District Saharanpur, U.P.	11.30 A.M.	None
2005-06	30th June, 2006 Friday	Company's Guest House at Deoband Sugar Unit Complex, Deoband, District Saharanpur, U.P.	1.30 P.M.	1. Commission to Non- Executive Directors. 2. Further issue of securities.

All the resolutions including special resolutions, set out in the respective notices were unanimously passed by the shareholders present at the meeting.

There was no Extra-Ordinary General Meeting held during the financial year 2008-2009 ended on 30th September, 2009.

**POSTAL BALLOT**

**I. Details of the Special/Ordinary Resolutions passed by the Company through Postal Ballot:**

During the financial year 2008 - 2009 ended on 30th September, 2009, the Company sought approval from its shareholders on two occasions for passing special/ordinary

resolutions through the process of Postal Ballot in accordance with the provisions of Section 192A of the Companies Act, 1956, read with the Companies (Passing of the Resolutions by Postal Ballot) Rules, 2001. The details of resolutions so passed are as under:-

#### A. Resolutions passed on 15th January, 2009

1. Ordinary Resolution under Section 293(1) (d) of the Companies Act, 1956 for increase in the borrowing powers of the Board of Directors.
2. Ordinary Resolution under Section 293(1) (a) of the Companies Act, 1956 for creation of mortgages/charges on the Company's assets in favour of Banks and other lenders.

#### Procedure For Postal Ballot

- (i) The Board of Directors of the Company at its meeting held on 19th November, 2008 had appointed Mr Anand Kumar Bhardwaj, a Practising Company Secretary as the Scrutinizer for conducting the postal ballot voting process in a fair and transparent manner.
- (ii) The Company had completed on 4th December, 2008 the dispatch of postal ballot forms alongwith the postage prepaid business reply envelopes to its members whose name(s) appeared in the Register of Members/List of

Beneficiaries as on 28th November, 2008.

- (iii) The postal ballots received in business reply envelopes from the members were kept in safe custody of scrutinizer before commencing the scrutiny of such postal ballot forms.
- (iv) All postal ballot forms received upto the close of working hours on 9th January, 2009, the last date fixed by the Company for receipt of the forms were considered for scrutiny.
- (v) Envelopes containing postal ballot forms received after close of business hours on 9th January, 2009 were not considered for scrutiny.
- (vi) Based on the report dated 15th January, 2009 submitted by the Scrutinizer, the brief details of which are given below, the Executive Director, Mr Nikhil Sawhney, duly authorized by the Chairman & Managing Director, had announced the results of the Postal Ballot on 15th January, 2009.

	Total No. of Equity Shares/Votes Polled	No. of invalid votes	No. of valid votes	No of votes cast in favour	No.of votes cast against
Resolution No.1	177553459	4014	177549445	176307330	1242115
Resolution No.2	177553459	20424	177533035	176289895	1243140

Both the resolutions were carried by 99.30% votes in favour and 0.70% against. The Ordinary resolutions set out in the Notice dated 19th November, 2008 were duly approved by the requisite majority of the shareholders.

The results were sent to all the Stock Exchanges where the equity shares of the Company are listed, and published in The Pioneer, Business Standard, both English newspapers, and Veer Arjun, Vishwamanav, both Hindi newspapers on 18th January, 2009 and displayed on the Company's website [www.trivenigroup.com](http://www.trivenigroup.com)

#### B. Resolution passed on 5th September, 2009

Special Resolution under Sections 81(1A) of the Companies Act, 1956 for further issue of Securities.

#### Procedure for Postal Ballot

- (i) The Board of Directors of the Company at its meeting held on 20th July, 2009 had appointed Ms. Leena Jain, a Practising Company Secretary as the Scrutinizer for conducting the postal ballot voting process in a fair and transparent manner.
- (ii) The Company had completed on 30th July, 2009 the dispatch of postal ballot forms alongwith the postage prepaid business reply envelopes to its members whose name(s) appeared in the Register of Members/List of Beneficiaries as on 24th July, 2009.

- (iii) The postal ballots received in business reply envelopes from the members were kept in safe custody of scrutinizer before commencing the scrutiny of such postal ballot forms.
- (iv) All postal ballot forms received upto the close of working hours on 3rd September, 2009, the last date fixed by the Company for receipt of the forms were considered for scrutiny.
- (v) Envelopes containing postal ballot forms received after close of business hours on 3rd September, 2009 were not considered for scrutiny.
- (vi) Based on the report dated 5th September, 2009 submitted by the Scrutinizer, the brief details of which are given below, the Chairman & Managing Director, Mr Dhruv M. Sawhney had announced the results of the Postal Ballot on 5th September, 2009

	Total No. of Postal Ballot Forms Received	Total No. of Equity Shares/ Votes Polled	No. of invalid votes	No. of valid votes	No of votes cast in favour	No. of votes cast against
Resolution No.1	884	180725012	5964	180719048	180715676*	2604

\* Five shareholders, who were eligible to vote for 1384 votes casted 616 votes only.

The resolution was carried by 99.999% votes in favour and 0.001% against. The Special resolution as set out in the Notice dated 20th July, 2009 was duly approved by the requisite majority of the shareholders.

The results were sent to all the Stock Exchanges where the equity shares of the Company are listed, and published in The Pioneer, Business Standard, both English newspapers, and Veer Arjun, Vishwamanav, both Hindi newspapers on 9th September, 2009 and displayed on the Company's website [www.trivenigroup.com](http://www.trivenigroup.com)

## **II. Whether any special resolution is proposed to be conducted through postal ballot:**

There is no proposal for any special resolution to be put through postal ballot at the forthcoming Annual General Meeting for shareholders' approval.

## **OTHER DISCLOSURES**

### **Related Party Transactions**

The Company has not entered into any transaction of a material nature during the year. However, the Company has with the approval of Central Government agreed to sell its entire investment in one of the Group Companies to Mr. Dhruv M. Sawhney, Chairman and Managing Director and his relative(s). The details of related party information and transactions are being placed before the Audit Committee from time to time. The details have been provided in Note- 11 of Schedule- 26, Notes to Accounts of the financial statements.

### **Disclosures of Accounting Treatment**

No treatment different from that prescribed in an Accounting Standard has been followed by the Company.

### **Details of Non-Compliance by the Company, penalties, stricture imposed on the Company by the Stock Exchanges, SEBI or any statutory authorities or any matter related to capital markets.**

The Company has complied with all the requirements of the Stock Exchanges/the Regulations and guidelines of SEBI and other Statutory Authorities on all matters relating to capital markets. No penalties or strictures have been imposed by SEBI, Stock Exchanges or any statutory authorities on matters relating to capital markets during the last three years.

### **Whistle Blower Policy and affirmation that no personnel has been denied access to the Audit Committee.**

The Company is in the process of instituting a Whistle Blower Policy. However, the Company has not denied access to any personnel to approach the Management or the Audit Committee on any issue.

### **Code of conduct for Directors and Senior Executives**

The Company has laid down a Code of Conduct for all Board Members and Senior Executives of the Company.

The Code of conduct is available on the Company's website [www.trivenigroup.com](http://www.trivenigroup.com). The Chairman & Managing Director has given a declaration that all the Directors and concerned Executives have affirmed compliance with the Code of Conduct and same is annexed hereto.

### **CEO/CFO certification**

A certificate as stipulated in clause 49(v) of the listing agreement duly signed by the Chairman & Managing Director and Vice President & CFO relating to financial statements and internal controls and internal control systems for financial reporting was placed before the Board alongwith the financial statements for the year ended 30th September, 2009. The Board reviewed the same. The said certificate is provided elsewhere in the Annual Report.

### **Subsidiary Companies**

There are four unlisted Indian subsidiary companies viz. Triveni Engineering Limited, Triveni Retail Ventures Limited, Triveni Energy Systems Limited and Upper Bari Power Generation Limited. None of the subsidiaries is the "Material Non-Listed Subsidiary" in terms of Clause 49 of the Listing Agreement.

### **Compliance of the Requirements of Clause 49 of the Listing Agreement**

#### **Mandatory Requirements/ Non-Mandatory Requirements**

The Company has complied with all the applicable mandatory requirements of clause 49 of the Listing Agreement and the non-mandatory provisions have been adopted wherever necessary. The company has constituted a Remuneration Committee as described above.

## **MEANS OF COMMUNICATION**

- (a) **Quarterly Results:** Unaudited quarterly financial results and the annual audited financial results of the Company are sent to all the Stock Exchanges where its equity shares are listed, and the same are generally published in Business Standard, Financial Express, Business Line- The Hindu (English), and Jansatta (Hindi) newspapers. The Investor brief on the detailed segment wise analysis of the Results are also sent to Stock Exchanges.
- (b) **Website** [www.trivenigroup.com](http://www.trivenigroup.com): Detailed information on the Company's business and products; quarterly/half yearly/nine months and annual financial results, Investor brief and the quarterly distribution of Shareholding are displayed on the Company's website.
- (c) **Teleconferences and Press conferences, Presentation etc.:** The Company had Quarterly Investors teleconferences and Press Conferences for the investors of the Company after the declaration of the Quarterly/Annual Results. The Company made

presentations to institutional investors/analysts during the period which are available on the Company's website.

- (d) **Annual Report:** Annual Report contains inter-alia Audited Annual Accounts, Consolidated Financial Statement, Directors' Report, Auditors' Report. The Management Perspective, Business Review and Financial Highlights are also part of the annual report.
- (e) **The Management Discussion & Analysis:** The Management Discussion & Analysis Report forms part of the annual report.
- (f) **Intimation to Stock Exchanges:** The Company intimates stock exchanges all price sensitive information or such other information which in its opinion are material & of relevance to the shareholders.

## GENERAL SHAREHOLDER INFORMATION

### a) General Information Annual General Meeting

Date & Day	: 29th December, 2009, Tuesday
Time	: 12.30 P.M.
Venue	: Company's Guest House at Deoband Sugar Unit Complex, Deoband, Distt. Saharanpur, U.P. - 247 554.
Dates of Book Closure	: 24.12.2009 to 28.12.2009 (both days inclusive)
Dividend Payment Date	: Within 30 days of declaration by the shareholders.
Financial Year	: October to September

### Financial Calendar (tentative & subject to change)

Financial Reporting for the 1st Quarter ending 31st December, 2009	By the end of January, 2010
Financial Reporting for the 2nd Quarter ending 31st March, 2010	By the end of April, 2010
Financial Reporting for the 3rd Quarter ending 30th June, 2010	By the end of July, 2010
Financial Reporting for the Annual Audited Accounts ending 30th September, 2010	By end of December, 2010

### b) Unclaimed Dividend

Pursuant to Section 205C of the Companies Act, 1956, all unclaimed dividends upto the financial year 2001-2002 have been transferred to the Investor Education and Protection Fund (IEPF), administered by the Central Government.

The dividends /redemption money for the succeeding years remaining unclaimed for 7 years will be transferred by the Company to the said IEPF on the due dates as given hereunder:

Financial Year/ Period	Whether Interim / Final	Date of payment of Dividend/ Redemption	Due date for transfer to IEPF
2002-2003	Final Dividend	14.8.2003	13.8.2010
2003-2004	1st instalment Redemption cum interim Dividend on Pref. Shares (redeemed)	1.4.2004	31.3.2011
2003-2004	Final Dividend	18.8.2004	17.8.2011
2004-2005	Interim Dividend	21.7.2004	20.7.2011
2004-2005	2nd & Final instalment Redemption cum interim Dividend on Pref. Shares (redeemed)	1.4.2005	31.3.2012
2004-2005	Final Dividend	27.6.2005	26.6.2012
2005-2006	Final Dividend	30.6.2006	29.6.2013
2006-2007	1st Interim Dividend	16.10.2006	15.10.2013
2006-2007	2nd Interim Dividend	25.5.2007	24.5.2014
2006-2007	Final Dividend	24.12.2007	23.12.2014
2007-2008	Final Dividend	29.12.2008	28.12.2015
2008-2009	Interim Dividend	25.4.2009	24.4.2016

Shareholders who have not so far encashed their dividend warrant(s) or have not received the same are requested to seek issuance of duplicate warrant(s) by writing to the Company confirming non-encashment/ non-receipt of dividend warrant(s).

**c) Outstanding GDR/ADR or Warrants**

As on date there are no Global Depository Receipts (GDR), American Depository Receipt (ADR) or any convertible instruments pending conversion or any other instrument likely to impact the equity share capital of the Company.

**d) Listing on Stock Exchanges**

The Company's entire equity share capital comprising of 257880150 equity shares of Re. 1/- each is listed at the following Stock Exchanges:

Sl. No.	Name and Address of Stock Exchanges	Stock Code
1.	Bombay Stock Exchange Ltd. Phiroze Jeejeebhoy Towers, Dalal Street, Fort, Mumbai - 400 023.	532356
2.	National Stock Exchange of India Ltd. Exchange Plaza, 5th Floor, Plot No. C/1, G Block, Bandra (E), Mumbai - 400 051.	TRIVENI

The Company has paid listing fees for the Financial Year 2009-2010 to both the aforesaid Stock Exchanges. The Company has also paid the annual custodial fee for the year 2009-10 to both the depositories namely NSDL & CDSL.

**e) Distribution of Equity Shareholding as on 30th September, 2009**

Group of Shares	Number of Shareholders	% to total Shareholders	Number of Shares held	% to Total Shares
1-500	34632	91.30	4403305	1.71
501-1000	1760	4.64	1363307	0.53
1001-2000	790	2.08	1117410	0.43
2001-3000	208	0.55	535563	0.21
3001-4000	104	0.27	374319	0.14
4001-5000	89	0.23	414699	0.16
5001-10000	132	0.35	1004405	0.39
10001 & higher	218	0.58	248667142	96.43
<b>Total</b>	<b>37933</b>	<b>100.00</b>	<b>257880150</b>	<b>100.00</b>

**f) Shareholding Pattern of Equity Shares as on 30th September, 2009**

Category	Number of Shares held	% Shareholding
Indian Promoters	175322533	67.986
Mutual Funds/UTI	24207767	9.387
Banks, Financial Institutions, Insurance Cos.	1779143	0.690
FII's	40565286	15.730
Bodies Corporate	2736012	1.061
Indian Public(*)	12371319	4.797
NRI's/OCB's	714158	0.277
Others – Clearing Members & Trust	183932	0.072
<b>Total</b>	<b>257880150</b>	<b>100.00</b>

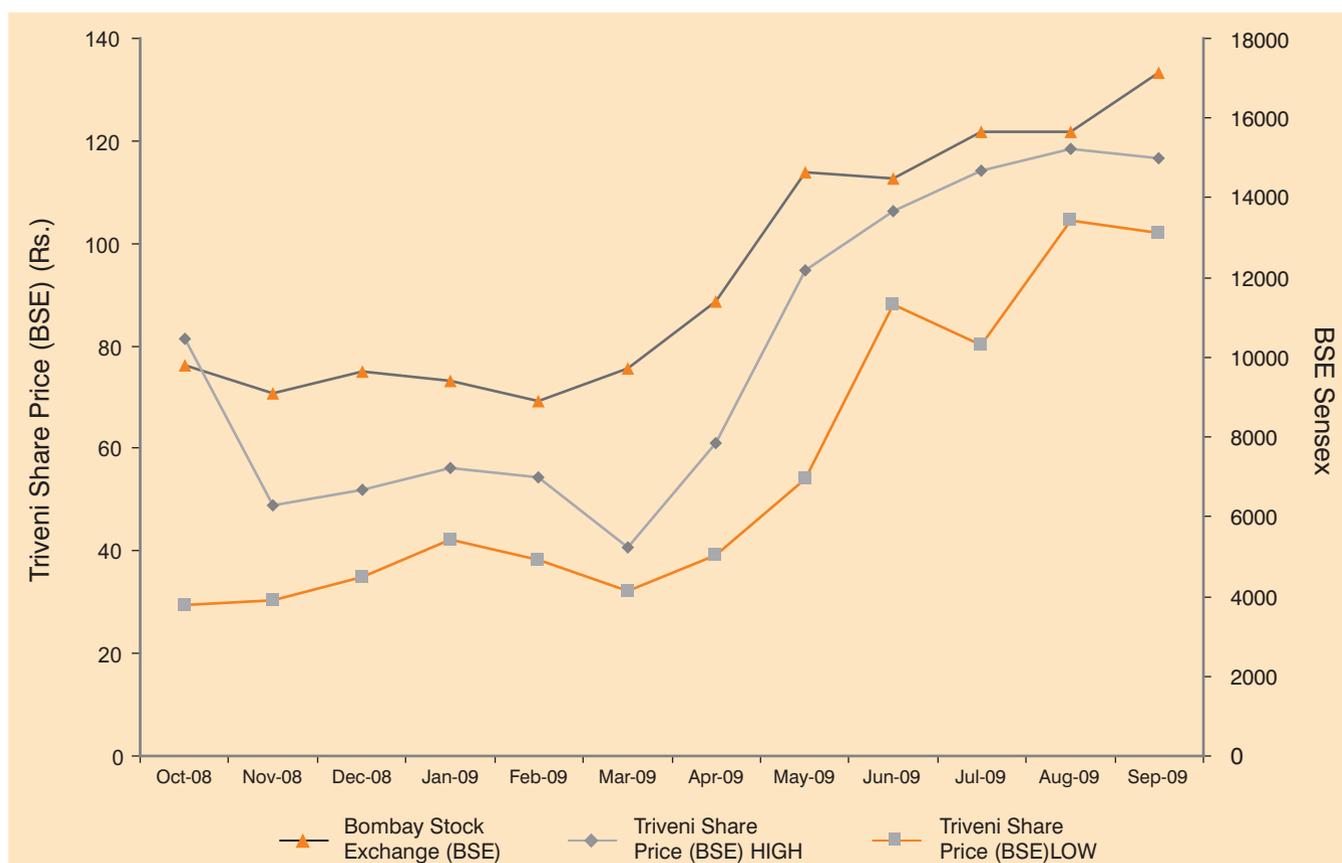
(\*) Includes (i) 800 equity shares held by Mr. M. K. Daga, Director, (ii) 10000 equity shares held by Mr. Shekhar Datta, Director, (iii) 1168350 equity shares held by Mr. R.C. Sharma, Director and his relatives and (iv) 1000 equity shares held by a relative of Lt. Gen. K.K. Hazari, Director.

**g) Stock Price Data/Stock Performance: Year 2008-2009**

During the year under report, the trading in Company's equity shares was from 1st October 2008 to 30th September, 2009. The high low price during this period on the BSE and NSE was as under:-

Month	Bombay Stock Exchange (BSE)		National Stock Exchange (NSE)	
	High	Low	High	Low
October, 2008	81.30	29.55	81.50	29.40
November, 2008	49.00	30.30	49.95	30.00
December, 2008	52.00	34.80	51.65	35.15
January, 2009	56.20	42.10	56.20	42.10
February, 2009	54.50	38.20	54.45	38.30
March, 2009	40.80	32.10	40.60	31.90
April, 2009	61.00	39.20	60.90	39.20
May, 2009	94.75	53.95	94.50	54.00
June, 2009	106.30	88.00	106.35	88.00
July, 2009	114.10	80.10	114.20	80.10
August, 2009	118.50	104.50	119.00	104.60
September, 2009	116.50	102.00	116.80	102.00

#### h) Stock Performance



#### I) Dematerialization of Shares & Liquidity

The Company's equity shares are compulsorily traded in the electronic form with effect from 26th December'2000. The Company entered into an Agreement with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) to establish electronic connectivity of its shares for scripless trading.

The system for getting the shares dematerialized is as under:

- Share Certificate(s) along with Demat Request Form (DRF) is to be submitted by the shareholder to the Depository Participant (DP) with whom he/she has opened a Depository Account.
- DP processes the DRF and generates a unique number DRN.
- DP forwards the DRF and share certificates to the Company's Registrar and Share Transfer Agent.
- The Company's Registrar and Share Transfer Agent after processing the DRF confirm or reject the request to the Depositories.
- Upon confirmation, the Depository gives the credit to shareholder in his/her depository account maintained with DP.

As on 30.09.2009, 81.29% of total equity share capital of the Company were held in dematerialized form. The ISIN allotted by NSDL/CDSL is INE256C01024. Confirmation in respect of the requests for dematerialization of shares is sent to NSDL and CDSL within the stipulated period.

**j) Share Transfer System**

The Company's share transfer authority has been delegated to the Company Secretary who generally approves and confirm the request for share transfer/transmission/transposition/consolidation/issue of duplicate share certificates/sub-division, consolidation, remat, demat and perform other related activities in accordance with the Listing Agreement and SEBI (Depositories and Participants) Regulations, 1996 and submit a report in this regard to Investors' Grievance and Share Transfer Committee at every meeting.

The shares sent for physical transfer are registered and returned within the stipulated period from the date of receipt of request, if the documents are complete in all respects as per the requirement of clause 47(c) of the Listing Agreement with Stock Exchanges. The Company has obtained half yearly certificate from Practising Company Secretary for due compliance of share transfer /transmission formalities.

**k) Secretarial Audit**

As required under Regulation 55A of SEBI (Depositories and Participants) Regulations, 1996, the secretarial audit for reconciling the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital for each of the quarter in the financial year ended on September 30, 2009 was carried out. The audit reports confirm that the total issued/ paid-up share capital is in agreement with the total number of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL.

**l) Registrar & Share Transfer Agent**

M/s Karvy Computershare Pvt. Ltd.,  
Unit: Triveni Engineering & Industries Limited  
Plot No. 17 to 24, Vittal Rao Nagar,  
Madhapur, Hyderabad-500 081.  
Tel. 040-23420815-825, Fax 040-23420814  
Email :- [mailmanager@karvy.com](mailto:mailmanager@karvy.com) /  
[inward.ris@karvy.com](mailto:inward.ris@karvy.com)

**m) Locations**

**Registered Office**

Triveni Engineering & Industries Limited  
Deoband, Distt. Saharanpur  
Uttar Pradesh – 247 554  
Tel. : 01336-222185, 222497  
Fax : 01336-222220

**Share Department**

Triveni Engineering & Industries Ltd.  
8th Floor, Express Trade Towers,  
15-16, Sector 16A, Noida-201 301.  
Tel. : 0120-4308000; Fax :- 0120-4311010-11  
Email : [shares@trivenigroup.com](mailto:shares@trivenigroup.com)

**Address for correspondence**

Please contact the Compliance Officer of the Company at the following address regarding any questions or concerns:

Ms. Geeta Bhalla  
Company Secretary  
Triveni Engineering & Industries Ltd.  
8th Floor, Express Trade Towers,  
15-16, Sector 16A, Noida-201 301.  
Tel. : 0120-4308000; Fax :- 0120-4311010-11  
Email : [shares@trivenigroup.com](mailto:shares@trivenigroup.com)

Detailed information on plant/business locations is provided at the end of the Annual Report.

**n) Compliance Certificate on Corporate Governance from the Auditor**

The certificate dated 19th November, 2009 from Statutory Auditors of the Company (M/s J.C. Bhalla & Co.) confirming compliance with the Corporate Governance requirements as stipulated under clause 49 of the Listing Agreement is annexed hereto.

The above report has been adopted by the Board of Directors at their meeting held on 19th November, 2009.

## ANNEXURE - E

### AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

Auditors' Certificate on Compliance of Conditions of Corporate Governance as per Clause 49 of the Listing Agreement with the Stock Exchanges

To  
The Members of  
**Triveni Engineering & Industries Limited**

We have examined the compliance of conditions of corporate governance by Triveni Engineering & Industries Ltd for the year ended 30th September 2009 as stipulated in Clause 49 of the Listing Agreement of the said company with stock exchange(s) in India.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statement of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We state that, such compliance is neither an assurance as to the future viability of the Company, nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For and on behalf of  
**J. C. Bhalla & Company**  
Chartered Accountants

**(Sudhir Mallick)**  
Partner  
Membership No.80051

Place : Noida (U.P.)  
Date : November 19, 2009

## DECLARATION BY THE CHAIRMAN & MANAGING DIRECTOR

To  
The Members of  
**Triveni Engineering & Industries Limited**

In compliance with the requirements of Clause 49 of the Listing Agreement with the Stock Exchanges relating to Corporate Governance, I confirm that, on the basis of Confirmations/ declarations received, all the Directors and Senior Management Personnel of the Company have complied with Code of Conduct framed by the Company.

For Triveni Engineering & Industries Limited

Place : Noida (U.P.)  
Date : November 19, 2009

**Dhruv M. Sawhney**  
Chairman and Managing Director

## CEO / CFO CERTIFICATION

To  
The Board of Directors  
**Triveni Engineering & Industries Limited**

### **Sub : CEO/ CFO certification under Clause 49 of the Listing Agreement**

We, Dhruv M. Sawhney, Chairman and Managing Director and Suresh Taneja, Vice President & CFO certify to the Board that :

- (a) We have reviewed financial statements and the cash flow statement for the year ended 30<sup>th</sup> September, 2009 and that to the best of our knowledge and belief:
  - (i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - (ii) These statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) There are, to the best of our knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative of the company's code of conduct.
- (c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- (d) We have indicated to the auditors and the Audit committee:
  - (i) That there were no significant changes in internal control over financial reporting during the year;
  - (ii) Significant changes in accounting policies during the year and that same have been disclosed in the notes to the financial statement; and
  - (iii) That there were no instances of significant fraud, of which we have become aware and the involvement therein, if any , of the management of an employee having a significant role in the company's internal control system over financial reporting.

**Suresh Taneja**  
Vice President & CFO

Place : Noida (U.P.)  
Date : November 19, 2009

**Dhruv M. Sawhney**  
Chairman and Managing Director

# FINANCIAL SECTION



## AUDITORS' REPORT

To

The Members of

**Triveni Engineering & Industries Limited**

We have audited the attached Balance Sheet of Triveni Engineering & Industries Limited as at 30th September 2009, the Profit and Loss Account and also the Cash Flow Statement for the year ended on that date both annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

We report that:

1. As required by Companies (Auditors' Report) Order, 2003 issued by the Company Law Board in terms of Section 227 (4A) of Companies Act, 1956 and on the basis of such checks of the books and records of the company as we considered appropriate after considering the reports of the other auditors of the Company's Engineering Units, we give in the Annexure a statement on the matters specified in paragraph 4 and 5 of the said order.
2. Further to our comments in the Annexure referred to in paragraph "1" above: -
  - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b) In our opinion, proper books of accounts as required by law have been kept by the company so far as appears from the examination of the books and according to the reports of the Engineering Units auditors where such audit has not been conducted by us.

- c) The Balance Sheet, Profit & Loss Account and Cash Flow Statements dealt with by this report are in agreement with the books of accounts.
- d) The reports of the Engineering Units auditors have been forwarded to us and have been considered in preparing our report.
- e) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
- f) On the basis of the written representations received from the Directors and taken on record by the Board of Directors, we report that none of the Directors of the company is disqualified as on 30th September 2009 from being appointed as a Director in terms of Clause (g) of sub section (1) of Section 274 of the Companies Act, 1956.

In our opinion and to the best of our information and according to the explanations given to us the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) In the case of the Balance Sheet, of the state of affairs of the Company as at 30th September, 2009 ;
- b) In the case of the Profit and Loss Account, of the profit for the year ended on that date; and
- c) In the case of Cash Flow Statement, of the cash flows for the year ended on that date.

For and on behalf of

**J. C. Bhalla & Company**  
Chartered Accountants

Sudhir Mallick

Partner

Membership No.80051

Place : Noida (U.P.)

Date : November 19, 2009

## ANNEXURE TO AUDITORS' REPORT

Referred to in Paragraph "1" of our report of even date on the accounts for the year ended on 30th September, 2009 of Triveni Engineering & Industries Limited.

1. (a) The company has generally maintained proper records showing full particulars including quantitative details and situation of fixed assets.
  - (b) Major items of fixed assets have been physically verified by the management during the year as per information given to us. As explained to us, no material discrepancies were noticed on such verification as compared to the available book records. In our opinion the frequency of verification is reasonable having regard to the size of the company and nature of its activities.
  - (c) In our opinion, the company has not disposed of substantial part of fixed assets during the year and hence, going concern status of the company is not affected.
2. (a) Inventories have been physically verified by the Management to the extent practicable at reasonable intervals during the year or at the year-end at all locations of the company. In our opinion the frequency of verification is reasonable.
  - (b) According to information given to us, the procedures for physical verification of the inventories followed by the management are reasonable and adequate in relation to the size of the company and nature of its business.
  - (c) The company is maintaining proper records of inventory. The discrepancies noticed on such verification as compared to the book records were not material having regard to the size and nature of the operations of the company and have been properly adjusted in the books of account.
3. (a) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms and other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, paragraphs 4(iii)(b), (c) and (d) of the Order are not applicable.
  - (b) In our opinion and according to the information and explanations given to us, the company has taken unsecured loan by way of fixed deposit under public fixed deposit scheme of the company from one party covered in the register maintained under section 301 of the Act. The maximum amount of the loan involved during the year and the year end balance of the loan taken from such party was Rs. 0.25 million.
  - (c) In our opinion and according to the information and explanations given to us, the rate of interest and other terms and conditions on which loan has been taken from a party covered in the register maintained under section 301 of the Companies Act, 1956 are applicable to public deposits accepted by the company and are thus not prima-facie, prejudicial to the interest of the company.
- (d) In respect of the loan taken, the company is repaying the principal amount and is paying the interest as stipulated.
4. According to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system.
5. (a) In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in Section 301 of the Companies Act, 1956 have been entered in the register required to be maintained under that section.
  - (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 exceeding the value of Rs. 0.50 million or more in respect of any party have been made at prices which are reasonable having regard to prevailing market prices, wherever comparable prices are available, at the relevant time.
6. In our opinion and according to the information and explanations given to us, the company has complied with the provisions of Section 58A, 58AA or any other relevant provisions of Act, and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public. As per the information and explanations given to us, no order under the aforesaid sections has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any court or any other Tribunal on the Company in respect of deposits accepted.
7. In our opinion the Company has an internal audit system commensurate with the size and nature of its business.
8. We have broadly reviewed the books of accounts maintained by the company in respect of the products where pursuant to the rules made by the Central Government the maintenance of cost records has been prescribed under Section 209(1)(d) of the Companies Act, 1956, and are of the opinion that prima-facie the prescribed accounts and records have been maintained. However, we are not required to carry out and have not carried out a detailed examination of the records with a view to determine whether they are accurate or complete.

## ANNEXURE TO AUDITORS' REPORT (Contd.)

9. (a) The company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees state insurance, income tax, sales tax, wealth tax, service tax, custom duty, excise duty, cess and other statutory dues applicable to it. According to the information and explanations given to us, no undisputed amounts payable in respect of aforesaid dues were in arrears as at 30th September 2009 for a period of more than six months from the date they became payable.

(b) As at 30th September 2009, according to the records of the Company and the information and explanations given to us the details of disputed Income Tax, Sales Tax and Excise Duty which have not been deposited are given below :

Sl. No.	Name of Statute	Forum where dispute is pending	Nature of dues	Amount* (Rs. in Million)	Year
1	Income Tax Act, 1961	Commissioner (Appeals)	Penalty	19.68	2000-01
			Income Tax	5.26	2006-07
2	Central Sales Act & Sales/ Trade Tax Acts of various states	Assessing Authority	Sales Tax	1.67	1991-95 2004-05 2007-08
			Commissioner (Appeals)	Sales Tax	8.05
		Appellate Tribunal	Sales Tax	3.80	1987-88
			Penalty Interest	5.22 7.42	1993-94 1995-96 1997-98 2001-02 2002-03 2003-04
High Court	Excise Duty Penalty	1.07 0.02	1980-81 1994-95 1996-97		
3	Excise Act, 1944	Assessing Authority	Excise Duty	34.39	1993-94
			Penalty	1.36	1994-95 1996-04 2005-08
		Commissioner (Appeals)	Excise Duty	0.97	1995-96
			Penalty	2.30	2006-07 2007-08 2008-09
		Appellate Tribunal	Excise Duty	28.04	1993-94
Penalty Interest	18.47 7.33		1996-05 2006-07 2007-08		
High Court	Excise Duty Penalty Interest	23.41 23.40 18.96	1993-94 1997-98 2003-07		
4	UP Sugar Promotion Policy 2004	High Court	Entry Tax	11.43	2006-07
			Sales Tax/ VAT	3.62	2007-08 2008-09

\*Net of amounts paid under protest or otherwise.

## ANNEXURE TO AUDITORS' REPORT (Contd.)

10. The company has no accumulated losses as at 30th September 2009 and has not incurred any cash losses in the financial year covered by our audit and immediately preceding financial year.
11. Based on our audit procedures and according to the information and explanations given to us, we are of the opinion that the company has not defaulted in repayment of dues to financial institutions, banks or debenture holders during the year.
12. In our opinion and according to the information and explanations given to us, no loans and advances have been granted by the company on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion, the company is not a chit fund or a nidhi/mutual benefit fund/ society. Therefore, clause 4(xiii) of the Companies (Auditors' Report) Order, 2003 is not applicable to the Company.
14. In our opinion, the company is not dealing or trading in shares, securities, debentures and other investments. Accordingly, Clause 4(xiv) of the Companies (Auditors' Report) Order, 2003 is not applicable to the company.
15. According to the information and explanations given to us, the company has not given any guarantee for loans taken by others from banks or financial institutions.
16. In our opinion, the term loans raised during the year have been applied for the purpose for which they were raised.
17. According to the information and explanations given to us and on an overall examination of the Balance Sheet of the company, we report that no funds raised on short term basis have been used for long term investments.
18. During the year, the company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956.
19. According to the information and explanations given to us, during the period covered by our audit, the company had issued 1,000 debentures of Rs.1 million each aggregating to Rs.1,000 million. The company has created security in respect of debentures issued.
20. The company has not raised any money by way of public issue during the year.
21. During the course of our examination of the books of accounts and records carried out in accordance with the generally accepted auditing practice and according to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the year nor have we been informed of such case by the management.

For and on behalf of  
**J. C. Bhalla & Company**  
Chartered Accountants

Sudhir Mallick  
Partner

Place : Noida (U.P.)  
Date : November 19, 2009

Membership No.80051

## Financial Statements of Triveni Engineering &amp; Industries Limited

**BALANCE SHEET**

(Rs. in Million)			
As at	SCHEDULES	30.09.2009	30.09.2008
<b>SOURCES OF FUNDS</b>			
<b>Shareholders' Funds</b>			
Share Capital	1	257.88	257.88
Reserves & Surplus	2	8,972.04	7,579.22
		9,229.92	7,837.10
<b>Loan Funds</b>			
Secured Loans	3	7,587.47	10,798.38
Unsecured Loans	4	750.48	888.58
		8,337.95	11,686.96
<b>Deferred Tax Liability (Net)</b> (Refer Note - 14 of Schedule 26)		933.82	608.92
<b>Total Funds Employed</b>		<b>18,501.69</b>	<b>20,132.98</b>
<b>APPLICATION OF FUNDS</b>			
<b>Fixed Assets</b>			
Gross Block	5	16,101.06	15,368.70
Less : Depreciation		3,701.67	2,958.11
Net Block		12,399.39	12,410.59
Capital Work-in-Progress		189.34	421.35
Intangible Assets	5A	100.57	38.71
Discarded Fixed Assets Pending Disposal/Sale		2.66	3.06
Plant & Machinery acquired under Lease		147.04	161.83
		12,839.00	13,035.54
<b>Investments</b>	6	269.84	116.15
<b>Current Assets, Loans and Advances</b>			
Inventories	7	4,581.35	5,397.85
Sundry Debtors	8	2,428.83	2,134.46
Cash and Bank Balances	9	273.22	188.09
Other Current Assets	10	4.01	3.96
Loans and Advances	11	4,161.21	3,817.47
		11,448.62	11,541.83
<b>Less : Current Liabilities and Provisions</b>			
Liabilities	12	5,096.12	3,736.27
Provisions	13	972.66	843.44
		6,068.78	4,579.71
Net Current Assets		5,379.84	6,962.12
<b>Miscellaneous Expenditure</b>	14	13.01	19.17
<b>Total Assets (Net)</b>		<b>18,501.69</b>	<b>20,132.98</b>
Notes to Accounts	26		

This is the Balance Sheet referred to in our report of even date.

For and on behalf of  
**J.C.Bhalla & Company**  
Chartered Accountants

**Sudhir Mallick**

Partner  
Place: Noida (U.P.)  
Date : November 19, 2009

**Dhruv M. Sawhney**  
Chairman &  
Managing Director

**Lt.Gen.K.K.Hazari (Retd)**  
Director & Chairman  
Audit Committee

**Geeta Bhalla**  
Company  
Secretary

**Suresh Taneja**  
Vice President  
& CFO

**Financial Statements of Triveni Engineering & Industries Limited**  
**PROFIT AND LOSS ACCOUNT**

(Rs. in Million)

For the Year Ended	SCHEDULES	30.09.2009	30.09.2008
<b>INCOME</b>			
Gross Sales	15	19,676.37	17,022.46
Less : Excise Duty		728.31	1,100.26
Net Sales		18,948.06	15,922.20
Other Income	16	112.03	90.67
Increase/(Decrease) in Work-in-Progress/Finished Goods	17	(2,157.03)	1,035.18
		<b>16,903.06</b>	<b>17,048.05</b>
<b>EXPENDITURE</b>			
Materials	18	9,293.48	10,673.80
Manufacturing/Operating	19	1,015.58	1,279.00
Personnel	20	1,349.64	1,193.49
Administration	21	591.78	681.73
Financing	22	1,158.76	997.57
Selling	23	242.86	218.72
Depreciation *1		757.76	796.88
Amortisation	24	59.77	43.03
Off-season Expenses charged/(deferred) (Net)		(117.62)	(181.78)
		14,352.01	15,702.44
<b>Profit before Exceptional/Non - Recurring Items &amp; Taxation</b>		2,551.05	1,345.61
Exceptional/Non - Recurring Items (Refer Note: 25 of Schedule 26)		121.58	-
<b>Profit before Taxation</b>		2,429.47	1,345.61
Provision for Taxation	25	731.69	230.43
<b>Profit after Taxation</b>		1,697.78	1,115.18
Surplus Brought Forward		100.15	92.53
<b>AVAILABLE FOR APPROPRIATION</b>		<b>1,797.93</b>	<b>1,207.71</b>
<b>APPROPRIATIONS</b>			
Dividend Adjustment of Previous Year (Current year- Rs. 338/- & Previous year- Rs. 1843/-)		-	-
Tax on Dividend of Previous Year (Current year- Rs. 57/- & Previous year- Rs. 314/-)		-	-
Interim Dividend Paid - Equity Shares		77.37	-
Tax on Interim Dividend on Equity Shares		13.15	-
Final Dividend Proposed on Equity shares		180.51	154.73
Provision for Tax on Final Dividend on Equity Shares		30.68	26.29
Transfer to Molasses Storage Fund Reserve		1.10	3.54
Transfer to Debenture Redemption Reserve		75.00	-
Transfer to General Reserve		1,200.00	923.00
Surplus Carried Forward		220.12	100.15
		<b>1,797.93</b>	<b>1,207.71</b>
Earning per equity share of Re. 1/- each (Note - 15 of Schedule - 26) - Basic/Diluted (Not Annualised) (In Rupees)	26	<b>6.58</b>	<b>4.32</b>

\*1 Net of Rs.3.25 Million (Rs.3.25 Million) additional depreciation on revalued assets transferred from Revaluation Reserve.

This is the Profit and Loss Account referred to in our report of even date.

For and on behalf of  
**J.C.Bhalla & Company**  
 Chartered Accountants

**Sudhir Mallick**

Partner  
 Place: Noida (U.P.)  
 Date : November 19, 2009

**Dhruv M. Sawhney**  
 Chairman &  
 Managing Director

**Lt.Gen.K.K.Hazari (Retd)**  
 Director & Chairman  
 Audit Committee

**Geeta Bhalla**  
 Company  
 Secretary

**Suresh Taneja**  
 Vice President  
 & CFO

## SCHEDULES to Accounts

	(Rs. in Million)	
	30.09.2009	30.09.2008
<b>1. SHARE CAPITAL</b>		
<b>Authorised</b>		
500,000,000 Equity Shares of Re.1/- each	500.00	500.00
20,000,000 Preference Shares of Rs.10/- each	200.00	200.00
	<b>700.00</b>	<b>700.00</b>
<b>Issued</b>		
257,888,150 Equity Shares of Re.1/- each *1 & *2	257.89	257.89
	<b>257.89</b>	<b>257.89</b>
<b>Subscribed &amp; Paid Up</b>		
257,880,150 Equity Shares of Re.1/- each *1 & *2	257.88	257.88
Add :Paid up value of 8,000 Equity Shares of Re.1/- each forfeited Rs. 1600/- (Rs. 1600/-)	-	-
	<b>257.88</b>	<b>257.88</b>

\* 1 Before the Approval of Scheme of Arrangement in 2003, Issued Share Capital includes:-

- 562,315 Equity Shares of Rs.10/-each allotted as fully paid up Bonus Shares by capitalisation of General Reserve and Preference Capital Redemption Reserve.
- 9,390,001 Equity Shares of Rs.10/- each fully paid issued, pursuant to amalgamation, to the Shareholders of erstwhile Triveni Engineering & Industries Ltd.

\* 2 124,728,090 Equity Shares of Re.1/- each allotted as fully paid up Bonus Shares by capitalisation of Share Premium Account.

	01.10.2008	Additions *1	Deductions*1	30.09.2009
<b>2. RESERVES &amp; SURPLUS</b>				
Capital Reserve	1,048.29	-	-	1,048.29
Revaluation Reserve - Fixed Assets	168.65	-	3.25	165.40
Debenture Redemption Reserve	-	75.00	-	75.00
Molasses Storage Fund Reserve	13.07	1.10	-	14.17
Share Premium Account	2,653.85	-	-	2,653.85
General Reserve	3,462.83	1,200.00	-	4,662.83
Surplus	100.15	220.12	100.15	220.12
Capital Redemption Reserve	39.74	-	-	39.74
Amalgamation Reserve	92.64	-	-	92.64
	<b>7,579.22</b>	<b>1,496.22</b>	<b>103.40</b>	<b>8,972.04</b>

\*1 Transfer from/to Profit & Loss Account.

	30.09.2009	30.09.2008
<b>3. SECURED LOANS</b>		
Debenture *1	1,000.00	-
From Banks -		
Cash Credit/WCDL/Overdraft *2	305.17	3,223.86
Term Loans *3	5,585.91	6,720.92
From Others *4	696.39	846.79
Interest Accrued & Due	-	6.81
	<b>7,587.47</b>	<b>10,798.38</b>

## SCHEDULES to Accounts (Contd.)

- \* 1 1,000 (Nil) Non- Convertible Debentures of Rs.1.00 Million each privately placed in favour of Life Insurance Corporation of India redeemable in three instalments at the end of 4th,5th and 6th year in the ratio of 30:30:40 from the date of allotment (viz 26th December 2008) and secured by first pari - passu charge created /to be created by equitable mortgage on immoveable assets and hypothecation of all moveable assets, both present and future of the Company subject to bankers prior charges created/to be created on current assets for providing Working Capital facilities and excluding assets purchased under vehicle loan scheme. Due within one year Rs.Nil (Rs.Nil)
- \* 2 Secured by pledge/hypothecation of the stock-in-trade, raw material, stores & spare parts,work-in-progress and receivables and second charge created/to be created on the properties of all the Engineering units and third charge on the properties of Sugar,Co-generation and Distillery units of the Company on pari-passu basis.
- \* 3 Includes
- (a) Rs.430.07 Million (Rs.583.84 Million) due to ABN Amro Bank NV, Singapore and BNP Paribas,Singapore,in respect of External Commercial Borrowings and secured by first pari-passu charge created/to be created by equitable mortgage on immoveable fixed assets and hypothecation of all moveable fixed assets, both present & future of the Company excluding assets purchased under vehicle loan scheme.Due within one year Rs.215.03 Million (Rs.198.37 Million).
- (b) Rs.4,023.71 Million (Rs.4,274.73 Million) due to Banks and secured by first pari-passu charge created/to be created by equitable mortgage on immoveable assets and hypothecation of all moveable assets, both present and future of the Company subject to bankers prior charges created/to be created on current assets for providing Working Capital facilities and excluding assets purchased under vehicle loan scheme. Due within one year Rs.1,117.21 Million (Rs.951.02 Million).
- (c) Rs.187.50 Million (Rs.912.50 Million) due to Banks and secured by subservient charge created/to be created over the assets of the Company. Due within one year Rs. 150.00 Million (Rs.462.50 Million).
- (d) Rs.1.43 Million (Rs.6.65 Million) due to Banks secured by hypothecation of vehicles acquired under vehicle loan scheme. Due within one year Rs. 0.91 Million (Rs.5.22 Million).
- (e) Rs. 943.20 Million (Rs. 943.20 Million) due to Banks and secured by residual charge on the fixed assets of the Company. Due within one year Rs. 314.40 Million (Rs.Nil).
- \* 4 Includes
- (a) Rs.696.39 Million (Rs.757.90 Million) due to Sugar Development Fund, Government of India, secured by exclusive second charge created over moveable/immoveable assets of Deoband & Khatauli units. Due within one year Rs.94.52 Million (Rs.61.51 Million).
- (b) Rs.Nil (Rs.88.89 Million) due to Rabo India Finance Ltd and secured by first pari-passu charge created/to be created by equitable mortgage on immoveable assets and hypothecation of all moveable assets, both present & future of the Company subject to bankers prior charges created/to be created on current assets for providing Working Capital facilities and excluding assets purchased under vehicle loan scheme. Due within one year Rs.Nil (Rs. 44.44 Million).

	(Rs. in Million)	
	30.09.2009	30.09.2008
<b>4. UNSECURED LOANS</b>		
Fixed Deposits	99.35	108.00
Short Term Loan :-		
From Banks	644.84	774.44
Other Loans & Advances :-		
From Other than Banks	6.29	6.14
	<b>750.48</b>	<b>888.58</b>

## SCHEDULES to Accounts (Contd.)

### 5. FIXED ASSETS

(Rs. in Million)

	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	Cost As at 01.10.2008	Additions	Deductions	Total As at 30.09.2009	Upto 30.09.2008	For the Year *3	Deductions	To date As at 30.09.2009	As at 30.09.2009	As at 30.09.2008
Land										
- (Free Hold)*1	533.04	0.43	-	533.47	-	-	-	-	533.47	533.04
- (Lease Hold)	0.10	-	-	0.10	-	-	-	-	0.10	0.10
Buildings & Roads *2	2,582.39	129.51	-	2,711.90	254.90	74.66	-	329.56	2,382.34	2,327.49
Railway Siding	0.02	-	-	0.02	0.02	-	-	0.02	-	-
Plant & Machinery	11,928.74	585.55	18.70	12,495.59	2,571.68	653.88	14.89	3,210.67	9,284.92	9,357.06
Furniture & Fixture	138.80	19.18	0.58	157.40	47.49	10.72	0.53	57.68	99.72	91.31
Computers	130.55	19.06	0.73	148.88	64.77	16.79	0.67	80.89	67.99	65.78
Vehicles	55.06	0.78	2.14	53.70	19.25	4.96	1.36	22.85	30.85	35.81
<b>This Year</b>	<b>15,368.70</b>	<b>754.51</b>	<b>22.15</b>	<b>16,101.06</b>	<b>2,958.11</b>	<b>761.01</b>	<b>17.45</b>	<b>3,701.67</b>	<b>12,399.39</b>	<b>12,410.59</b>
Previous Year	14,823.46	600.56	55.32	15,368.70	2,189.44	800.13	31.46	2,958.11	12,410.59	-
Capital Work in progress*4									189.34	421.35

\*1 Includes Land valuing Rs. 33.95 Million (Rs 37.35 Million) pending transfer in the name of the Company.

\*2 Building & Roads includes 'Cane yard outside' not owned by the company-Costing Rs. 3.30 Million (Rs. 3.30 Million).

\*3 Includes Rs.3.25 Million (Rs.3.25 Million) transferred to Revaluation Reserve.

\*4 Inclusive of advance against capital expenditure Rs. 7.61 Million (Rs. 7.04 Million).

### 5A. INTANGIBLE ASSETS (OTHER THAN INTERNALLY GENERATED)

	GROSS BLOCK				AMORTISATION				NET BLOCK	
	Cost As at 01.10.2008	Additions	Retirement & Disposal Adjustments	Total As at 30.09.2009	Upto 30.09.2008	During the Year	Retirement & Disposal/ Adjustments	To date As at 30.09.2009	As at 30.09.2009	As at 30.09.2008
Computer Software	130.53	73.64	-	204.17	97.04	27.53	-	124.57	79.60	33.49
Designs & Drawings	17.08	19.70	-	36.78	13.61	3.44	-	17.05	19.73	3.47
Technical Know How	3.08	-	-	3.08	1.33	0.51	-	1.84	1.24	1.75
<b>This Year</b>	<b>150.69</b>	<b>93.34</b>	<b>-</b>	<b>244.03</b>	<b>111.98</b>	<b>31.48</b>	<b>-</b>	<b>143.46</b>	<b>100.57</b>	<b>38.71</b>
Previous Year	128.53	22.16	-	150.69	95.18	16.80	-	111.98	38.71	-

Note: Intangible assets have not incurred any impairment during the year.

## SCHEDULES to Accounts (Contd.)

(Rs. in Million)

	30.09.2009	30.09.2008
<b>6. INVESTMENTS</b>		
<b>LONG TERM</b>		
OTHER THAN TRADE		
<b>Government Securities</b>		
<b>Unquoted</b>		
National Saving Certificates *1	0.01	0.01
<b>Other Securities</b>		
<b>Shares - Fully Paid-up</b>		
<b>Quoted</b>		
2,700 (2,700) Equity shares of Rs.10/- each of Housing Development Finance Corporation Ltd	0.02	0.02
500 (500) Equity shares of Rs.10/- each of HDFC Bank Ltd.	0.01	0.01
4,835 (4,835) Equity shares of Rs.10/- each of Punjab National Bank	0.23	0.23
76 (76) Equity shares of Rs.10/- each of Central Bank of India	0.01	0.01
<b>Unquoted</b>		
1,821 (1,821) Ordinary shares of Rs.10/- each of NBI Industrial Finance Co. Ltd.	0.01	0.01
<b>TRADE</b>		
<b>Other Securities</b>		
<b>Unquoted</b>		
<b>Shares - Fully Paid-up</b>		
<b>Subsidiary Companies (wholly Owned)</b>		
10,000,000 (10,000,000) Equity shares of Rs. 10/- each of Triveni Retail Ventures Ltd.	100.01	100.01
50,000 (50,000) Equity Shares of Rs.10/- each of Upper Bari Power Generation Ltd.	0.50	0.50
500,000 (500,000) Equity shares of Re. 1/-each of Triveni Engineering Ltd.	0.50	0.50
500,000 (500,000) Equity shares of Re. 1/-each of Triveni Energy Systems Ltd.	0.50	0.50
<b>Other Companies</b>		
434,730 (434,730) Equity shares of Rs.10/- each of Triveni Entertainment Ltd.	4.35	4.35
99,993 (99,993) Equity shares of Rs.10/- each of The Engineering & Technical Services Ltd.	1.00	1.00
400,060 (400,060) Equity shares of Rs.10/- each of TOFSL Trading & Investments Ltd.	4.00	4.00
360,000 (500,000) Equity shares of Rs.10/-each of Carvanserai Ltd.	3.60	5.00
<b>CURRENT INVESTMENTS</b>		
OTHER THAN TRADE		
<b>Unquoted</b>		
5,492,965.202 (Nil) Units of Birla Sun Life Cash Plus - Institutional Premium Daily Dividend - Reinvestment	55.03	-
4,080,699.046 (Nil) Units of HDFC Liquid Fund Premium Plan Daily Dividend - Reinvestment	50.03	-
5,001,939.221 (Nil) Units of ICICI Prudential Institutional Liquid Plan Super Institutional Daily Dividend - Reinvestment	50.03	-
	<b>269.84</b>	<b>116.15</b>
Book Value		
Aggregate amount of quoted investments	0.26	0.27
Aggregate amount of unquoted investments	269.58	115.88
	<b>269.84</b>	<b>116.15</b>
Market value of quoted investments	12.23	8.70

\*1. Includes Rs. 0.01 Million (Rs. 0.01 Million) kept as security.

## SCHEDULES to Accounts (Contd.)

	(Rs. in Million)	
	30.09.2009	30.09.2008
<b>7. INVENTORIES</b>		
Patterns	11.21	9.30
Loose Tools, Jigs & Fixtures	13.53	14.05
Stocks *1		
- Stores & Spares	264.61	351.44
- Finished Goods	1,772.15	3,946.68
- Raw Materials & Components *2	2,075.93	518.85
Less : Provision for obsolescence/slow moving stock	(6.69)	(6.94)
- Work-in-Progress	426.03	538.27
- Scrap *3	24.58	26.20
	<b>4,581.35</b>	<b>5,397.85</b>
*1 As per inventory taken (including material at site) and/or certified by the officials of the company and valued at lower of cost and net realisable value.		
*2 Includes Stock in Transit Rs.5.48 Million (Rs.Nil) and lying at Port Rs.Nil (Rs.0.56 Million).		
*3 At estimated realisable value.		
<b>8. SUNDRY DEBTORS - (Unsecured)</b>		
Over Six Months		
Considered Good	550.13	249.69
Considered Doubtful	89.42	42.42
	639.55	292.11
Less : Provision for doubtful debts	89.42	42.42
	550.13	249.69
Other Debts - Considered Good	1,878.70	1,884.77
	<b>2,428.83</b>	<b>2,134.46</b>
<b>9. CASH AND BANK BALANCES</b>		
Cash, Stamps & Cheques in hand *1	54.25	85.12
Balance with Post Office in		
- Saving Account *2	0.07	0.08
Balance with Scheduled Banks in		
- Current Accounts	100.71	51.32
- Savings Accounts	0.07	0.10
- Fixed and Margin Deposits *3	116.68	38.90
Balance with Unscheduled Banks in		
- Current Accounts (Refer Note 21 of Schedule 26)	1.44	12.57
	<b>273.22</b>	<b>188.09</b>
*1 Includes Cheques in hand of Rs.47.39 Million (Rs.73.90 Million) and Stamps in hand Rs. 0.01 Million (Rs.0.04 Million).		
*2 Lying with Government Department as security.		
*3 Includes deposits of Rs.23.47 Million (Rs.28.90 Million) kept as security with Banks/Government against advances and guarantees.		
<b>10. OTHER CURRENT ASSETS</b>		
Interest accrued on deposits and investments	4.01	3.96
	<b>4.01</b>	<b>3.96</b>

## SCHEDULES to Accounts (Contd.)

(Rs. in Million)

	30.09.2009	30.09.2008
<b>11. LOANS AND ADVANCES</b>		
(Unsecured, Considered Good unless otherwise stated)		
Due from Subsidiary Companies (Wholly Owned)		
- Considered Good	67.55	146.77
- Considered Doubtful	100.00	-
	167.55	146.77
Less : Provision for doubtful advances	100.00	-
	67.55	146.77
Advances, pre-payments and other recoverable in cash or in kind or for value to be received		
- Considered Good	3,263.82	2,918.97
- Considered Doubtful	90.30	16.29
	3,354.12	2,935.26
Less : Provision for doubtful advances	90.30	16.29
	3,263.82	2,918.97
Balances with Central Excise, Custom etc, MAT Credit Entitlement	477.71	496.18
Advance Payment of Tax *1	352.13	238.75
	-	16.80
	<b>4,161.21</b>	<b>3,817.47</b>
*1 Net after adjustment of Provision for Taxation of Rs.Nil (Rs.757.28 Million).		
<b>12. LIABILITIES</b>		
Trade & Other Creditors		
i. Total outstanding dues to Micro Enterprises and Small Enterprises	33.02	10.06
ii. Total outstanding dues of Creditors other than Micro Enterprises and Small Enterprises *	3,670.90	2,654.00
Advance from customers	1,264.35	952.50
Investors Education & Protection Fund shall be credited by the following amounts (not due as at the year end)		
- Unclaimed Dividend	1.99	3.42
- Unclaimed Matured Deposits	5.90	6.71
- Interest Accrued on above	1.59	1.66
- Unclaimed Preference Share Redemption	8.60	8.73
Interest Accrued but Not Due	109.77	99.19
	<b>5,096.12</b>	<b>3,736.27</b>
* Includes Due to Directors Rs.7.56 Million (Rs.2.64 Million).		
<b>13. PROVISIONS</b>		
Proposed Dividend	180.51	154.73
Income Tax on Distributed Profits	30.68	26.29
Gratuity	175.76	156.83
Warranty	83.93	66.63
Compensated Absences	78.49	65.13
Income Tax (Net of Taxes Paid) *1	180.40	-
Excise Duty on Closing Stock	117.98	247.60
Others	124.91	126.23
	<b>972.66</b>	<b>843.44</b>
*1 Net after adjustment of Advance payment of Tax of Rs.1096.61 Million (Rs.Nil).		
<b>14. MISCELLANEOUS EXPENDITURE</b>		
(To the extent not written off or adjusted)		
Voluntary Retirement Scheme	13.01	19.17
	<b>13.01</b>	<b>19.17</b>

## SCHEDULES to Accounts (Contd.)

	(Rs. in Million)	
	30.09.2009	30.09.2008
<b>15. GROSS SALES</b>		
- Domestic	18,314.58	16,241.82
- Exports	1,361.79	649.64
- Income from Carbon Credit	-	131.00
	<b>19,676.37</b>	<b>17,022.46</b>
<b>16. OTHER INCOME</b>		
Dividend (Gross)		
- Long Term Investments -Other than Trade	0.18	0.23
- Current Investments -Other than Trade	0.10	2.24
Rent	1.33	1.06
Interest received on deposits and other accounts *1	34.85	15.92
Credit Balances/Amount written back *2	26.65	-
Exchange Rate Fluctuation Gains	14.97	-
Profit on Sale / Write off of Fixed Assets (Net)	1.53	-
Profit on Sale of Investment (Long Term - Other than Trade)	-	11.97
Profit on Sale of Investment (Current- Other than Trade)	0.14	0.67
Miscellaneous	32.28	58.58
	<b>112.03</b>	<b>90.67</b>
*1 Income tax deducted at source Rs.3.33 Million (Rs.1.98 Million).		
*2 Net of Bad Debts & Amount Written off of Rs.12.78 Million (Rs.Nil)		
<b>17. INCREASE/(DECREASE) IN WORK-IN-PROGRESS/FINISHED GOODS</b>		
Stock At Commencement		
- Work-In-Progress	538.27	596.26
- Finished Goods	3,945.47	2,785.06
	4,483.74	3,381.32
Stock At Close		
- Work-In-Progress	426.03	538.27
- Finished Goods	1,771.06	3,945.47
	2,197.09	4,483.74
Add/(Less) :Impact of Excise Duty on Finished Goods	129.62	(67.24)
Net Increase/(Decrease)	<b>(2,157.03)</b>	<b>1,035.18</b>
<b>18. MATERIALS</b>		
Raw Material & Components		
Stock at Commencement	518.85	502.76
Purchases	10,834.61	10,644.05
	11,353.46	11,146.81
Less : Amount Capitalised	-	0.28
:Stock at Close	2,075.93	518.85
	9,277.53	10,627.68
Cost of Trading Goods Sold		
Stock at Commencement	1.21	1.93
Purchases	15.83	45.40
	17.04	47.33
Less : Stock at Close	1.09	1.21
	15.95	46.12
	<b>9,293.48</b>	<b>10,673.80</b>

## SCHEDULES to Accounts (Contd.)

(Rs. in Million)

	30.09.2009	30.09.2008
<b>19. MANUFACTURING / OPERATING</b>		
Stores, Spares & Tools	249.68	395.88
Power & Fuel	119.47	121.25
Machining/Erection Charges	70.55	28.37
Designing & Consultancy	20.77	16.17
Cane Development Expenses	99.27	56.00
Repairs & Maintenance:		
- Plant & Machinery	222.87	281.29
- Building	30.80	31.88
- General	18.06	19.06
Factory/Operational Expenses	43.73	69.78
Packing & Forwarding	140.40	262.01
	1,015.60	1,281.69
Less : Amount Capitalised	0.02	2.69
	<b>1,015.58</b>	<b>1,279.00</b>
<b>20. PERSONNEL</b>		
Salaries, Wages & Bonus	1,135.96	998.19
Gratuity	34.10	38.48
Contribution to Provident & Other Funds	94.21	82.47
Welfare	88.36	79.11
	1,352.63	1,198.25
Less : Amount Capitalised	2.99	4.76
	<b>1,349.64</b>	<b>1,193.49</b>
<b>21. ADMINISTRATION</b>		
Travelling & Conveyance	141.99	142.91
Rent *1	44.35	43.86
Insurance	20.24	11.74
Rates & Taxes	24.24	18.44
Directors' Fee	1.14	0.94
Directors' Commission	6.25	3.00
Bad Debts & Amount Written off *2	-	9.12
Loss on Sale/Write off of Fixed Assets (Net)	-	5.58
Loss on Sale/Write off of Stores & Spares (Net)	2.36	2.13
Exchange Rate Fluctuation Loss	-	12.80
Provision for Bad & Doubtful Debts/Advances *3	6.81	18.91
Warranty Expenses *4	38.96	37.05
Liquidated Damages *5	(0.70)	41.55
Loss due to Impairment of Fixed Assets	0.05	6.53
Provision for Slow/Non Moving Inventory	1.69	8.18
Prior Period Adjustments (Net) - Note 23 of Schedule 26	2.71	11.42
Office & Other Administration Expenses	311.69	309.56
	601.78	683.72
Less : Amount Capitalised	10.00	1.99
	<b>591.78</b>	<b>681.73</b>

\*1 Includes Rs.0.84 Million (Rs.0.58 Million) paid to the Managing Director.

\*2 Net of Credit Balances Written Back of Rs.Nil (Rs. 1.58 Million)

\*3 Net of Provision for Doubtful Debts & Advances Written Back of Rs.7.38 Million ( Rs.6.86 Million).

\*4 Includes Net Provision for Warranty Expenses of Rs.27.17 Million (Rs.29.86 Million)

\*5 Includes Net Provision for Liquidated Damages of (Rs.4.12 Million) (Previous Year Rs.40.54 Million).

## SCHEDULES to Accounts (Contd.)

	(Rs. in Million)	
	<b>30.09.2009</b>	<b>30.09.2008</b>
<b>22. FINANCING</b>		
Interest on		
- Debentures	96.53	-
- Fixed Loans	708.87	683.13
- Others	329.62	396.01
Other Finance charges	19.61	19.37
	<b>1,154.63</b>	<b>1,098.51</b>
Add : Exchange Rate Fluctuation on Foreign Currency Denomination Loan	4.13	7.09
Less : Interest Subsidy on Buffer Stock	-	102.45
	<b>1,158.76</b>	<b>1,003.15</b>
Less : Amount Capitalised	-	5.58
	<b>1,158.76</b>	<b>997.57</b>
<b>23. SELLING</b>		
Commission	123.46	67.49
Royalty	11.91	18.80
Packing & Forwarding	85.11	80.99
Rebate & Discount	4.98	14.67
After Sales Expenses & Others	17.40	36.77
	<b>242.86</b>	<b>218.72</b>
<b>24. AMORTISATION</b>		
Voluntary Retirement Scheme	13.35	10.79
Capitalised Lease Assets	14.94	15.44
Intangible Assets	31.48	16.80
	<b>59.77</b>	<b>43.03</b>
<b>25. PROVISION FOR TAXATION</b>		
For Current Year		
- Current Tax (includes Wealth Tax Rs.1.04 Million (Previous Year Rs.0.26 Million))	499.44	123.39
- Deferred Tax	332.45	213.16
- Fringe Benefit Tax	8.30	12.86
	<b>840.19</b>	<b>349.41</b>
For Earlier Years (Net)		
- Current Tax (includes Wealth Tax Rs. 0.04 Million (Previous Year Rs.Nil))	12.44	2.30
- Deferred Tax	(7.56)	-
- Fringe Benefit Tax	-	(0.01)
	<b>4.88</b>	<b>2.29</b>
	<b>845.07</b>	<b>351.70</b>
Less:MAT Credit Entitlement	113.38	121.27
	<b>731.69</b>	<b>230.43</b>

## SCHEDULES to Accounts (Contd.)

### 26. NOTES TO ACCOUNTS

#### 1. Significant Accounting Policies

##### a) Basis of preparation of Financial Statements

These financial statements have been prepared to comply in all material respect with all the applicable accounting standards notified under section 211(3C) of the Companies Act, 1956 and the relevant provisions of the Companies Act, 1956.

##### b) Fixed Assets

i) Fixed assets are stated at cost of acquisition (except in case of revaluation of certain assets where these are stated at revalued amounts) less accumulated depreciation. Cost includes taxes, duties (excluding excise duty, service tax and VAT for which Cenvat/VAT credit is available), freight and other incidental expenses relating to acquisition and installation. In respect of new projects, all direct expenses including borrowing costs incurred upto the date of commencement of commercial production or when related asset is put to use are capitalized.

ii) Discarded fixed assets are stated at lower of net book value (at the time of discarding of assets) and net realisable value. Wherever, the net book value of the assets can not be reasonably determined, it is stated at net realisable value.

##### c) Recognition of Income/Expenditure

i) Income from sale of products and services are recognised on despatch of goods or when the services are rendered. Gross sales are stated at contractual realisable values inclusive of excise duty and export incentive and net of sales tax and trade discounts.

ii) Income from carbon credits is recognized on the delivery of the carbon credits to the customers' account as evidenced by the receipt of confirmation of execution of delivery instructions.

iii) Revenue from fixed price construction contracts is recognized on the percentage of completion method, measured by the proportion that contract costs incurred for work performed upto the reporting date bear to the estimated total contract cost. Contract costs for this purpose include :

- Costs that relate directly to the specific contract;
- Costs that are attributable to contract activity in general and can be allocated to the contract; and
- Such other costs as are specifically chargeable to the customer under the terms of contract.

Foreseeable losses, if any, are provided for immediately.

iv) Off-season expenses relating to sugar and co-generation units, other than interest, selling and non-operating

expenses/income earned during off-season, are deferred and are absorbed over the duration of the ensuing operating season.

v) Income/Expenditure relating to prior period and prepaid expenses which do not exceed Rs.10,000/- in each case, are treated as Income/Expenditure of current year.

vi) Compensation under Voluntary Retirement Scheme is amortised over 36 months or over the duration upto 30th September 2010 from the date of its incurrence, whichever period is shorter. All other termination benefits paid, if any, are immediately recognized as expenses.

##### d) Foreign Currency Transactions

i) Transactions denominated in foreign currencies are recorded at the exchange rate prevailing at the date of transaction.

ii) Foreign currency monetary items (including forward contracts) are translated at year end rates. Exchange differences arising on settlement of transactions and translation of monetary items (including forward contracts) are recognised as income or expense in the year in which they arise.

iii) The premium or discount on forward exchange contracts not relating to firm commitments or highly probable forecast transactions and not intended for trading or speculative purpose is amortised as expense or income over the life of the contracts.

##### e) Inventories

i) Inventories of raw materials, components, stores and spares are valued at lower of cost and net realisable value. By-products used as raw material are valued at transfer cost. Cost for the purpose of valuation of raw materials and components, stores and spares is considered on the following basis :

##### Raw Materials & Components

Manufacturing Units	Basis
Sugar	First in first out
Turbine, Gears, Co-generation & Distillery	Weighted Average
Water Business Group	Specific Cost

##### Stores and Spares

Manufacturing Units	Basis
Water Business Group	Specific Cost
Other Units	Weighted Average

ii) Finished goods and Work-in-progress are valued at lower of cost and net realisable value. The cost of finished goods and work-in-progress includes raw material costs, direct cost of conversion and proportionate allocation of indirect costs incurred in bringing the inventories to their present location and condition. Excise duty is included in the value of finished goods.

## SCHEDULES to Accounts (Contd.)

- iii) Patterns, Loose tools, Jigs and Fixtures are written off equally over three years.
- iv) By-products (excluding those used as raw materials) and scrap are valued at estimated net realisable value.

### f) Depreciation

- i) Depreciation on fixed assets is provided on the straight line method at the rates specified in Schedule XIV of the Companies Act, 1956 other than the following assets which are depreciated at higher rates on the straight line basis over their estimated useful economic life as follows :

	Rates adopted	
a) Plant & Machinery used in Co-Generation Plants (including captive Co-Generation plants) installed after 1.4.2004	-	6.33%
b) Mobile phone costing above Rs.5,000/-	-	50%

- ii) Cost of Leasehold Land is amortised over the lease period.
- iii) Fixture and Fittings and improvements to leasehold buildings not owned by the Company are amortised over the lease period or estimated life, whichever is lower.
- iv) The additional depreciation, on increase in cost on account of revaluation is adjusted against the Revaluation Reserve and is thus not charged to Profit & Loss Account for the year.

### g) Research & Development

Revenue expenditure on research & development is charged under respective heads of account. Capital expenditure on research and development is included as part of cost of fixed assets and depreciated on the same basis as other fixed assets.

### h) Investments

Investments are valued at cost inclusive of expenses incidental to their acquisition. Long term investments are carried at cost. Provision is made for diminution in value, if such diminution is, in the opinion of the management, other than temporary in nature. Current investments are valued at lower of cost and fair value.

### i) Employee Benefits

#### 1. Short Term Employee Benefits:

All employee benefits payable wholly within 12 months after the end of the period in which the employees render the related services are classified as short term employee benefits and are recognized as expense in the period in which the employee renders the related service. The Company recognizes the undiscounted amount of short

term employee benefits expected to be paid (including compensated absences) in exchange for services rendered as a liability.

#### 2. Long Term Employee Benefits:

##### a) Defined Contribution Plans

Defined contribution plans are retirement benefit plans under which the Company pays fixed contributions to separate entities (funds) or financial institutions or state managed benefit schemes. The Company's contribution to defined contribution plans are recognized in the Profit & Loss account in the financial year to which they relate.

The Company operates the following defined contribution plans.

##### i) Provident Fund Plan & Employee Pension Scheme :

The Company makes specified monthly contributions towards Employee Provident Fund/ Employee Pension Scheme to fund administered and managed by the Government of India / funds (set up by the Company and administered through Trusts). The rate notified by the Government is also adopted by the Trusts. The Company has an obligation to make good the shortfall, if any, between the return on investments of the Trusts and notified interest rate.

##### ii) Employee State Insurance :

The Company makes specified monthly contributions towards Employees State Insurance Scheme.

##### iii) Superannuation Scheme :

The Company has taken Group Superannuation Policy with Life Insurance Corporation of India for superannuation payable to specific employees. Contribution towards aforesaid fund is charged to the Profit & Loss account in the financial year to which it relates.

##### b) Defined Benefit Plans

Defined benefit plans are retirement benefit plans under which the Company pays certain defined benefits to the employees at the time of their retirement/resignation/ death based on rules framed for such schemes.

##### i) Gratuity :

The Company provides for gratuity obligations through a defined benefit retirement plan (the 'Gratuity Plan') covering all employees. The Gratuity Plan provides a lump sum payment to vested employees at retirement or termination of employment based on the respective employee salary and years of employment with the Company. The Company provides for its liability under the Gratuity Plan based on actuarial valuation.

##### ii) Earned Leaves / Sick Leaves :

The Company provides for the liability at year end on account of unavailed accumulated leaves on the basis of actuarial valuation.

## SCHEDULES to Accounts (Contd.)

### j) Borrowing costs

Borrowing costs attributable to the acquisition of qualifying assets are capitalised upto the period such assets are ready for its intended use. All other borrowing costs are charged to Profit & Loss Account.

### k) Government Grants

Recognition

Government grants are recognised where:

- i) There is reasonable assurance of complying with the conditions attached to the grant.
- ii) Such grant/benefit has been earned and it is reasonably certain that the ultimate collection will be made.

Presentation in Financial Statements:

- i) Government grants relating to specific fixed assets are adjusted with the value of the fixed assets.
- ii) Government grants in the nature of promoters' contribution, i.e. which have reference to the total investment in an undertaking or by way of contribution towards total capital outlay, are credited to capital reserve.
- iii) Government grants related to revenue items are either adjusted with the related expenditure/revenue or shown under "Other Income", in case direct linkage with cost/income is not determinable.

### l) Accounting for assets acquired under lease

In respect of plant & machinery acquired on lease before 1st April 2001, the principal value of the lease (including sale value on the expiry of lease), representing fair value of the assets, is amortised over technically estimated lives of such assets and unamortised value of such lease rentals are stated separately under "Fixed Assets". Lease rentals of other assets, acquired before 1st April 2001 are charged off in the period in which these accrue.

### m) Taxes on Income

- i) Current tax on income is determined on the basis of taxable income computed in accordance with the applicable provisions of the Income Tax Act, 1961.
- ii) Deferred tax is recognised for all timing differences between the accounting income and the taxable income for the year, and quantified using the tax rates and laws enacted or substantively enacted as on the Balance Sheet date.
- iii) Deferred tax asset is recognised and carried forward only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized, except in the case of unabsorbed depreciation or carry forward of losses under the Income Tax Act, 1961, deferred tax asset is recognized only to the extent that there is virtual

certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realized.

- iv) Minimum Alternate Tax (MAT) credit is recognized as an asset only when and to the extent there is convincing evidence that the Company will be in a position to avail of such credit under the provisions of the Income Tax Act, 1961.

### n) Intangible Assets

Intangible assets are recognised as per the criteria specified in Accounting Standard (AS) 26 "Intangible Assets" and are amortised on straight line basis as follows:

	Period of amortisation
Computer Software	36 months
Design & Drawings	72 months
Technical Know-how fees	72 months

### o) Impairment of Asset

Impairment of individual assets/cash generating unit (a group of assets that generates identified independent cash flows) are identified using external and internal sources of information and impairment loss if any, is determined and recognised in accordance with the Accounting Standard (AS) – 28 - Impairment of Assets.

### p) Provisions, Contingent liabilities and Contingent assets

Provisions are recognised for liabilities that can be measured only by using a substantial degree of estimation, if

- i) the Company has a present obligation as a result of a past event.
- ii) a probable outflow of resources is expected to settle the obligation and
- iii) the amount of the obligation can be reliably estimated.

Reimbursement expected in respect of expenditure required to settle a provision is recognised only when it is virtually certain that the reimbursement will be received.

Contingent Liability is disclosed in the case of

- i) a present obligation arising from a past event, when it is not probable that an outflow of resources will be required to settle the obligation.
- ii) a possible obligation, unless the probability of outflow of resources is remote.

Contingent Assets are neither recognised nor disclosed.

### q) Derivative transactions

Provision is made for mark-to-market losses, if any, in respect of derivatives outstanding at the balance sheet date. Gains, if any, on such transactions are not recognized till settlement.

## SCHEDULES to Accounts (Contd.)

### 2. Contingent liabilities (to the extent not provided for)

#### a) Claims against the Company not acknowledged as debts :

(Rs. in Million)

				As on 30.09.09	As on 30.09.08
i) Claims which are being contested by the Company and in respect of which the Company has paid amounts aggregating to Rs.84.38 Million (Rs.97.01 Million) under protest pending final adjudication of the cases:				230.18	232.02
Sl. No.	Particulars	Amount of Contingent Liability	Amount Paid		
01.	Sales Tax	32.77 (51.75)	22.13 (35.66)		
02.	Excise Duty	154.99 (142.83)	58.59 (57.02)		
03.	Others	42.42 (37.44)	3.66 (4.33)		
The outflow arising from these claims is uncertain and is after adjusting likely reimbursement of Rs.12.02 Million (Rs.12.02 Million) from customers in respect of Central Excise demands on account of denial of benefit under Notification No.6/2000.					
ii) The Company is contingently liable in respect of short provision against disputed income tax liabilities of Rs.21.85 Million (Rs.2.16 Million). The amounts have not been provided in the accounts in view of reliefs expected in appeals.				21.85	2.16
iii) Differential cane price for the sugar season 2007-08 pending disposal of the matter by the Hon'ble Supreme Court. As against price of Rs.1250/MT advised by the State Government, the Company had accounted for and discharged its liability at Rs.1100/MT in accordance with the interim order passed by the Supreme Court.				789.56	789.56
iv) Indeterminate liability arising from claims / counter claims/ Interest in arbitration/ Court cases, claims of some employees/ex-employees and in respect of service tax, if any, on certain activities of the Company which are being contested by the Company.					
b) Guarantees/surety given on behalf of:					
i) Subsidiary Company (Including Rs.5.00 Million for availing of credit facilities, against which dues outstanding Rs.Nil)				5.10	0.10
ii) Other companies				4.00	8.77

c) The amounts shown in item 2(a) represent the best possible estimates arrived at on the basis of available information. The uncertainties, possible payments and reimbursements are dependent on the outcome of the different legal processes which have been invoked by the Company or the claimants, as the case may be, and therefore can not be predicted accurately. The Company engages reputed professional advisors to protect its interests and has been advised that it has strong legal position against such disputes.

The amounts shown in item 2(b) above represent guarantees given in the normal course of these companies operations and are not expected to result in any loss to the Company on the basis of such companies fulfilling their ordinary commercial obligations.

3. Advances recoverable in cash or in kind in schedule 11 "Loans & Advances" include

- a) Due from the Company Secretary Rs.Nil (Rs.0.06 Million). Maximum amount due at any time during the year Rs.0.01 Million (Rs. 0.25 Million).
- b) Rs.0.02 Million (Rs.0.02 Million) on account of Security Deposit paid to the Managing Director.

4. Outstanding commitments for capital expenditure amount to Rs.225.49 Million (Rs.487.22 Million) after adjusting advances amounting to Rs 58.67 Million (Rs.70.89 Million).

5.a) The State Government of Uttar Pradesh had notified the UP Sugar Industry Promotion Policy, 2004 (Policy),

## SCHEDULES to Accounts (Contd.)

according to which capital subsidy and other recurring incentives were prescribed for eligible investments relating to setting up / expansion of sugar units and allied industries. Pursuant to the policy, the Company had set up various projects and was held eligible in respect thereof vide letter dated 31.01.2007 of the State Government. However, the State Government prematurely terminated the policy w.e.f. June 4, 2007. Aggrieved by the action of the State Government, the Company filed a writ petition before the Lucknow Bench of High Court of Allahabad challenging the action of the State Government in withdrawing the said Policy and not granting incentives to the Company. The Court in an interim order had stated that it was prima-facie satisfied that the State Government could not indicate any supervening public interest for terminating the policy and has directed to permit the Company to continue to avail remissions which were applicable before the termination of the policy. The

Company has received strong legal advice that in view of established doctrine of promissory estoppel, it is entitled to the incentives under the aforesaid Policy.

Accordingly, the Company has during the year accounted for recoverable incentives to the extent of Rs.106.84 Million (Rs.160.16 Million), which have been netted off from the costs and availed remission of Rs.31.24 Million (Rs.56.79 Million) against prescribed levies in terms of the Policy. As on 30.9.2009, total incentives receivable including capital subsidy are Rs.1,399.92 Million (Rs.1,293.08 Million) and remissions availed are Rs.125.46 Million (Rs.94.21 Million).

- b) The Company had availed of a loan amounting to Rs.943.20 Million (Rs.943.20 Million) under the "Scheme for Extending Financial Assistance to Sugar Undertakings 2007" notified by the Government of India. Under the said scheme interest subvention @ 12% per annum is granted by the Government on such loan.

6. The Company has made a provision for the employee benefits in accordance with the Accounting Standard (AS) 15 "Employee Benefits". During the year, the Company has recognized the following amounts in its financial statements :

**i) Defined Contribution Plans**

(Rs. in Million)

Particulars	2008-09	2007-08
a) Employers' contribution to Provident Fund	75.85	65.08
b) Employers' contribution to Employee State Insurance	0.70	0.83
c) Employers' contribution to Superannuation Scheme	17.65	16.56

**ii) Defined Benefit Plans**

Disclosures required by Accounting Standard (AS) 15 are given here-under:

Change in present value of obligation

(Rs. in Million)

	Gratuity (Partly funded)		Compensated Absence (un-funded)	
	30.09.09	30.09.08	30.09.09	30.09.08
a) Present value of obligation as at the beginning of the year (01/10/2008)	226.53	202.03	55.73	46.78
b) Interest cost	18.02	17.17	4.46	3.97
c) Current service cost	19.55	17.45	11.45	9.98
d) Benefits paid	-15.08	-19.01	-4.85	-2.43
e) Actuarial (gain)/loss on obligation	2.77	8.89	0.08	-2.57
f) Present value of obligation as at the end of the year (30/09/2009)	251.79	226.53	66.87	55.73

Change in the fair value of plan assets

(Rs. in Million)

	Gratuity (Partly funded)		Compensated Absence (un-funded)	
	30.09.09	30.09.08	30.09.09	30.09.08
a) Fair value of the plan assets at the beginning of the period (1/04/2008)	69.70	64.49	-	-
b) Expected return on plan assets	5.92	5.48	-	-
c) Contributions	9.79	12.13	-	-
d) Benefits paid	-10.05	-11.95	-	-
e) Actuarial (gain)/loss on plan assets	0.68	-0.45	-	-
f) Fair value of plan assets as at the end of the period (31/03/2009)	76.04	69.70	-	-

## SCHEDULES to Accounts (Contd.)

### Amounts recognized in balance sheet

(Rs. in Million)

	Gratuity (Partly funded)		Compensated Absence (un-funded)	
	30.09.09	30.09.08	30.09.09	30.09.08
a) Present value of obligation as at the end of the period	251.79	226.53	66.86	55.73
b) Fair value of plan assets as at the end of the period	76.03	69.70	-	-
c) Funded status	-175.76	-156.83	-66.86	-55.73
d) Net assets/(liability) recognized in the balance sheet	-175.76	-156.83	-66.86	-55.73

### Amounts recognized in the statement of profit & loss

(Rs. in Million)

	Gratuity (Partly funded)		Compensated Absence (un-funded)	
	30.09.09	30.09.08	30.09.09	30.09.08
a) Current Service cost	19.55	17.45	11.45	9.98
b) Interest cost	18.03	17.17	4.46	3.98
c) Expected return of plan assets	-5.92	-5.48	-	-
d) Net actuarial (gain)/loss recognized during the period	2.09	9.34	0.07	-2.57
e) Expenses recognized in the statement of profit & losses	33.75	38.48	15.98	11.39

### Experience Adjustment

(Rs. in Million)

	Gratuity (Partly funded)		Compensated Absence (un-funded)	
	30.09.09	30.09.08	30.09.09	30.09.08
a) Present value of obligation as at the end of period	251.79	226.53	66.86	55.73
b) Fair value of plan assets at the end of the period	76.03	69.70	-	-
c) Surplus/ (Deficit)	-175.76	-156.83	-66.86	-55.73
d) Experience adjustment on plan Liabilities(Loss) / gain	-5.88	-	-2.22	2.73
e) Experience adjustment on plan Assets (Loss) / gain	0.68	-	-	-

Expected contribution to the Gratuity plan during next year Rs.10 Million.

### Major actuarial assumptions

(Rs. in Million)

	Gratuity (Partly funded)		Compensated Absence (un-funded)	
	30.09.09	30.09.08	30.09.09	30.09.08
a) Discounting rate	8.00%	8.50%	8.00%	8.50%
b) Future salary increase	5.50%	6.50%	5.50%	6.50%
c) Expected rate of return on plan assets	8.50%	8.50%	N.A.	N.A.
d) Mortality table	LIC (1994-1996) duly modified			
e) Method used	Projected unit credit method			

The estimates of future salary increase considered in actuarial valuation take account of inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

The entire plan assets of the gratuity fund are invested in fixed interest yielding debt instruments. The expected rate of return on plan assets of the gratuity fund have been arrived at taking into consideration the prevalent returns on prescribed categories of investments authorized to be made by the fund.

## SCHEDULES to Accounts (Contd.)

7. Information in respect of construction contracts in progress is provided below.

(Rs. in Million)

Sl. No.	Particulars	2008-09	2007-08
1.	Amount of contract revenue recognized as revenue in the year	531.28	-
2.	The aggregate amount of costs incurred and recognized profits (less recognized losses) upto the reporting date	531.28	-
3.	Advances Received	125.76	-
4.	Retentions	43.24	-
5.	Gross amount due from customers for contract work as an asset	167.20	-
6.	Gross amount due to customers for contract work as an liability	-	-

8. Plant and machinery at Deoband unit existing as on 1st November, 1986 was revalued during the financial year 1986-87. The revaluation had been conducted by an approved valuer, to reflect the assets at their present value. A property at Delhi, earlier held as stock in trade was revalued during the financial year 1999-00, at estimated market value and converted to fixed assets. The increase in the value of such assets over their book values, consequent to the revaluation, had been credited to revaluation reserve in the respective year of revaluation. The revalued assets are stated net of accumulated depreciation thereon.

9 Purchase and sale of current investments in various schemes of mutual funds during the year is as under:

Sl. No.	Description	Purchases		Sales	
		Units	Amount Rs. in Million	Units	Amount Rs. in Million
1.	ICICI Prudential institutional liquid Plan	92,40,151.538 (-)	120.00 (-)	92,40,151.538 (-)	120.05 (-)
2.	Reliance Liquidity-Growth option	60,41,474.724 (-)	80.00 (-)	60,41,474.724 (-)	80.05 (-)
3.	Birla Sun Life Cash Plus-Instl.Prem – Growth	71,10,504.348 (40,20,811.721)	100.00 (50.00)	71,10,504.348 (40,20,811.721)	100.04 (50.12)
4.	ICICI Prudential Super Institutional –Growth	- (43,56,425.292)	- (50.00)	- (43,56,425.292)	- (50.48)
5.	DSP Merrill Lynch Liquid Plus Institutional Plan-Growth	- (45,845.386)	- (50.00)	- (45,845.386)	- (50.07)
6.	DSP Merrill Lynch Liquid Plus Institutional Plan-daily dividend	- (4,99,900.020)	- (500.00)	- (4,99,900.020)	- (500.00)
7.	DBS Chola Short term Floating rate fund-daily dividend reinvest plan	- (70,28,673.156)	- (70.50)	- (70,28,673.156)	- (70.50)
	<b>Total</b>		<b>300.00</b>		<b>300.14</b>
	<b>Previous Year</b>		<b>(720.50)</b>		<b>(721.17)</b>

## SCHEDULES to Accounts (Contd.)

### 10. Disclosures regarding provisions are as under:

#### i) Movement in provisions:

(Rs. in Million)

Sl. No.	Particulars of disclosure	Nature of Provision	
		Warranty	Liquidated Damages
1.	Balance as at October 1, 2008	66.63 (48.01)	118.03 (77.49)
2.	Provision made during the year	48.35 (51.04)	28.09 (60.53)
3.	Provision used during the year	9.87 (11.24)	- (-)
4.	Provison reversed no longer required	21.18 (21.18)	32.21 (19.99)
5.	Balance as at September 30, 2009	83.93 (66.63)	113.91 (118.03)

#### ii) Nature of provisions :

**Warranties :** The Company gives warranties on certain products and services, undertaking to repair the items that fail to perform satisfactorily during the warranty period. Provision made as at the end of year represents the amount of the expected cost of meeting such obligations of rectification/replacement. The timing of the outflows is expected to be within a period of one to two years.

**Liquidated Damages:** In respect of certain products, the Company has contractual obligation towards its customers for matters relating to delivery and performance. The provisions represent the amount estimated to meet such obligations. The timing of the outflow is expected to be within one year.

### 11. Information regarding Related Party Transactions :

#### a) Related party where control exists

- i) Mr D.M. Sawhney, Chairman & Managing Director (Key Management person).
- ii) Wholly owned subsidiaries  
Triveni Retail Ventures Limited  
Upper Bari Power Generation Limited  
Triveni Engineering Limited  
Triveni Energy Systems Limited

#### b) The details of related parties with whom transactions have taken place during the year:

- i) Wholly owned Subsidiaries (Group A)  
Triveni Retail Ventures Limited (TRVL)  
Upper Bari Power Generation Limited (UBPGL)  
Triveni Engineering Limited (TEL)  
Triveni Energy Systems Limited (TESL)
- ii) Associates (Group B)  
TOFSL Trading & Investments Limited (TOFSL)  
The Engineering & Technical Services Limited (ETS)  
Triveni Entertainment Limited (TENL)  
Carvanserai Limited (CL)
- iii) Key Management Persons (Group C)  
Mr D M Sawhney, Chairman & Managing Director (DMS)  
Mr. Tarun Sawhney , Executive Director - Whole Time (TS)  
Mr. Nikhil Sawhney , Executive Director - Whole Time (NS)
- iv) Key Management person relative (Group D)  
Mrs Rati Sawhney (Wife of DMS) (RS)
- v) Companies/Parties in which key management person or his relatives have substantial interest/significant influence (Group E)  
Kameni Upaskar Limited (KUL)  
Tirath Ram Shah Charitable Trust (TRSCH)

# SCHEDULES to Accounts (Contd.)

## c) Details of transactions with the related parties during the year ended 30.09.2009 :

(Rs. in Million)

Sl. No.	Nature of Transaction	Group - A				Group - B				Group - C			Group - D		Group - E		TOTAL
		TRVL	UBPGL	TESL	TEL	TOFSL	ETS	TENL	CL	DMS	TS	NS	RS	KUL	TRST		
1	Sales and Rendering Services	0.76 (3.42)	-	-	-	0.08 (0.08)	0.06 (0.06)	0.06 (0.06)	-	-	-	-	-	-	-	-	0.96 (3.62)
2	Purchases and receiving Services	20.80 (35.20)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	20.80 (35.20)
3	Purchase of Fixed Assets	0.80 (2.67)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.80 (2.67)
4	Rent Paid	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2.46 (2.08)
5	Rent & Other Charges Recd.	0.60 (0.65)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.60 (0.65)
6	Amount Advanced	20.00 (91.50)	-	-	0.02 (0.01)	-	-	-	-	-	-	-	-	-	-	-	20.02 (91.89)
7	Expenses incurred (Net)	4.53 (12.33)	-	-	0.01 (-)	-	-	0.01 (-)	0.40 (-)	-	-	-	-	-	-	-	4.95 (12.33)
8	Interest Received	-	-	-	0.01 (0.02)	-	-	-	-	-	-	-	-	-	-	-	0.10 (8.00)
9	Interest Paid	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.03 (0.02)
10	Remuneration *	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	75.97 (59.06)
11	Guarantees / Surety Given	5.00 (-)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5.00 (-)
12	Investment in Shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13	Sale of Investment in Shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	172.34 (-)
14	Charity & Donations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	10.00 (7.50)
15	<b>Outstanding balances as on 30.09.09</b>																
	A. Receivable	166.40 (144.83)	-	-	1.15 (1.53)	0.04 (0.04)	0.03 (0.03)	0.03 (0.03)	-	0.02 (0.02)	-	-	-	-	-	-	167.67 (146.89)
	B. Payable	-	-	-	-	-	-	-	-	7.54 (2.64)	0.02 (0.33)	2.46 (-)	-	-	-	-	10.02 (3.31)
	C. Guarantees / Surety Outstanding	5.10 (0.10)	-	-	-	4.00 (4.00)	-	-	-	-	-	-	-	-	-	-	9.10 (4.10)
	D. Fixed Deposit	-	-	-	-	-	-	-	-	-	-	0.25 (0.25)	-	-	-	-	0.25 (0.25)

\* Includes remuneration of Rs. 1.26 million and Rs. 1.23 million in the capacity other than Executive Directors in respect of TS & NS respectively. Further for TS & NS gratuity is not included as it is provided on actuarial valuation for the entire company.

## SCHEDULES to Accounts (Contd.)

12. Pursuant to compliance of clause 32 of the Listing Agreement, on disclosure of Loans/Advances in the nature of loans, the relevant information is provided hereunder:

(Rs. in Million)

Sl. No.	Particulars	As on 30.09.09	Maximum amount due during the year
1.	Loans & Advances to Subsidiaries (Note 1)		
	- Triveni Retail Ventures Ltd	166.40	173.66
		(144.83)	(172.02)
	- Upper Bari Power Generation Ltd	-	0.04
		(0.04)	(0.04)
	- Triveni Engineering Limited	1.15	1.59
		(1.53)	(1.53)
	- Triveni Energy Systems Ltd	0.00	0.39
		(0.37)	(0.37)
2.	Loans & Advances to Associates (Note 1)		
	- Triveni Entertainment Limited	Nil	0.00
		(Nil)	(0.02)
	- Carvanserai Limited	Nil	0.40
		(Nil)	(Nil)
3.	Loans & Advances to firms/companies in which directors are interested	Nil	Nil
		(Nil)	(Nil)
4.	Investment by the loanee in the shares of Triveni Engineering & Industries Ltd. and its subsidiaries	Nil	Nil
		(Nil)	(Nil)

**Note**

- There are no repayment schedule for the loans and advances to subsidiaries and associate company(ies) mentioned above which are repayable on demand.
- Loans to employees as per Company's policy are not considered.

13. The Company has taken various residential, office and godown premises under operating leases. These are generally not non-cancelable and the unexpired period ranges between 6 months to 6 years and are renewable by mutual consent on mutually agreeable terms. The Company has given refundable interest free security deposits under certain agreements. There is no contingent rent or restriction imposed in the lease agreement.

- Lease payments under operating lease are recognized in the Profit & Loss Account under "Rent" in Schedule 21.
- There are no minimum future lease payments under non-cancelable operating lease.

14. The breakup of net deferred tax liability is provided below :

(Rs. in Million)

Particulars	Deferred tax liability (Deferred tax asset)	
	As on 30.09.09	As on 30.09.08
Difference in Net Book values of Fixed Assets as per accounts & tax	1357.56	1188.47
Share Issue Expenses	(8.22)	(16.45)
Expenses deferred in books but claimed in tax	33.99	30.84
Other Provisions disallowable u/s 43-B	(233.33)	(253.31)
Unabsorbed Depreciation *	(80.23)	(324.38)
Others (net)	(135.95)	(16.25)
<b>Net deferred tax liability</b>	<b>933.82</b>	<b>608.92</b>

\* This represents depreciation which has arisen on account of setting up and expansion of new units during earlier years. The Company is hopeful of earning sufficient taxable income in near future to enable it to avail the benefit of the unabsorbed depreciation.

15. Earnings Per Share has been computed as follows:

	2008-2009	2007-2008
1. Net profit after tax as per Profit & Loss Account (Rs. in Million)	1697.78	1115.18
2. No. of Equity Shares of Re.1/- during the year (weighted average)	25,78,80,150	25,78,80,150
<b>3. Earning per equity share of Re.1/- each Basic/Diluted (1)/(2) (in Rupees)</b>	<b>6.58</b>	<b>4.32</b>

# SCHEDULES to Accounts (Contd.)

## 16. Information on Segment Reporting of the Company for the year ended 30.09.2009

	(Rs. in Million)																												
	SUGAR						ENGINEERING						OTHERS																
	Sugar	Co-generation	Distillery	Total Sugar	Steam Turbines	Gears	Water	Total Engineering	Other Operations	Eliminations	Total																		
	30.09.09	30.09.08	30.09.09	30.09.08	30.09.09	30.09.08	30.09.09	30.09.08	30.09.09	30.09.08	30.09.09	30.09.08	30.09.09	30.09.08															
<b>REVENUE</b>																													
External Sales	12136.92	8669.90	365.34	681.96	544.91	785.54	13047.17	10137.40	4898.31	5478.97	600.96	616.34	995.20	663.28	6494.47	6758.59	134.73	126.47	19676.37	17022.46									
Inter-segment Sales	983.36	902.82	582.94	491.65	-	1566.30	1394.47	8.19	4.77	191.24	263.41	2.16	4.29	201.59	272.47	1.72	-	(1769.61)	(1666.94)	-									
Other Sales	13120.28	9572.72	948.28	1173.61	544.91	785.54	14613.47	11531.87	4906.50	5483.74	792.20	879.75	997.36	667.57	6696.06	7031.06	136.45	126.47	19676.37	17022.46									
Total Income	14.27	37.00	0.48	0.55	0.25	1.86	15.00	39.41	10.08	6.77	1.80	2.33	3.39	-	15.27	9.10	1.20	1.21	31.47	49.72									
Total Revenue	13134.55	9609.72	948.76	1174.16	545.16	787.40	14628.47	11571.28	4916.58	5490.51	794.00	882.08	1000.75	667.57	6711.33	7040.16	137.65	127.68	(1666.94)	19707.84	17072.18								
<b>RESULT</b>																													
Segment result	2022.92	358.78	201.44	475.74	92.18	176.95	2316.54	1011.47	1155.81	1280.13	243.92	219.65	148.25	105.41	1547.98	1605.19	2.91	(1.05)	28.42	(54.19)	3895.85	2561.42							
Unallocated expenses (Net)																						(513.83)	(249.27)						
Operating profit																							3882.02	2312.15					
Interest expense																								(1188.76)	(997.57)				
Interest Income																									34.85	15.92			
Dividend Income and Surplus on disposal of investments (Net)																										171.36	15.11		
Income taxes (including deferred tax)																											(731.69)	(230.43)	
Net profit																											1697.78	1115.18	
<b>OTHER INFORMATION</b>																													
Segment assets	14374.01	14943.06	2030.59	2137.86	1359.09	1237.26	17763.69	18318.18	2949.11	3063.02	649.49	560.87	919.77	581.74	4518.37	4205.63	28.10	38.16									22310.16	22561.97	
Unallocated assets																												2247.30	2131.55
Total assets	990.12	1556.78	56.19	58.18	76.97	113.02	123.28	1727.98	2148.60	2018.98	153.44	171.83	476.03	283.83	2778.07	2474.64	3.60	2.40									24557.46	24693.52	
Segment liabilities																												3904.95	4205.02
Unallocated liabilities																												11435.60	12670.57
Total liabilities																												15340.55	16875.59
Capital expenditure	210.60	501.41	7.04	1.09	40.54	4.69	258.18	507.19	207.97	171.63	139.70	25.74	20.51	90.39	368.18	287.76	0.01	0.05											
Depreciation	465.09	517.04	142.92	142.90	56.60	55.27	664.61	715.21	47.73	42.35	28.37	26.84	4.61	1.26	80.71	70.45	0.62	0.38											
Amortisation	35.97	28.38	0.91	0.01	1.02	0.16	37.90	28.55	16.78	11.72	1.14	0.93	1.61	0.99	19.53	13.64	-	-											

Notes: (i) In accordance with the Accounting Standard (AS) 17 "Segment Reporting", the Company's operations have been categorized into 6 major business segments, which constitute 99.32% (99.26%) of the total turnover of the Company. These business segments are classified under the two major businesses in which the Company is engaged in, and are briefly described hereunder:

### Sugar & Allied Businesses

- Sugar: The Company is a manufacturer of white crystal sugar, having an aggregate sugarcane crushing capacity of 61,000 TCD (tonnes crushed per day) spread over seven manufacturing plants situated in the State of Uttar Pradesh. After meeting the captive requirements, the Company also sells the surplus molasses and bagasse, which are produced as a by-product in the manufacture of sugar.
- Co-generation: The business segment, apart from meeting some power and steam requirement of sugar unit, also exports power to the State grid. It has installed capacity of 68 MW spread over Khatauli and Deoband sugar mills.
- Distillery: The 160 kilo-liters per day capacity distillery located at Muzaffarnagar, Uttar Pradesh, uses the molasses produced in manufacture of sugar as the principal raw material in production of various categories of alcohol.

### Engineering Businesses

- Steam Turbines: This segment is engaged in the manufacture of steam turbines at manufacturing facilities located at Bangalore, Karnataka.
- High Speed Gears: This business segment manufactures high speed gears and gear boxes at the manufacturing facility located at Mysore, Karnataka.
- Water/Wastewater Treatment: This business segment operates from Noida, Uttar Pradesh and provides engineered to order process equipment and comprehensive solutions in the water and wastewater management.

(ii) The 'Other Operations' mainly include trading of various packaged fast moving consumer goods (under the Company's brand name), including sugar.

(iii) There are no geographical segments as the volume of exports is not significant and the major turnover of the Company takes place indigenously. There is no major reliance on a few customers or suppliers.

(iv) Inter-segment transfer are priced based on competitive market prices or determined to yield a desired margin or agreed on a negotiated basis. These are then eliminated on consolidation.

(v) Segment result is the segment revenue less segment expenses. Segment expenses include all expenses directly attributable to the segments and portion of the enterprise expenses that can be allocated on a reasonable basis to the segments. Interest expense is not included in segment expenses and accordingly, segment liabilities do not include any corresponding borrowings.

(vi) Segment results exclude off-setting impact of changes pertaining to earlier years in Sugar and Co-generation segments pursuant to revision in transfer pricing between them.

## SCHEDULES to Accounts (Contd.)

### 17. Based on the intimation received by the Company from its suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006, the relevant information is provided below:-

Sl No.	Particulars	(Rs. in Million)	
		30.09.09	30.09.08
1.	Amounts due to Micro and Small Enterprises as on		
	i) Principal amount	33.02	10.06
	ii) Interest due on above	Nil	Nil
2.	i) Principal amount paid after due date or appointed day during the year	Nil	Nil
	ii) Interest paid during the year on (i) above	Nil	Nil
3.	Interest due & payable (but not paid) on principal amounts paid during the year after the due date or appointed day.	Nil	Nil
4.	Total interest accrued and remaining unpaid as on	Nil	Nil
5.	Further interest in respect of defaults of earlier years due and payable in current year upto the date when actually paid	Nil	Nil

### 18. a) i) Managing Directors' Remuneration :

	(Rs. in Million)	
	2008-2009	2007-2008
Salary	18.96	18.00
Performance Bonus/Commission	25.00	20.00
Contribution to PF & Other Funds Rs.1500/- (Rs.1500/-)	-	-
Gratuity	0.38	0.35
Other Perquisites	3.95	1.09
<b>TOTAL</b>	<b>48.29</b>	<b>39.44</b>

### ii) Whole Time Directors' Remuneration \*1

	(Rs. in Million)	
	2008-2009*2	2007-2008
Salary	14.87	-
Performance Bonus/Commission	5.00	-
Contribution to PF & Other Funds	2.11	-
Other Perquisites	3.22	-
<b>TOTAL</b>	<b>25.20</b>	<b>-</b>

\*1 Does not include gratuity payable as the same is provided on actuarial valuation for the entire company.

\*2 For the period from the date of appointment i.e. from 19.11.2008 as Whole Time Directors.

## SCHEDULES to Accounts (Contd.)

### (b) Computation of Net Profit in accordance with Section 349 of the Companies Act, 1956.

(Rs. in Million)

	2008-2009	2007-2008
Profit before Tax as per Profit & Loss Account	2,429.47	1,345.61
<b>Add:</b>		
Remuneration paid/payable to Managing Director and Whole Time Directors	73.49	39.44
Directors' Fees & Commission to Non-Executive Directors	7.38	3.94
Loss on sale/write off / impairment of fixed assets	0.05	12.11
	<b>2,510.39</b>	<b>1,401.10</b>
<b>Less:</b>		
Profit on Sale of Long Term Investment	171.08	12.64
Profit on Sale of Fixed Assets	1.53	-
Net Profit as per section 198 of the Companies Act, 1956	<b>2,337.78</b>	<b>1,388.46</b>
<b>- Managing Director</b>		
Maximum permissible remuneration to Managing Director under section 198 of the Companies Act, 1956 @ 5% of the profit computed above	116.89	69.42
Less: Already paid through monthly salary	23.28	19.44
Balance payable as Performance Bonus/Commission	93.61	49.98
<b>Restricted to</b>	<b>25.00</b>	<b>20.00</b>
<b>- Whole Time Directors</b>		
Maximum permissible Commission/Performance Bonus to two Whole Time Directors (Mr. Tarun Sawhney and Mr. Nikhil Sawhney) @ 0.25% each (Total 0.50%) of the profit computed above.	11.69	-
<b>Restricted to</b>		-
- Mr. Tarun Sawhney	<b>2.50</b>	-
- Mr. Nikhil Sawhney	<b>2.50</b>	-
<b>- Non Executive directors</b>		
Maximum permissible managerial remuneration to non-executive directors under section 198 of the Companies Act, 1956 @ 1% of the profit computed above.	<b>23.38</b>	<b>13.88</b>
<b>Restricted to</b>	<b>6.25</b>	<b>3.00</b>

## SCHEDULES to Accounts (Contd.)

### 19. Amount paid/payable to Auditors

Included under Office and other administration expenses in Schedule 21 :

(Rs. in Million)

	Statutory Auditors		Branch Auditors		Cost Auditors	
	2009	2008	2009	2008	2009	2008
Audit Fees	2.55	2.59	0.51	0.51	0.20***	0.26***
Fees for tax matters including tax audit	1.78	2.94 *	0.39	0.39	-	-
Management & Other Services	1.51	2.36 **	0.38	0.40	-	0.01
Reimbursement of Expenses	0.48	0.55	1.06	0.81	0.03	0.01
<b>TOTAL</b>	<b>6.32</b>	<b>8.44</b>	<b>2.34</b>	<b>2.11</b>	<b>0.23</b>	<b>0.28</b>

\* Includes arrears of Rs.Nil (Rs.1.10 Million) pertaining to previous year.

\*\* Includes arrears of Rs.Nil (Rs.0.51 Million) pertaining to previous year

\*\*\* Includes arrears of Rs.0.02 Million (Rs.0.10 Million) pertaining to previous year.

### 20. a) Derivative Instruments outstanding as on 30.09.2009 for hedging foreign currency risks (including firm commitments and highly probable forecasted transactions)

(Foreign Currency in Million)

Currency Pair	30.09.09		30.09.08	
	Payables	Receivables	Payables	Receivables
<b>1. Forward Exchange Contracts</b>				
USD/INR	26.86	10.10	1.12	3.06
EURO/USD	0.17	5.50	1.13	0.77
<b>2. Currency Options</b>				
USD/INR	7.21		9.81	
JPY/USD	648.68		987.71	
<b>3. Currency &amp; Interest Swaps</b>				
USD/INR	3.66		4.65	
JPY/USD	328.76		493.15	

### b) Year end foreign exchange exposures that have not been hedged by a derivative instrument or otherwise :

(Foreign Currency in Million)

Currency Pair	30.09.09			30.09.08		
	Payables	Receivables	Net*	Payables	Receivables	Net*
USD/INR	14.66	1.91	12.75	3.66		3.66
EURO/USD	0.61	1.22	(0.61)	0.20		0.20
GBP/USD	0.13	0.01	0.12	0.07	0.02	0.05
JPY/USD	20.00		20.00	49.98		49.98
CHF/USD	0.38		0.38		0.55	(0.55)
AUD/USD	0.02		0.02			

\*Figures in brackets indicate open receivables. Figures without brackets indicate open payables.

## SCHEDULES to Accounts (Contd.)

### 21. Amount deposited with unscheduled bank along with maximum amount outstanding with the Bank during the year.

(Rs. in Million)

Name of the banks	2008 – 09		2007 – 08	
	Balance as on 30.09.09	Maximum amount outstanding at any time during the year	Balance as on 30.09.08	Maximum amount outstanding at any time during the year
Zila Sahakari Bank Ltd	1.04	1.52	1.42	5.36
District Co-operative Bank	0.10	21.10	0.16	23.13
Prathma Bank	0.30	132.50	10.99	250.39

22. Depreciation for the year in the profit & loss account and Schedule 5 of Fixed Asset is net of Rs.23.66 Million (Rs.0.04 Million) being write back of excess depreciation charged in earlier years.

23. Details of Prior Period Adjustments (Net) in Schedule 21 is as under :

(Rs. in Million)

Sl. No.	Particulars	2008-2009	2007-2008
<b>A. EXPENDITURE</b>			
1.	Purchases (Raw Material)	--	11.50
2.	Cane Development Expenses	0.88	--
3.	Stores, Spares & Tools	-0.35	-0.17
4.	Repairs & Maintenance – Plant & Machinery	0.11	0.98
5.	Repairs & Maintenance – General	--	-0.03
6.	Factory/Operational expenses	--	0.07
7.	Salaries, Wages & Bonus	-0.84	0.43
8.	Gratuity	--	-2.23
9.	Welfare	--	-0.06
10.	Travelling & Conveyance	0.03	0.02
11.	Rates & Taxes	0.26	--
12.	Insurance	0.07	0.32
13.	Rent	--	0.03
14.	Office & Other Administration Expenses	2.82	0.24
15.	Interest Paid-other Loans	--	-0.05
16.	Packing & Forwarding	0.27	0.24
17.	Commission	0.30	--
18.	Royalty	-0.45	--
19.	Capitalised Lease Assets	--	0.05
20.	Amortisation-Lease adjustment charges	-0.15	--
	<b>TOTAL EXPENDITURE (A)</b>	<b>2.95</b>	<b>11.34</b>
<b>B. INCOME</b>			
1.	Sales	--	-0.56
2.	Duty Drawback on Exports	0.12	--
3.	Interest Received	0.11	--
4.	Miscellaneous	0.01	0.48
	<b>TOTAL INCOME (B)</b>	<b>0.24</b>	<b>-0.08</b>
	<b>PRIOR PERIOD ADJUSTMENT (NET) (A-B)</b>	<b>2.71</b>	<b>11.42</b>

## SCHEDULES to Accounts (Contd.)

24. Triveni Retail Ventures Limited, a wholly owned subsidiary of the Company has accumulated losses which exceed its net worth. The Company continues to provide assistance to the subsidiary in meeting its day to day expenses while considering options regarding the subsidiary's operations. Pending the finalization of this exercise, by way of prudence, Rs. 100.00 Million has been provided against advances amounting to Rs.166.00 Million given to the subsidiary upto 30th September, 2009.
25. Exceptional/ Non-Recurring charge (net) of Rs.121.58 Million (Rs.Nil) comprises the following:
- Rs.78.31 Million paid for consultancy charges to assess feasibility of new businesses synergistic to the existing engineering business.
  - Provision of Rs.114.21 Million against amounts recoverable in disputed matters, mostly relating to project/sugar machinery business earlier carried out by the Company.
  - Provision of Rs.100.00 Million in respect of Loans and Advances to Triveni Retail Ventures Limited, a wholly owned subsidiary company (also refer to Note-24).
  - Profit of Rs.170.94 Million on the sale of long term trade investment.
26. The Company has incurred an expenditure of Rs.48.01 Million (Rs.33.95 Million) in respect of Research and Development activities in respect of its turbine unit and such expenditure has been charged to the Profit & Loss A/c under various heads. Additionally, the Company has also incurred cane development expenditure of Rs.99.27 Million (Rs. 56.00 Million) in respect of its sugar units.

### 27. Statement of additional information

	(Rs. in Million)	
	2008-2009	2007-2008
<b>a) Value of imports on CIF basis :</b>		
Raw Materials	1,902.02	239.10
Components & spare parts	0.85	4.36
Capital Goods	240.73	71.08
<b>b) Expenditure in foreign currency</b>		
i) Travelling	17.50	15.58
ii) Royalty	11.91	18.34
iii) Technical know-how	2.32	1.78
iv) Repayment of loan and interest thereon	206.32	137.17
v) Others	37.12	107.51
<b>c) Earnings in foreign currency :</b>		
Exports of goods on F.O.B. basis	1,314.21	608.48
Service Charges	52.75	41.16
Others (Carbon Credit)	-	131.00

## SCHEDULES to Accounts (Contd.)

### d) Consumption of raw material, spare parts, components and stores :

	2008-2009 Rs. in Million	%	2007-2008 Rs. in Million	%
i) Raw Material				
- Directly imported	326.07	3.51%	260.72	2.45%
- Indigenous	8,951.46	96.49%	10,366.96	97.55%
<b>Total</b>	<b>9,277.53</b>	<b>100.00%</b>	<b>10,627.68</b>	<b>100.00%</b>
ii) Spare Parts				
- Directly imported	1.08	0.44%	2.86	0.72%
- Indigenous	248.60	99.56%	393.02	99.28%
<b>Total</b>	<b>249.68</b>	<b>100.00%</b>	<b>395.88</b>	<b>100.00%</b>

### e) Licensed and Installed Capacities & Actual Production:

Class of Goods	Units	Licensed Capacity		Installed Capacity *1		Actual Production *2	
		2008-2009	2007-2008	2008-2009	2007-2008	2008-2009	2007-2008
Sugar	MT	NA	NA	61,000 TCD	61,000 TCD	336,330.50	579,575.90
Molasses	MT	NA	NA	NA	NA	191,888.02	297,173.56
Steam Turbines	MW	NA	NA	1000	1000	508	724
High Speed Reduction Gears	Nos.	NA	NA	500	500	428	554
Mechanical Equipment - Water/ Waste Water *3	Rs. in Million	NA	NA	NA	NA	391.61	631.17
Alcohol	KL	NA	NA	160 KLPD	160 KLPD	21,940.35	35,997.58
Power (Co-generation Plant)	'000 KWH	NA	NA	68 MW	68 MW	172,306.97	268,667.18

\*1 As certified by officials of the company.

\*2 Includes captive consumption.

\*3 Manufacturing outsourced, Product range is varying and is not capable of being expressed in common units.

\*4 Excluding 27.94 KL (25.85 KL) of Denaturants added

N.A. - Not Applicable

TCD - Metric Tons of cane crushed per day.

MT - Metric Tons

KWH - Kilo Watt per hour

MW - Mega Watt

KL - Kilo Litre

KLPD- Kilo Litre per day

## SCHEDULES to Accounts (Contd.)

### f) Opening Stock, Closing Stock & Sales

#### i) Manufactured Goods

Class of Goods	Units	Year	Opening Stock		Closing Stock		Sales (Gross)	
			Qty	Value (Rs. in Million)	Qty	Value (Rs. in Million)	Qty	Value (Rs. in Million)
Sugar *1	MT	2008-09	257,338.50	3,886.48	65,985.70	1,387.57	526,607.90	11,893.39
		2007-08	186,583.90	2,685.87	257,338.50	3,886.48	508,131.80	8,011.67
Molasses *2	MT	2008-09	-	-	70,463.76	231.29	32,690.78	143.73
		2007-08	27,245.16	56.60	-	-	238,119.07	503.29
Steam Turbines *3	MW	2008-09	-	-	-	-	508	2,645.40
		2007-08	-	-	-	-	724	3,337.50
High Speed Reduction Gears *3	Nos	2008-09	-	-	-	-	351	552.25
		2007-08	-	-	-	-	461	553.49
Mechanical Equipment - Water/Waste Water	Rs.in Million	2008-09	-	-	-	-	-	391.61
		2007-08	-	-	-	-	-	631.17
Alcohol*4	KL	2008-09	2,412.39	42.16	5,358.48	130.15	18,938.73	538.76
		2007-08	2,034.58	27.61	2,412.39	42.16	35,468.00	778.53
Power *3 (Cogeneration Plant)	000' KWH	2008-09	1,595.72	3.23	2,294.38	7.18	111,870.60	365.34
		2007-08	1,385.31	2.89	1,595.72	3.23	185,819.58	550.96
Boughtout, Spares & Others *5	Rs.in Million	2008-09	-	13.60	-	14.87	-	2,255.08
		2007-08	-	12.09	-	13.60	-	2,269.98
<b>Total</b>		<b>2008-09</b>		<b>3,945.47</b>		<b>1,771.06</b>		<b>18,785.56</b>
		<b>2007-08</b>		<b>2,785.06</b>		<b>3,945.47</b>		<b>16,636.59</b>

\*1 Closing stock of sugar is after adjusting 1075.40 M.T (689.50 M.T) on account of reprocessing loss.

\*2 Closing stock of molasses is after adjusting excess/wastage of (566.21 M.T) (Previous year 210.24 M.T).

\*2 Excludes 89,299.69 M.T (86,089.41M.T) for captive consumption.

\*3 Excludes 77 (93) Nos. High Speed Reduction Gears & 59,737.71 KWH (82637.19 KWH) Power for captive consumption.

\*4 Excluding Wastage of 83.47 KL (177.62 KL)

\*5 Product being diverse, it is not feasible to give quantitative details.

#### ii) Trading Goods

Class of Goods	Units	Year	Opening Stock		Purchases		Closing Stock		Sales (Gross)	
			Qty	Value (Rs. in Million)	Qty	Value (Rs. in Million)	Qty	Value (Rs. in Million)	Qty	Value (Rs. in Million)
Others*		2008-09	-	1.21	-	15.83	-	1.09	-	17.41
		2007-08	-	1.93	-	45.40	-	1.21	-	47.92
<b>Total</b>		<b>2008-09</b>		<b>1.21</b>		<b>15.83</b>		<b>1.09</b>		<b>17.41</b>
		<b>2007-08</b>		<b>1.93</b>		<b>45.40</b>		<b>1.21</b>		<b>47.92</b>

\* No. of items being diverse, it is not feasible to give quantitative details.

## SCHEDULES to Accounts (Contd.)

### iii) Service Income & Others

Class of Goods	Year	Opening Stock		Closing Stock		Sales (Gross)	
		Qty	Value (Rs. in Million)	Qty	Value (Rs. in Million)	Qty	Value (Rs. in Million)
Project Execution Receipts	2008-09	-	-	-	-	-	610.74
	2007-08	-	-	-	-	-	31.64
Services	2008-09	-	-	-	-	-	252.61
	2007-08	-	-	-	-	-	167.64
Others	2008-09	-	-	-	-	-	10.05
	2007-08	-	-	-	-	-	7.67
Total	<b>2008-09</b>	-	-	-	-	-	<b>873.40</b>
	<b>2007-08</b>	-	-	-	-	-	<b>206.95</b>

### g) Break up of Raw Material and Components Consumed

Class of Goods	Unit	2008-2009		2007-2008	
		Qty.	Rs. in Million	Qty.	Rs. in Million
Sugar Cane	MT	3,736,892	5,740.73	5,860,541	6,962.33
Bought outs		-	2,298.61	-	2,455.66
Others		-	1,238.19	-	1,209.69
<b>Total</b>			<b>9,277.53</b>		<b>10,627.68</b>

28. Previous period figures have been rearranged and regrouped wherever necessary to make them comparable with this year figures. The figures given in brackets relate to previous year.

29. Schedule '1' to '26' form an integral part of the Balance Sheet and Profit & Loss Account

Place: Noida (U.P.)  
Date : November 19, 2009

**Dhruv M. Sawhney**  
Chairman &  
Managing Director

**Lt. Gen. K.K. Hazari (Retd)**  
Director & Chairman  
Audit Committee

**Geeta Bhalla**  
Company  
Secretary

**Suresh Taneja**  
Vice President  
& CFO

**Triveni Engineering & Industries Limited**  
**CASH FLOW STATEMENT**

	(Rs. in Million)	
<b>For the Year Ended</b>	<b>30.09.2009</b>	<b>30.09.2008</b>
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>Profit Before Tax</b>	<b>2,429.47</b>	<b>1,345.61</b>
Add : Depreciation	757.76	796.88
Amortisation		
- Machinery Lease Rentals	14.79	15.44
- Intangible Assets	31.48	16.80
- Miscellaneous Expenditure	13.35	10.79
Less : Incomes/Expenses treated separately		
Dividend Income	0.28	2.47
Profit/(Loss) on sale / written off of Fixed Assets	1.53	(5.58)
Provision for Impairment of Fixed Assets	(0.05)	(6.53)
Profit on sale of Investments	171.08	12.64
Interest Expenses	(1,158.76)	(1,099.97)
Interest Income	34.96	118.37
Deferred Revenue Expenditure Incurred	7.18	7.55
<b>Operating Profit before Working Capital changes</b>	<b>4,190.63</b>	<b>3,156.57</b>
<b>Changes in Working Capital</b>		
Changes in Inventories	816.85	(1,200.67)
Changes in Receivables	(294.37)	(1,191.68)
Changes in Other Current Assets	-	112.80
Changes in Other Trade Receivables	(279.14)	(275.75)
Changes in Current Liabilities	1,270.36	(324.61)
Direct Taxes Paid (Net) including Wealth Tax	(322.97)	(154.46)
<b>Net Changes in Working Capital</b>	<b>1,190.73</b>	<b>(3,034.37)</b>
<b>Cash Flow from Operating Activities</b>	<b>5,381.36</b>	<b>122.20</b>
<b>B. CASH FLOW FROM INVESTMENT ACTIVITIES</b>		
Purchase of Fixed/Intangible Assets	(615.84)	(832.99)
Sale of Fixed/Intangible Assets	6.23	11.67
Purchase of Investments		
- Subsidiary Company	-	(97.50)
- Others	(455.10)	(720.50)
Sale / Redemption of Investments		
- Subsidiary Company	-	0.50
- Others	472.48	822.25
Interest Income	73.97	60.94
Dividend Income	0.28	2.47
<b>Net Cash Flow in Investment Activities</b>	<b>(517.98)</b>	<b>(753.16)</b>

## CASH FLOW STATEMENT (Contd.)

(Rs. in Million)

For the Year Ended	30.09.2009	30.09.2008
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Decrease / Increase in Short Term Borrowings (Net)	(138.91)	207.33
Decrease / Increase in Long Term Borrowings (Net)	(285.41)	907.20
Decrease / Increase in Cash Credit	(2,918.69)	572.75
Interest Paid	(1,155.06)	(1,093.42)
Redemption of Preference Shares (including premium)	(0.13)	(0.26)
Dividend Paid (Including Tax on Distributed Profit)	(272.98)	(30.80)
<b>Net Cash Flow used in Financing Activities</b>	<b>(4,771.18)</b>	<b>562.80</b>
<b>Net Increase/(Decrease) in Cash &amp; Cash Equivalents</b>	<b>92.20</b>	<b>(68.16)</b>
<b>Opening Cash &amp; Cash Equivalents</b>	146.89	215.05
<b>Closing Cash &amp; Cash Equivalents</b>	<b>239.09</b>	<b>146.89</b>
Add : Bank Balances under Lien	23.54	28.98
Bank Balances under Unclaimed Dividend / Preference Capital Redemption	10.59	12.22
<b>Cash &amp; Cash Equivalents as per Schedule 9 of Balance Sheet</b>	<b>273.22</b>	<b>188.09</b>

Notes to Accounts Schedule 26.

This is the Cash Flow Statement referred to in our report of even date.

 For and on behalf of  
**J.C.Bhalla & Company**  
 Chartered Accountants

**Sudhir Mallick**

Partner

Place: Noida (U.P)

Date : November 19, 2009

**Dhruv M. Sawhney**

 Chairman &  
 Managing Director

**Lt.Gen.K.K.Hazari (Retd)**

 Director & Chairman  
 Audit Committee

**Geeta Bhalla**

 Company  
 Secretary

**Suresh Taneja**

 Vice President  
 & CFO



# AUDITORS' REPORT

To  
The Board of Directors of  
**Triveni Engineering and Industries Limited**

1. We have audited the attached Consolidated Balance Sheet of Triveni Engineering & Industries Limited Group as at 30th September 2009 and also the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year ended on that date, both annexed thereto. These financial statements are the responsibility of Triveni Engineering & Industries Limited's management. Our responsibility is to express an opinion on these financial statement based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting, the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of subsidiary, Upper Bari Power Generation Limited which have been audited by the other auditor and whose report has been forwarded to us and considered by us in preparing our report and our opinion, in so far as it relates to the amounts included in respect of the subsidiary is based solely on the report of the other auditor.
4. We did not audit the financial statements of Indian Associates TOFSL Trading & Investments Limited, Carvanserai Limited and Triveni Entertainment Limited which have been audited by other auditors and whose reports have been furnished to us, and our opinion, in so far as it relates to the amounts included in respect of these associates is based solely on the reports of the other auditors.
5. We report that the consolidated financial statements have been prepared by the Triveni Engineering & Industries Limited's management in accordance with the requirements of Accounting Standard (AS) 21, Consolidated Financial Statements and Accounting Standard (AS) 23, Accounting for investments in Associates in Consolidated Financial Statements and on the basis of the separate audited financial statements of the Company and its subsidiaries for the year ended 30th September 2009 and its associates for the year ended 31st March 2009 included in the consolidated financial statement.
6. On the basis of the information and explanations given to us and on the consideration of the separate audit reports on individual audited financial statements of the Company, its subsidiaries and its associates, in our opinion, the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India;
  - (a) in the case of the Consolidated Balance Sheet, of the consolidated state of affairs of the Company and its subsidiaries as at 30th September 2009, and its interest in associates as at 31st March, 2009;
  - (b) in the case of the Consolidated Profit and Loss Account, of the consolidated results of operations of the Company and its subsidiaries for the year ended 30th September 2009, and its interest in associates for the year ended 31st March 2009 and
  - (c) in the case of the Consolidated Cash Flow Statement, of the consolidated cash flows of the Company and its subsidiaries for the year ended 30th September 2009, and its interest in associates for the year ended 31st March 2009.

For and on behalf of  
**J. C. Bhalla & Company**  
Chartered Accountants

Sudhir Mallick  
Partner

Place : Noida (U.P)  
Date : November 19, 2009

Membership No.80051

Consolidated Financial Statements of Triveni Engineering & Industries Limited and its Subsidiary Companies  
**CONSOLIDATED BALANCE SHEET**

(Rs. in Million)

As at	SCHEDULES	30.09.2009	30.09.2008
<b>SOURCES OF FUNDS</b>			
<b>Shareholders' Funds</b>			
Share Capital	1	257.88	257.88
Reserves & Surplus	2	9,270.50	7,831.90
		9,528.38	8,089.78
<b>Loan Funds</b>			
Secured Loans	3	7,587.76	10,799.01
Unsecured Loans	4	750.48	888.58
		8,338.24	11,687.59
Deferred Tax Liability (Net) (Refer Note - 8 of Schedule 26)		932.63	606.99
<b>Total Funds Employed</b>		<b>18,799.25</b>	<b>20,384.36</b>
<b>APPLICATION OF FUNDS</b>			
<b>Fixed Assets</b>			
Gross Block	5	16,114.71	15,385.95
Less : Depreciation		3,710.22	2,964.27
Net Block		12,404.49	12,421.68
Capital Work-in-Progress		189.34	424.21
Intangible Assets	5A	105.54	39.66
Discarded Fixed Assets Pending Disposal/Sale		4.97	3.06
Plant & Machinery acquired under Lease		147.04	161.83
Goodwill		0.01	0.01
		12,851.39	13,050.45
<b>Investments</b>			
	6	608.51	431.50
<b>Current Assets, Loans and Advances</b>			
Inventories	7	4,596.48	5,474.75
Sundry Debtors	8	2,431.28	2,135.49
Cash and Bank Balances	9	277.53	199.53
Other Current Assets	10	4.03	4.00
Loans and Advances	11	4,101.43	3,676.78
		11,410.75	11,490.55
<b>Less : Current Liabilities and Provisions</b>			
Liabilities	12	5,110.32	3,761.96
Provisions	13	974.09	845.35
		6,084.41	4,607.31
Net Current Assets		5,326.34	6,883.24
<b>Miscellaneous Expenditure</b>	14	13.01	19.17
<b>Total Assets (Net)</b>		<b>18,799.25</b>	<b>20,384.36</b>
Notes to Accounts	26		

This is the Consolidated Balance Sheet referred to in our report of even date.

For and on behalf of  
**J.C.Bhalla & Company**  
Chartered Accountants

**Sudhir Mallick**

Partner  
Place: Noida (U.P.)  
Date : November 19, 2009

**Dhruv M. Sawhney**  
Chairman &  
Managing Director

**Lt.Gen.K.K.Hazari (Retd)**  
Director & Chairman  
Audit Committee

**Geeta Bhalla**  
Company  
Secretary

**Suresh Taneja**  
Vice President  
& CFO

**Consolidated Financial Statements of Triveni Engineering & Industries Limited and its Subsidiary Companies**  
**CONSOLIDATED PROFIT AND LOSS ACCOUNT**

(Rs. in Million)

For the Year Ended	SCHEDULES	30.09.2009	30.09.2008
<b>INCOME</b>			
Gross Sales	15	19,857.01	17,279.30
Less : Excise Duty		728.31	1,100.26
Net Sales		19,128.70	16,179.04
Other Income	16	111.65	83.19
Increase/(Decrease) in Work-in-Progress/Finished Goods	17	(2,157.03)	1,035.18
Income from Associates		57.47	189.35
		<b>17,140.79</b>	<b>17,486.76</b>
<b>EXPENDITURE</b>			
Materials	18	9,490.57	10,946.80
Manufacturing/Operating	19	997.81	1,249.26
Personnel	20	1,392.55	1,240.70
Administration	21	619.34	716.36
Financing	22	1,158.84	997.69
Selling	23	245.24	223.92
Depreciation		761.46	800.23
Amortisation	24	60.59	43.75
Off-season Expenses charged/(deferred) (Net)		(117.62)	(181.78)
		<b>14,608.78</b>	<b>16,036.93</b>
<b>Profit before Exceptional/Non - Recurring Items &amp; Taxation</b>		2,532.01	1,449.83
Exceptional/Non - Recurring Items (Refer Note: 16 of Schedule 26)		55.73	-
<b>Profit before Taxation</b>		2,476.28	1,449.83
Provision for Taxation		732.72	229.99
<b>Profit after Taxation</b>		1,743.56	1,219.84
Surplus Brought Forward		352.83	240.55
<b>AVAILABLE FOR APPROPRIATION</b>		<b>2,096.39</b>	<b>1,460.39</b>
<b>APPROPRIATIONS</b>			
Dividend Adjustment of Previous Year (Current Year - Rs.338/- & Previous Year - Rs.1843/-)		-	-
Tax on Dividend of Previous Year (Current Year - Rs.57/- & Previous Year - Rs.314/-)		-	-
Interim Dividend Paid - Equity Shares		77.37	-
Tax on Interim Dividend on Equity Shares		13.15	-
Final Dividend Proposed on Equity shares		180.51	154.73
Provision for Tax on Final Dividend on Equity Shares		30.68	26.29
Transfer to Molasses Storage Fund Reserve		1.10	3.54
Transfer to Debenture Redemption Reserve		75.00	-
Transfer to General Reserve		1,200.00	923.00
Surplus Carried Forward		518.58	352.83
		<b>2,096.39</b>	<b>1,460.39</b>
Earning per equity share of Re. 1/- each (Note - 9 of Schedule - 26) - Basic/Diluted (Not Annualised) (In Rupees)		<b>6.76</b>	<b>4.73</b>
<b>Notes to Accounts</b>		26	

This is the Consolidated Profit & Loss Account referred to in our report of even date.

For and on behalf of  
**J.C.BHALLA & COMPANY**  
 Chartered Accountants

**Sudhir Mallick**

Partner  
 Place: Noida (U.P.)  
 Date : November 19, 2009

**Dhruv M. Sawhney**  
 Chairman &  
 Managing Director

**Lt.Gen.K.K.Hazari (Retd)**  
 Director & Chairman  
 Audit Committee

**Geeta Bhalla**  
 Company  
 Secretary

**Suresh Taneja**  
 Vice President  
 & CFO

## SCHEDULES to Accounts

(Rs. in Million)

	30.09.2009	30.09.2008
<b>1. SHARE CAPITAL</b>		
<b>Authorised</b>		
500,000,000 Equity Shares of Re.1/- each	500.00	500.00
20,000,000 Preference Shares of Rs.10/- each	200.00	200.00
	<b>700.00</b>	<b>700.00</b>
<b>Issued</b>		
257,888,150 Equity Shares of Re.1/- each	257.89	257.89
	<b>257.89</b>	<b>257.89</b>
<b>Subscribed &amp; Paid Up</b>		
257,880,150 Equity Shares of Re.1/- each	257.88	257.88
Add :Paid up value of 8,000 Equity Shares of Re.1/- each forfeited Rs.1600/- (Rs.1600/-)	-	-
	<b>257.88</b>	<b>257.88</b>

	01.10.2008	Additions *1	Deductions*1	30.09.2009
<b>2. RESERVES &amp; SURPLUS</b>				
Capital Reserve	1,048.29	-	-	1,048.29
Revaluation Reserve - Fixed Assets	168.65	-	3.25	165.40
Debenture Redemption Reserve	-	75.00	-	75.00
Molasses Storage Fund Reserve	13.07	1.10	-	14.17
Share Premium Account	2,653.85	-	-	2,653.85
General Reserve	3,462.83	1,200.00	-	4,662.83
Surplus	352.83	518.58	352.83	518.58
Capital Redemption Reserve	39.74	-	-	39.74
Amalgamation Reserve	92.64	-	-	92.64
	<b>7,831.90</b>	<b>1,794.68</b>	<b>356.08</b>	<b>9,270.50</b>

\*1 Transfer from/to Profit &amp; Loss Account.

	30.09.2009	30.09.2008
<b>3. SECURED LOANS</b>		
Debenture	1,000.00	-
From Banks -		
Cash Credit/WCDL/Overdraft	305.17	3,223.86
Term Loans	5,586.20	6,721.55
From Others	696.39	846.79
Interest Accrued & Due	-	6.81
	<b>7,587.76</b>	<b>10,799.01</b>

<b>4. UNSECURED LOANS</b>		
Fixed Deposits	99.35	108.00
Short Term Loan :-		
From Banks	644.84	774.44
Other Loans & Advances :-		
From Other than Banks	6.29	6.14
	<b>750.48</b>	<b>888.58</b>

## SCHEDULES to Accounts (Contd.)

### 5. FIXED ASSETS

(Rs. in Million)

	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	Cost As at 01.10.2008	Additions	Deductions	Total As at 30.09.2009	Upto 30.09.2008	For the Year *1	Deductions	To date As at 30.09.2009	As at 30.09.2009	As at 30.09.2008
Land										
- (Free Hold) *2	533.04	0.43	-	533.47	-	-	-	-	533.47	533.04
- (Lease Hold)	0.10	-	-	0.10	-	-	-	-	0.10	0.10
Buildings & Roads	2,584.90	129.51	0.98	2,713.43	255.74	75.08	0.50	330.32	2,383.11	2,329.16
Railway Siding	0.02	-	-	0.02	0.02	-	-	0.02	-	-
Plant & Machinery	11,907.21	585.55	18.69	12,474.07	2,571.68	653.88	14.89	3,210.67	9,263.40	9,335.53
Furniture & Fixture	167.03	21.07	5.19	182.91	51.00	12.78	1.35	62.43	120.48	116.03
Computers	137.17	19.15	0.73	155.59	66.38	17.87	0.67	83.58	72.01	70.79
Vehicles	56.49	0.78	2.15	55.12	19.46	5.10	1.36	23.20	31.92	37.03
<b>This Year</b>	<b>15,385.96</b>	<b>756.49</b>	<b>27.74</b>	<b>16,114.71</b>	<b>2,964.28</b>	<b>764.71</b>	<b>18.77</b>	<b>3,710.22</b>	<b>12,404.49</b>	<b>12,421.68</b>
Previous Year	14,830.25	611.72	56.02	15,385.95	2,192.29	803.48	31.50	2,964.27	12,421.68	-
Capital Work in progress									189.34	424.21

\*1 Includes Rs.3.25 Million (Rs.3.25 Million) transferred to Revaluation Reserve.

\*2 Includes Land valuing Rs.33.95 Million (Rs.37.35 Million) pending transfer in the name of the Company.

### 5A. INTANGIBLE ASSETS (OTHER THAN INTERNALLY GENERATED)

	GROSS BLOCK				AMORTISATION				NET BLOCK	
	Cost As at 01.10.2008	Additions	Retirement & Disposal Adjustments	Total As at 30.09.2009	Upto 30.09.2008	During the Year	Retirement & Disposal/ Adjustments	To date As at 30.09.2009	As at 30.09.2009	As at 30.09.2008
Computer Software	132.71	78.48	-	211.19	98.27	28.35	-	126.62	84.57	34.44
Designs & Drawings	17.08	19.70	-	36.78	13.61	3.44	-	17.05	19.73	3.47
Technical Know How	7.95	-	-	7.95	6.20	0.51	-	6.71	1.24	1.75
<b>This Year</b>	<b>157.74</b>	<b>98.18</b>	<b>-</b>	<b>255.92</b>	<b>118.08</b>	<b>32.30</b>	<b>-</b>	<b>150.38</b>	<b>105.54</b>	<b>39.66</b>
Previous Year	134.74	23.00	-	157.74	100.56	17.52	-	118.08	39.66	-

Note: Intangible assets have not incurred any impairment during the year.

## SCHEDULES to Accounts (Contd.)

	(Rs. in Million)	
	30.09.2009	30.09.2008
<b>6. INVESTMENTS</b>		
<b>LONG TERM</b>		
<b>OTHER THAN TRADE</b>		
<b>Government Securities</b>		
<b>Unquoted</b>		
National Saving Certificates	0.01	0.01
<b>Other Securities</b>		
<b>Shares - Fully paid-up</b>		
<b>Quoted</b>		
2,700 (2,700) Equity shares of Rs. 10/- each of Housing Development Finance Corporation Ltd	0.02	0.02
500 (500) Equity shares of Rs. 10/- each of HDFC Bank Ltd.	0.01	0.01
4,835 (4,835) Equity shares of Rs. 10/- each of Punjab National Bank	0.23	0.23
76 (76) Equity shares of Rs. 10/- each of Central Bank of India	0.01	0.01
<b>Unquoted</b>		
1,821 (1,821) Ordinary shares of Rs. 10/- each of NBI Industrial Finance Co. Ltd.	0.01	0.01
<b>TRADE</b>		
<b>Other Securities</b>		
<b>Unquoted</b>		
<b>Shares - Fully paid-up - Associates</b>		
Equity Shares at original cost (including Rs.3.79 Million (Previous Year Rs.5.19 Million) of Goodwill (Net of Capital Reserve) arising on acquisition of associates as per equity method)		
434,730 (434,730) Equity shares of Rs. 10/- each of Triveni Entertainment Ltd	4.35	4.35
99,993 (99,993) Equity shares of Rs. 10/- each of The Engineering & Technical Services Ltd	1.00	1.00
400,060 (400,060) Equity shares of Rs. 10/- each of TOFSL Trading & Investments Ltd	4.00	4.00
360,000 (500,000) Equity shares of Rs. 10/-each of Carvanserai Ltd.	3.60	5.00
Accumulated Income/(Loss) from Associates	440.18	14.35
		416.86
<b>CURRENT INVESTMENTS</b>		
<b>OTHER THAN TRADE</b>		
<b>Unquoted</b>		
5,492,965.202 (Nil) Units of Birla Sun Life Cash Plus - Institutional Premium Daily Dividend - Reinvestment	55.03	-
4,080,699.046 (Nil) Units of HDFC Liquid Fund Premium Plan Daily Dividend - Reinvestment	50.03	-
5,001,939.221 (Nil) Units of ICICI Prudential Institutional Liquid Plan Super Institutional Daily Dividend - Reinvestment	50.03	-
	<b>608.51</b>	<b>431.50</b>

## SCHEDULES to Accounts (Contd.)

	(Rs. in Million)	
	<b>30.09.2009</b>	<b>30.09.2008</b>
<b>7. INVENTORIES</b>		
Patterns	11.21	9.30
Loose Tools, Jigs & Fixtures	13.53	14.05
Stocks		
- Stores & Spares	264.61	351.44
- Finished Goods	1,790.30	4,027.88
- Raw Materials & Components	2,076.04	518.95
Less : Provision for obsolescence/slow moving stock	-9.82	-11.34
- Work-in-Progress	426.03	538.27
- Scrap	24.58	26.20
	<b>4,596.48</b>	<b>5,474.75</b>
<b>8. SUNDRY DEBTORS - (Unsecured)</b>		
Over Six Months		
Considered Good	550.40	249.93
Considered Doubtful	92.45	45.44
	642.85	295.37
Less : Provision for doubtful debts	92.45	45.44
	550.40	249.93
Other Debts - Considered Good	1,880.88	1,885.56
	<b>2431.28</b>	<b>2135.49</b>
<b>9. CASH AND BANK BALANCES</b>		
Cash, Stamps & Cheques in hand	55.04	94.13
Balance with Post Office in		
- Saving Account	0.07	0.08
Balance with Scheduled Banks in		
- Current Accounts	101.98	52.34
- Savings Accounts	0.07	0.10
- Fixed and Margin Deposits	118.93	40.31
Balance with Unscheduled Banks in		
- Current Accounts	1.44	12.57
	<b>277.53</b>	<b>199.53</b>
<b>10. OTHER CURRENT ASSETS</b>		
Interest accrued on deposits and investments	4.03	4.00
	<b>4.03</b>	<b>4.00</b>
<b>11. LOANS AND ADVANCES</b>		
(Unsecured, Considered Good unless otherwise stated)		
Advances, pre-payments and other recoverable in cash or in kind or for value to be received		
- Considered Good	3,271.59	2,924.90
- Considered Doubtful	91.10	16.79
	3,362.69	2,941.69
Less : Provision for doubtful advances	91.10	16.79
	3,271.59	2,924.90
Balances with Central Excise, Custom etc	477.71	496.18
MAT Credit Entitlement	352.13	238.75
Advance Payment of Tax (Net)	-	16.95
	<b>4,101.43</b>	<b>3,676.78</b>

## SCHEDULES to Accounts (Contd.)

	(Rs. in Million)	
	30.09.2009	30.09.2008
<b>12. LIABILITIES</b>		
Trade & Other Creditors		
i. Total outstanding dues to Micro Enterprises and Small Enterprises	33.02	10.07
ii. Total outstanding dues of Creditors other than Micro Enterprises and Small Enterprises	3,685.10	2,679.68
Advance from customers	1,264.35	952.50
Investors Education & Protection Fund shall be credited by the following amounts (not due as at the year end)	-	-
- Unclaimed Dividend	1.99	3.42
- Unclaimed Matured Deposits	5.90	6.71
- Interest accrued on above	1.59	1.66
- Unclaimed Preference Share Redemption	8.60	8.73
Interest accrued but not due	109.77	99.19
	<b>5,110.32</b>	<b>3,761.96</b>
<b>13. PROVISIONS</b>		
Proposed Dividend	180.51	154.73
Income Tax on Distributed Profits	30.68	26.29
Gratuity	176.37	157.36
Warranty	83.93	66.63
Compensated Absences	79.67	66.42
Income Tax (Net of Taxes Paid)	179.95	-
Excise Duty on Closing Stock	117.98	247.60
Others	125.00	126.32
	<b>974.09</b>	<b>845.35</b>
<b>14. MISCELLANEOUS EXPENDITURE</b> (To the extent not written off or adjusted)		
Voluntary Retirement Scheme	13.01	19.17
	<b>13.01</b>	<b>19.17</b>
<b>15. GROSS SALES</b>		
- Domestic	18,495.22	16,498.66
- Exports	1,361.79	649.64
- Income from Carbon Credit	-	131.00
	<b>19,857.01</b>	<b>17,279.30</b>
<b>16. OTHER INCOME</b>		
Dividend (Gross)		
- Long Term Investments -Other than Trade	0.18	0.23
- Current Investments -Other than Trade	0.10	2.24
Rent	0.73	0.40
Interest received on deposits and other accounts	34.96	8.08
Credit Balances/Amount written back	26.58	-
Exchange Rate Fluctuation Gains	14.97	-
Profit on Sale/Write off of Fixed Assets (Net)	1.20	-
Profit on Sale of Investment (Long Term - Other than Trade)	-	11.97
Profit on Sale of Investment (Current- Other than Trade)	0.14	0.67
Profit on Disposal of Investment in a Subsidiary	-	0.54
Miscellaneous	32.79	59.06
	<b>111.65</b>	<b>83.19</b>

## SCHEDULES to Accounts (Contd.)

(Rs. in Million)

	30.09.2009	30.09.2008
<b>17. INCREASE/(DECREASE) IN WORK-IN-PROGRESS/FINISHED GOODS</b>		
Stock at Commencement		
- Work-In-Progress	538.27	596.26
- Finished Goods	3,945.47	2,785.06
	4,483.74	3,381.32
Stock at Close		
- Work-In-Progress	426.03	538.27
- Finished Goods	1,771.06	3,945.47
	2,197.09	4,483.74
Add/(Less) : Impact of Excise Duty on Finished Goods	129.62	(67.24)
Net Increase/(Decrease)	<b>(2,157.03)</b>	<b>1,035.18</b>
<b>18. MATERIALS</b>		
Raw Material & Components		
Stock at Commencement	518.95	502.86
Purchases	10,834.84	10,645.86
	11,353.79	11,148.72
Less : Amount Capitalised	-	0.76
: Stock at Close	2,076.04	518.95
	9,277.75	10,629.01
Cost of Trading Goods Sold		
Stock at Commencement	82.41	60.64
Purchases	150.45	341.73
	232.86	402.37
Less : Amount Capitalised	0.80	2.17
: Stock at Close	19.24	82.41
	212.82	317.79
	<b>9,490.57</b>	<b>10,946.80</b>
<b>19. MANUFACTURING / OPERATING</b>		
Stores, Spares & Tools	228.88	360.68
Power & Fuel	119.47	121.25
Machining/Erection Charges	70.55	28.37
Designing & Consultancy	20.77	16.17
Cane Development Expenses	99.27	56.00
Repairs & Maintenance:		-
- Plant & Machinery	222.87	281.29
- Building	30.80	31.88
- General	19.25	20.81
Factory/Operational Expenses	45.57	73.49
Packing & Forwarding	140.40	262.01
	997.83	1,251.95
Less : Amount Capitalised	0.02	2.69
	<b>997.81</b>	<b>1,249.26</b>

## SCHEDULES to Accounts (Contd.)

	(Rs. in Million)	
	<b>30.09.2009</b>	<b>30.09.2008</b>
<b>20. PERSONNEL</b>		
Salaries, Wages & Bonus	1,174.24	1,039.63
Gratuity	34.18	38.81
Contribution to Provident & Other Funds	96.38	84.78
Welfare	90.74	82.24
	1,395.54	1,245.46
Less : Amount Capitalised	2.99	4.76
	<b>1,392.55</b>	<b>1,240.70</b>
<b>21. ADMINISTRATION</b>		
Travelling & Conveyance	145.15	147.77
Rent	56.04	55.36
Insurance	20.51	12.07
Rates & Taxes	24.59	19.67
Directors' Fee	1.14	0.94
Directors' Commission	6.25	3.00
Bad Debts & Amount Written off	-	9.12
Loss on Sale/Write off of Fixed Assets (Net)	-	5.97
Loss on Sale/Write off of Stores & Spares (Net)	2.36	2.13
Exchange Rate Fluctuation Loss	-	12.80
Provision for Bad & Doubtful Debts/Advances	7.11	19.48
Warranty Expenses	38.96	37.05
Liquidated Damages	(0.70)	41.55
Loss due to Impairment of Fixed Assets	1.21	6.53
Provision for Slow/Non Moving Inventory	1.69	10.84
Prior Period Adjustments (Net)	3.14	11.58
Office & Other Administration Expenses	321.89	322.49
	629.34	718.35
Less : Amount Capitalised	10.00	1.99
	<b>619.34</b>	<b>716.36</b>
<b>22. FINANCING</b>		
Interest on		
- Debentures	96.53	-
- Fixed Loans	708.89	683.23
- Others	329.68	396.03
Other Finance charges	19.61	19.37
	1,154.71	1,098.63
Add : Exchange Rate Fluctuation on Foreign Currency Denomination Loan	4.13	7.09
Less : Interest Subsidy on Buffer Stock	-	102.45
	1,158.84	1,003.27
Less : Amount Capitalised	-	5.58
	<b>1,158.84</b>	<b>997.69</b>

## SCHEDULES to Accounts (Contd.)

	(Rs. in Million)	
	<b>30.09.2009</b>	<b>30.09.2008</b>
<b>23. SELLING</b>		
Commission	123.46	67.49
Royalty	11.91	18.80
Packing & Forwarding	85.11	80.99
Rebate & Discount	4.97	14.68
After Sales Expenses & Others	19.79	41.96
	<b>245.24</b>	<b>223.92</b>
<b>24. AMORTISATION</b>		
Voluntary Retirement Scheme	13.35	10.79
Capitalised Lease Assets	14.94	15.44
Intangible Assets	32.30	17.52
	<b>60.59</b>	<b>43.75</b>
<b>25. PROVISION FOR TAXATION</b>		
For Current Year		
-Current Tax (Includes Wealth Tax Rs.1.04 Million (Previous Year Rs.0.26 Million))	499.46	123.40
-Deferred Tax	333.18	212.02
-Fringe Benefit Tax	8.57	13.43
	<b>841.21</b>	<b>348.85</b>
For Earlier Years (Net)		
- Current Tax (Includes Wealth Tax Rs.0.04 Million (Previous Year Rs.Nil))	12.44	2.19
- Deferred Tax	(7.55)	-
- Fringe Benefit Tax	-	0.21
	<b>4.89</b>	<b>2.40</b>
	<b>846.10</b>	<b>351.25</b>
Less:MAT Credit Entitlement	113.38	121.26
	<b>732.72</b>	<b>229.99</b>

## SCHEDULES to Accounts (Contd.)

### 26. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

#### 1. Significant Accounting Policies

##### a) Basis and Principles of Consolidation

- i) The consolidated financial statements have been prepared to comply with the requirements of Clause 32 of the Listing Agreement and in accordance with Accounting Standard (AS) 21 "Consolidated Financial Statements", Accounting Standard (AS) 23 "Accounting for Investments in Associates in Consolidated Financial Statements" and Accounting Standard (AS) 3 "Cash Flow Statements".
- ii) The consolidated financial statements comprise the financial statements of Triveni Engineering & Industries Ltd. (Holding Company) incorporated in India, its 100% subsidiaries, all incorporated in India, namely Triveni Retail Ventures Ltd., Upper Bari Power Generation Ltd., Triveni Engineering Ltd. and Triveni Energy Systems Ltd. The consolidated financial statements also incorporate proportionate accumulated income/(expenses) of Associates TOFSL Trading & Investments Ltd, The Engineering & Technical Services Ltd, Triveni Entertainment Ltd and Carvanserai Ltd., based on their respective audited financial statements for the year ended March 31, 2009.
- iii) The consolidated financial statements have been prepared based on a line-by-line consolidation using uniform accounting policies. The effects of inter company transactions are eliminated in consolidation.
- iv) The difference between the cost of investment in the associates and the share of net assets at the time of acquisition of shares in the associates is identified in the financial statement as Goodwill or Capital Reserve as the case may be.
- v) Investments other than in associates have been accounted as per Accounting Standard (AS) 13 "Accounting for Investments".

##### b) Basis of preparation of Financial Statements

These financial statements have been prepared to comply in all material respect with all the applicable accounting standards notified under section 211(3C) of the Companies Act, 1956 and the relevant provisions of the Companies Act, 1956.

##### c) Fixed Assets

- i) Fixed assets are stated at cost of acquisition less accumulated depreciation (except in case of revaluation of certain assets where these are

stated at revalued amounts). Cost includes taxes, duties (excluding excise duty, service tax and VAT for which Cenvat/VAT credit is available), freight and other incidental expenses relating to acquisition and installation. In respect of new projects, all direct expenses including borrowing costs incurred upto the date of commencement of commercial production or when related asset is put to use are capitalized.

- ii) Discarded fixed assets are stated at lower of net book value (at the time of discarding of assets) and net realisable value. Wherever, the net book value of the assets can not be reasonably determined, it is stated at net realisable value.

##### d) Recognition of Income/Expenditure

- i) Income from sale of products and services are recognised on despatch of goods or when the services are rendered. Gross sales are stated at contractual realisable values inclusive of excise duty and export incentive and net of sales tax and trade discounts.
- ii) Income from carbon credits is recognized on the delivery of the carbon credits to the customers' account as evidenced by the receipt of confirmation of execution of delivery instructions.
- iii) Revenue from fixed price construction contracts is recognized on the percentage of completion method, measured by the proportion that contract costs incurred for work performed upto the reporting date bear to the estimated total contract cost. Contract costs for this purpose include :
  - a) Costs that relate directly to the specific contract;
  - b) Costs that are attributable to contract activity in general and can be allocated to the contract; and
  - c) Such other costs as are specifically chargeable to the customer under the terms of contract.

Foreseeable losses, if any, are provided for immediately.

- iv) Off-season expenses relating to sugar and co-generation units, other than interest, selling and non-operating expenses/income earned during off-season, are deferred and are absorbed over the duration of the ensuing operating season
- v) Income/Expenditure relating to prior period and prepaid expenses which do not exceed Rs.10,000/- in each case, are treated as Income/Expenditure of current year.
- vi) Compensation under Voluntary Retirement Scheme is amortised over 36 months or over the duration upto

## SCHEDULES to Accounts (Contd.)

30th September 2010 from the date of its incurrence, whichever period is shorter. All other termination benefits paid, if any, are immediately recognized as expenses.

### e) Foreign Currency Transactions

- i) Transactions denominated in foreign currencies are recorded at the exchange rate prevailing at the date of transaction.
- ii) Foreign currency monetary items (including forward contracts) are translated at year end rates. Exchange differences arising on settlement of transactions and translation of monetary items (including forward contracts) are recognised as income or expense in the year in which they arise.
- iii) The premium or discount on forward exchange contracts not relating to firm commitments or highly probable forecast transactions and not intended for trading or speculative purpose is amortised as expense or income over the life of the contracts.

### f) Inventories

- i) Inventories of raw materials, components, stores and spares are valued at lower of cost and net realisable value. By-products used as raw material are valued at transfer cost. Cost for the purpose of valuation of raw materials and components, stores and spares is considered on the following basis :

#### Raw Materials & Components

Manufacturing Units	Basis
Sugar	First in first out
Turbine, Gears, Co-generation & Distillery	Weighted Average
Water Business Group	Specific Cost

#### Stores and Spares

Manufacturing Units	Basis
Water Business Group	Specific Cost
Other Units	Weighted Average

- ii) Finished goods and Work-in-progress are valued at lower of cost and net realisable value. The cost of finished goods and work-in-progress includes raw material costs, direct cost of conversion and proportionate allocation of indirect costs incurred in bringing the inventories to their present location and condition. Excise duty is included in the value of finished goods.
- iii) Patterns, Loose tools, Jigs and Fixtures are written off equally over three years.
- iv) By-products (excluding those used as raw materials) and scrap are valued at estimated net realisable value.

### g) Depreciation

- i) Depreciation on fixed assets is provided on the straight line method at the rates specified in Schedule XIV of the Companies Act, 1956 other than the following assets which are depreciated at higher rates on the straight line basis over their estimated useful economic life as follows :

	Rates adopted	
a) Plant & Machinery used in Co-Generation Plants (including captive Co-Generation plants) installed after 1.4.2004	-	6.33%
b) Mobile phone costing above Rs.5,000/-	-	50%

- ii) Cost of Leasehold Land is amortised over the lease period.
- iii) Fixture and Fittings and improvements to leasehold buildings not owned by the Company are amortised over the lease period or estimated life, whichever is lower.
- iv) The additional depreciation, on increase in cost on account of revaluation is adjusted against the Revaluation Reserve and is thus not charged to Profit & Loss Account for the year.

### h) Research & Development

Revenue expenditure on research & development is charged under respective heads of account. Capital expenditure on research and development is included as part of cost of fixed assets and depreciated on the same basis as other fixed assets.

### i) Investments

Investments are valued at cost inclusive of expenses incidental to their acquisition. Long term investments are carried at cost. Provision is made for diminution in value, if such diminution is, in the opinion of the management, other than temporary in nature. Current investments are valued at lower of cost and fair value.

### j) Employee Benefits

#### 1. Short Term Employee Benefits:

All employee benefits payable wholly within 12 months after the end of the period in which the employees render the related services are classified as short term employee benefits and are recognized as expense in the period in which the employee renders the related service. The Company recognizes the undiscounted amount of short

## SCHEDULES to Accounts (Contd.)

term employee benefits expected to be paid (including compensated absences) in exchange for services rendered as a liability.

### 2. Long Term Employee Benefits:

#### a) Defined Contribution Plans

Defined contribution plans are retirement benefit plans under which the Company pays fixed contributions to separate entities (funds) or financial institutions or state managed benefit schemes. The Company's contribution to defined contribution plans are recognized in the Profit & Loss account in the financial year to which they relate.

The Company operates the following defined contribution plans.

##### i) Provident Fund Plan & Employee Pension Scheme:

The Company makes specified monthly contributions towards Employee Provident Fund/ Employee Pension Scheme to fund administered and managed by the Government of India / funds (set up by the Company and administered through Trusts). The rate notified by the Government is also adopted by the Trusts. The Company has an obligation to make good the shortfall, if any, between the return on investments of the Trusts and notified interest rate.

##### ii) Employee State Insurance :

The Company makes specified monthly contributions towards Employees State Insurance Scheme.

##### iii) Superannuation Scheme :

The Company has taken Group Superannuation Policy with Life Insurance Corporation of India for superannuation payable to specific employees. Contribution towards aforesaid fund is charged to the Profit & Loss account in the financial year to which it relates.

#### b) Defined Benefit Plans

Defined benefit plans are retirement benefit plans under which the Company pays certain defined benefits to the employees at the time of their retirement/resignation/death based on rules framed for such schemes.

##### i) Gratuity :

The Company provides for gratuity obligations through a defined benefit retirement plan (the 'Gratuity Plan') covering all employees. The Gratuity Plan provides a lump sum payment to vested employees at retirement or termination of employment based on the respective employee salary and years of employment with the Company.

The Company provides for its liability under the Gratuity Plan based on actuarial valuation.

##### ii) Earned Leaves / Sick Leaves :

The Company provides for the liability at year end on account of unavailed accumulated leaves on the basis of actuarial valuation.

#### k) Borrowing costs

Borrowing costs attributable to the acquisition of qualifying assets are capitalised upto the period such assets are ready for its intended use. All other borrowing costs are charged to Profit & Loss Account.

#### l) Government Grants

Recognition

Government grants are recognised where:

- i) There is reasonable assurance of complying with the conditions attached to the grant.
- ii) Such grant/benefit has been earned and it is reasonably certain that the ultimate collection will be made.

Presentation in Financial Statements:

- i) Government grants relating to specific fixed assets are adjusted with the value of the fixed assets.
- ii) Government grants in the nature of promoters' contribution, i.e. which have reference to the total investment in an undertaking or by way of contribution towards total capital outlay, are credited to capital reserve.
- iii) Government grants related to revenue items are either adjusted with the related expenditure/revenue or shown under "Other Income", in case direct linkage with cost/income is not determinable.

#### m) Accounting for assets acquired under lease

In respect of plant & machinery acquired on lease before 1st April 2001, the principal value of the lease (including sale value on the expiry of lease), representing fair value of the assets, is amortised over technically estimated lives of such assets and unamortised value of such lease rentals are stated separately under "Fixed Assets". Lease rentals of other assets, acquired before 1st April 2001 are charged off in the period in which these accrue.

#### n) Taxes on Income

- i) Current tax on income is determined on the basis of taxable income computed in accordance with the applicable provisions of the Income Tax Act, 1961.

## SCHEDULES to Accounts (Contd.)

- ii) Deferred tax is recognised for all timing differences between the accounting income and the taxable income for the year, and quantified using the tax rates and laws enacted or substantively enacted as on the Balance Sheet date.
- iii) Deferred tax asset is recognised and carried forward only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized, except in the case of unabsorbed depreciation or carry forward of losses under the Income Tax Act, 1961, deferred tax asset is recognized only to the extent that there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realized.
- iv) Minimum Alternate Tax (MAT) credit is recognized as an asset only when and to the extent there is convincing evidence that the Company will be in a position to avail of such credit under the provisions of the Income Tax Act, 1961.

### o) Intangible Assets

Intangible assets are recognised as per the criteria specified in Accounting Standard (AS) 26 "Intangible Assets" and are amortised on straight line basis as follows:

	Period of amortisation
Computer Software	36 months
Design & Drawings	72 months
Technical Know-how fees	72 months

### p) Impairment of Asset

Impairment of individual assets/cash generating unit (a group of assets that generates identified independent cash flows) are identified using external and internal sources of information and impairment loss if any, is determined and recognised in accordance with the Accounting Standard (AS) 28 "Impairment of Assets".

### q) Provisions, Contingent liabilities and Contingent assets

Provisions are recognised for liabilities that can be measured only by using a substantial degree of estimation, if

- i) the Company has a present obligation as a result of a past event.
- ii) a probable outflow of resources is expected to settle the obligation and
- iii) the amount of the obligation can be reliably estimated.

Reimbursement expected in respect of expenditure required to settle a provision is recognised only when it is virtually certain that the reimbursement will be received.

Contingent Liability is disclosed in the case of

- i) a present obligation arising from a past event, when it is not probable that an outflow of resources will be required to settle the obligation.
- ii) a possible obligation, unless the probability of outflow of resources is remote.

Contingent Assets are neither recognised nor disclosed.

### r) Derivative transactions

Provision is made for mark-to-market losses, if any, in respect of derivatives outstanding at the balance sheet date. Gains, if any, on such transactions are not recognized till settlement.

## SCHEDULES to Accounts (Contd.)

### 2. Contingent liabilities (to the extent not provided for)

The contingent liabilities of the group are that of the parent Company, as there are no contingent liabilities of the subsidiaries. The group, besides the contingent liabilities of the parent disclosed hereunder, is also contingently liable for Rs. 1.43 Million (Rs. 1.43 Million) in respect of Associates, pro-rata to the investments in Associates, excluding the cases where the amount is not quantifiable.

#### a) Claims against the Company not acknowledged as debts

(Rs. in Million)

		As on 30.09.09	As on 30.09.08
i)	Claims which are being contested by the company and in respect of which the company has paid amounts aggregating to Rs.84.38 Million (Rs.97.01 Million) under protest pending final adjudication of the cases:	230.18	232.02
	<b>Sl. No.</b>	<b>Particulars</b>	<b>Amount of Contingent Liability</b>
			<b>Amount Paid</b>
	01.	Sales Tax	32.77 (51.75)
			22.13 (35.66)
	02.	Excise Duty	154.99 (142.83)
			58.59 (57.02)
	03.	Others	42.42 (37.44)
			3.66 (4.33)
	The outflow arising from these claims is uncertain and is after adjusting likely reimbursement of Rs.12.02 Million (Rs.12.02 Million) from customers in respect of Central Excise demands on account of denial of benefit under Notification No.6/2000.		
ii)	The Company is contingently liable in respect of short provision against disputed income tax liabilities of Rs.21.85 Million (Rs.2.16 Million). The amounts have not been provided in the accounts in view of reliefs expected in appeals.	21.85	2.16
iii)	Differential cane price for the sugar season 2007-08 pending disposal of the matter by the Hon'ble Supreme Court, As against price of Rs.1250/MT advised by the State Government, the Company had accounted for and discharged its liability at Rs.1100/MT in accordance with the interim order passed by the Supreme Court.	789.56	789.56
iv)	Indeterminate liability arising from claims / counter claims/ Interest in arbitration/ Court cases, claims of some employees/ex-employees and in respect of service tax, if any, on certain activities of the Company which are being contested by the Company.		
b)	Guarantee/surety given on behalf of other companies	4.00	8.77

c) The amounts shown in item 2(a) represent the best possible estimates arrived at on the basis of available information. The uncertainties, possible payments and reimbursements are dependent on the outcome of the different legal processes which have been invoked by the Company or the claimants, as the case may be, and therefore can not be predicted accurately. The Company engages reputed professional advisors to protect its interests and has been advised that it has strong legal position against such disputes.

The amounts shown in item 2(b) above represent guarantees given in the normal course of these companies operations and are not expected to result in any loss to the Company on the basis of such companies fulfilling their ordinary commercial obligations.

## SCHEDULES to Accounts (Contd.)

3. Outstanding commitments for capital expenditure amount to Rs.225.49 Million (Rs.487.22 Million) after adjusting advances amounting to Rs 58.67 Million (Rs.70.89 Million).
- 4.a) The State Government of Uttar Pradesh had notified the UP Sugar Industry Promotion Policy, 2004 (Policy), according to which capital subsidy and other recurring incentives were prescribed for eligible investments relating to setting up / expansion of sugar units and allied industries. Pursuant to the policy, the Company had set up various projects and was held eligible in respect thereof vide letter dated 31.01.2007 of the State Government. However, the State Government prematurely terminated the policy w.e.f. June 4, 2007. Aggrieved by the action of the State Government, the Company filed a writ petition before the Lucknow Bench of High Court of Allahabad challenging the action of the State Government in withdrawing the said Policy and not granting incentives to the Company. The Court in an interim order had stated that it was prima-facie satisfied that the State Government could not indicate any supervening public interest for terminating the policy and has directed to permit the Company to continue to avail remissions which were applicable before the termination of the policy. The Company has received strong legal advice that in view of established doctrine of promissory estoppel, it is entitled to the incentives under the aforesaid Policy.
- Accordingly, the Company has during the year accounted for recoverable incentives to the extent of Rs.106.84 Million (Rs.160.16 Million), which have been netted off from the costs and availed remission of Rs.31.24 Million (Rs.56.79 Million) against prescribed
- levies in terms of the Policy. As on 30.9.2009, total incentives receivable including capital subsidy are Rs.1,399.92 Million (Rs.1,293.08 Million) and remissions availed are Rs.125.46 Million (Rs.942.12 lacs).
- b) The Company had availed of a loan amounting to Rs.943.20 Million (Rs.943.20 Million) under the “Scheme for Extending Financial Assistance to Sugar Undertakings 2007” notified by the Government of India. Under the said scheme interest subvention @ 12% per annum is granted by the Government on such loan.
5. The Company has made a provision for the employee benefits in accordance with the Accounting Standard (AS) 15 “Employee Benefits”. The long term employee benefits in the nature of defined benefit plans have been accounted on the basis of actuarial valuation at the year end. However in the case of its subsidiary company – Triveni Retail Ventures Limited, the actuarial valuation has been conducted as on 31.3.2009 coinciding with its accounting year end and further liability for six months ended September 30, 2009 has been considered on an estimate basis.
6. Plant and machinery at Deoband unit existing as on 1st November, 1986 was revalued during the financial year 1986-87. The revaluation had been conducted by an approved valuer, to reflect the assets at their present value. A property at Delhi, earlier held as stock in trade was revalued during the financial year 1999-00, at estimated market value and converted to fixed assets. The increase in the value of such assets over their book values, consequent to the revaluation, had been credited to revaluation reserve in the respective year of revaluation. The revalued assets are stated net of accumulated depreciation thereon.

7. Pursuant to compliance of Accounting Standard (AS) 23 “Accounting for Investments in Associates in Consolidated Financial Statements” the company has accounted investments in Associates under the equity method. The relevant information of the investment in Associates is provided herebelow:

(Rs. in Million)

Name of the Associate Companies	Country of Incorporation	Ownership interest and Voting Power	Original cost of Investments	Amount of Goodwill/ (Capital Reserve) included in original cost	Accumulated Income/(Loss)
1	2	3	4	5	6
TOFSL Trading & Investments Ltd	India	49.38%	4.00	*1 0.18	132.97
The Engineering & Technical Services Ltd	India	47.60%	1.00	*1 (0.43)	221.72
Triveni Entertainment Ltd	India	49.97%	4.35	*1 0.44	(1.81)
Carvanserai Ltd	India	35.62%	3.60	*2 3.60	87.30
<b>Total</b>			<b>12.95</b>	<b>3.79</b>	<b>440.18</b>

\*1 As on the date on which these Companies became Associates on the merger of erstwhile Triveni Engineering & Industries Limited with this Company.

\*2 As on the date on which it ceased to be the subsidiary of the Company.

## SCHEDULES to Accounts (Contd.)

8. The breakup of net deferred tax liability is provided below :

(Rs. in Million)

Particulars	Deferred tax liability (Deferred tax asset)	
	As on 30.09.09	As on 30.09.08
Difference in Net Book values of Fixed Assets as per accounts & tax	1,358.88	1,189.75
Share Issue Expenses	(8.22)	(16.45)
Expenses deferred in books but claimed in tax	33.99	30.84
Other Provisions disallowable u/s 43-B	(233.91)	(253.75)
Unabsorbed Tax Depreciation *	(80.23)	(324.38)
Others (net)	(137.88)	(19.02)
<b>Net deferred tax liability</b>	<b>932.63</b>	<b>606.99</b>

\* This represents depreciation which has arisen on account of setting up and expansion of new units during earlier accounting years. The Company is hopeful of earning sufficient taxable income in near future to enable it to avail the benefit of the unabsorbed depreciation.

9. Earning per Share has been computed as follows :

	2008-2009	2007-2008
1 Net profit after tax as per Profit & Loss Account (Rs. in Million)	1,743.56	1,219.84
2 No. of Equity Shares of Re.1/- during the year (weighted average)	25,78,80,150	25,78,80,150
3 <b>Earning per equity share of Re.1/- each Basic/Diluted (1)/(2) (In Rupees)</b>	<b>6.76</b>	<b>4.73</b>

10. Disclosures regarding Provisions are as under :

i) Movement in provisions:

(Rs. in Million)

Sl. No. Particulars of disclosure	Nature of Provision	
	Warranty	Liquidated Damages
1. Balance as at October 1, 2008	66.63 (48.01)	118.03 (77.49)
2. Provision made during the year	48.35 (51.04)	28.09 (60.53)
3. Provision used during the year	9.87 (11.24)	- (-)
4. Provision reversed no longer required	21.18 (21.18)	32.21 (19.99)
5 Balance as at September 30, 2009	83.93 (66.63)	113.91 (118.03)

ii) Nature of provisions :

Warranties : The Company gives warranties on certain products and services, undertaking to repair the items that fail to perform satisfactorily during warranty period. Provision made as at the end of year represents the amount of the expected cost of meeting such obligations of rectification/replacement. The timing of the outflows is expected to be within a period of one to two years.

Liquidated Damages: In respect of certain products, the Company has contractual obligation towards its customers for matters relating to delivery and performance. The provisions represent amount estimated to meet such obligations. The Timing of the outflow is expected to be within one year.

11. Information regarding Related Party Transactions :

a) Related party where control exists

Mr D.M. Sawhney, Chairman & Managing Director (Key Management person).

b) The details of related parties with whom transactions have taken place during the Year :

- i) Associates (Group A)
  - TOFSL Trading & Investments Limited (TOFSL)
  - The Engineering & Technical Services Limited (ETS)
  - Triveni Entertainment Limited (TENL)
  - Carvanserai Limited (CL)
- ii) Key Management Person (Group B)
  - Mr D M Sawhney, Chairman & Managing Director (DMS)
  - Mr Tarun Sawhney Executive Director – Whole time (TS)
  - Mr Nikhil Sawhney Executive Director – Whole time (NS)
- iii) Key Management person relatives (Group C)
  - Mrs Rati Sawhney (Wife of DMS) (RS)
- iv) Companies/Parties in which key management person or his relatives have substantial interest/significant influence (Group D)
  - Kameni Upaskar Limited (KUL)
  - Tirath Ram Shah Charitable Trust (TR SCT)

## SCHEDULES to Accounts (Contd.)

**c) Details of transactions with the related parties during the year ended 30.09.2009 :**

(Rs. in Million)

Sl. No.	Nature of Transaction	Group - A				Group - B			Group - C		Group - D		TOTAL
		TOFSL	ETS	TENL	CL	DMS	TS	NS	RS	KUL	TRRCT		
1	Sales and Rendering Services	0.08 (0.08)	0.06 (0.06)	0.06 (0.06)	-	-	-	-	-	-	-	-	0.20 (0.20)
2	Rent Paid	-	-	-	-	0.84 (0.58)	-	-	-	1.62 (1.50)	-	-	2.46 (2.08)
3	Amount Advanced	-	-	-	-	-	-	-	-	-	-	-	-
4	Expenses incurred (Net)	-	-	0.01 (0.02)	0.40	-	-	-	-	-	-	-	0.41 (0.02)
5	Interest Paid	-	-	-	-	-	-	-	0.03 (0.02)	-	-	-	0.03 (0.02)
6	Remuneration *	-	-	-	-	48.28 (39.43)	14.03 (9.99)	13.66 (9.64)	-	-	-	-	75.97 (59.06)
7	Sale of Investment in Shares	-	-	-	-	123.10	-	-	49.24	-	-	-	172.34
8	Charity & Donations	-	-	-	-	-	-	-	-	-	-	10.00 (7.50)	10.00 (7.50)
<b>9</b>	<b>Outstanding balances as on 30.09.09</b>												
	A. Receivable	0.04 (0.04)	0.03 (0.03)	0.03 (0.03)	-	0.02 (0.02)	-	-	-	-	-	-	0.12 (0.12)
	B. Payable	-	-	-	-	7.54 (2.64)	0.00 (0.34)	0.02 (0.33)	2.46	-	-	-	10.02 (3.31)
	C. Guarantees / Surety Outstanding	4.00 (4.00)	-	-	-	-	-	-	-	-	-	-	4.00 (4.00)
	D. Fixed Deposit	-	-	-	-	-	-	-	0.25 (0.25)	-	-	-	0.25 (0.25)

\* Includes remuneration of Rs. 1.26 million and Rs. 1.23 million in the capacity other than Executive Directors in respect of TS & NS respectively. Further for TS & NS gratuity is not included as it is provided on actuarial valuation for the entire company.

# SCHEDULES to Accounts (Contd.)

## 12. Information on Segment Reporting of the Group for the year ended 30.09.2009

(Rs. in Million)

	SUGAR						ENGINEERING						OTHERS									
	Sugar	Co-generation	Distillery	Total Sugar	Steam Turbines	Gears	Water	Total Engineering	Other Operations	Eliminations	Consolidated Total	Other Operations	Eliminations	Consolidated Total								
	30.09.09	30.09.08	30.09.09	30.09.08	30.09.09	30.09.08	30.09.09	30.09.08	30.09.09	30.09.08	30.09.09	30.09.08	30.09.09	30.09.08								
<b>REVENUE</b>																						
External Sales	12136.31	8667.39	365.34	681.96	544.85	785.40	13046.50	10134.75	4898.31	5478.97	600.96	616.34	995.20	663.28	6494.47	6758.59	316.04	385.96	-	-	19857.01	17279.30
Inter-segment Sales	983.97	905.33	582.94	491.65	0.06	0.14	1566.97	1387.12	8.19	4.77	191.24	263.41	2.16	4.29	201.59	272.47	23.40	38.63	(1791.96)	(1708.22)	-	-
<b>Total Sales</b>	<b>13120.28</b>	<b>9572.72</b>	<b>948.28</b>	<b>1173.61</b>	<b>544.91</b>	<b>785.54</b>	<b>14613.47</b>	<b>11531.87</b>	<b>4906.50</b>	<b>5483.74</b>	<b>792.20</b>	<b>879.75</b>	<b>997.36</b>	<b>667.57</b>	<b>6696.06</b>	<b>7031.06</b>	<b>339.44</b>	<b>424.59</b>	<b>(1791.96)</b>	<b>(1708.22)</b>	<b>19857.01</b>	<b>17279.30</b>
Income from Associates																					57.47	189.35
Other Income	13.97	36.65	0.48	0.55	0.25	1.86	14.70	39.06	10.08	6.77	1.80	2.33	3.39	-	15.27	9.10	1.01	1.38			30.98	49.54
<b>Total Revenue</b>	<b>13134.25</b>	<b>9609.37</b>	<b>948.76</b>	<b>1174.16</b>	<b>545.16</b>	<b>787.40</b>	<b>14628.17</b>	<b>11570.93</b>	<b>4916.58</b>	<b>5490.51</b>	<b>794.00</b>	<b>882.08</b>	<b>1000.75</b>	<b>667.57</b>	<b>6711.33</b>	<b>7040.16</b>	<b>340.45</b>	<b>425.97</b>	<b>(1791.96)</b>	<b>(1708.22)</b>	<b>19945.46</b>	<b>17518.19</b>
<b>RESULT</b>																						
Segment result	2022.92	358.78	201.44	475.74	92.18	176.95	2316.54	1011.47	1155.81	1280.13	243.92	219.85	148.25	105.41	1547.98	1605.19	(73.74)	(66.20)	28.42	(54.21)	3819.20	2476.25
Unallocated expenses (Net)																					(656.25)	(52.46)
<b>Operating profit</b>																					<b>3462.95</b>	<b>2423.79</b>
Interest expense																					(1158.84)	(957.69)
Interest Income																					34.96	8.08
Dividend Income and Surplus on disposal of investments (Net)																					137.21	15.65
Income taxes (including deferred tax)																					(732.72)	(229.99)
<b>Net profit</b>																					<b>1743.56</b>	<b>1219.84</b>
<b>OTHER INFORMATION</b>																						
Segment assets	14352.46	14921.52	2030.59	2137.86	1359.09	1237.26	17742.14	18296.64	2949.11	3063.02	649.49	560.87	919.77	581.74	4518.37	4205.63	92.16	187.76			22352.67	22690.03
Unallocated assets																					2517.98	2282.47
<b>Total assets</b>																					<b>24870.65</b>	<b>24972.50</b>
Segment liabilities	990.12	1556.78	56.19	58.18	76.97	113.02	1123.28	1727.98	2148.60	2018.98	153.44	171.83	476.03	283.83	2778.07	2474.64	19.69	30.03			11434.24	12669.24
Unallocated liabilities																						
<b>Total liabilities</b>																					<b>15355.28</b>	<b>16901.89</b>
Capital expenditure	210.60	501.41	7.04	1.09	40.54	4.69	258.18	507.19	207.97	171.63	139.70	25.74	20.51	90.39	368.18	287.76	3.98	14.94				
Depreciation	465.09	517.04	142.92	142.90	56.60	55.27	664.61	715.21	47.73	42.35	28.37	26.84	4.61	1.26	80.71	70.45	4.32	3.93				
Amortisation	35.97	28.38	0.91	0.01	1.02	0.16	37.90	28.55	16.78	11.72	1.14	0.93	1.61	0.99	19.53	13.64	0.83	0.72				

Notes : (i) In accordance with the Accounting Standard (AS) 17 "Segment Reporting", the Group's operations have been categorized into 6 major business segments, which constitute 98.41% (97.77%) of the total turnover of the Group. These business segments are classified under the two major businesses in which the Group is engaged in, and are briefly described hereunder :

### Sugar & Allied Businesses

- Sugar : The Group is a manufacturer of white crystal sugar, having an aggregate sugarcane crushing capacity of 61,000 TCD (tonnes crushed per day) spread over seven manufacturing plants situated in the State of Uttar Pradesh. After meeting the captive requirements, the Group also sells the surplus molasses and bagasse, which are produced as a by-product in the manufacture of sugar.
- Co-generation : The business segment, apart from meeting some power and steam requirement of sugar unit, also exports power to the State grid. It has installed capacity of 68 MW spread over Khatauli and Deoband sugar mills.
- Distillery : The 160 kilo-liters per day capacity distillery located at Muzaffarnagar, Uttar Pradesh, uses the molasses produced in manufacture of sugar as the principal raw material in production of various categories of alcohol.

### Engineering Businesses

- Steam Turbines : This segment is engaged in the manufacture of steam turbines at manufacturing facilities located at Bangalore, Karnataka.

b) High Speed Gears : This business segment manufactures high speed gears and gear boxes at the manufacturing facility located at Mysore, Karnataka.

c) Water/Wastewater Treatment : This business segment operates from Noida, Uttar Pradesh and provides engineered to order process equipment and comprehensive solutions in the water and wastewater management.

(ii) The 'Other Operations' mainly include operations of Retail Stores at various rural and semi-urban locations pursued by Triveni Retail Ventures Limited, a wholly owned subsidiary and trading of various packaged fast moving consumer goods (under the Group's brand name), including sugar. Other subsidiaries have not yet commenced business.

(iii) There are no geographical segments as the volume of exports is not significant and the major turnover of the Group takes place indigenously. There is no major reliance on a few customers or suppliers.

(iv) Inter-segment transfer are priced based on competitive market prices or determined to yield a desired margin or agreed on a negotiated basis. These are then eliminated on consolidation.

(v) Segment result is the segment revenue less segment expenses. Segment expenses include all expenses directly attributable to the segments and portion of the enterprise expenses that can be allocated on a reasonable basis to the segments. Interest expense is not included in segment expenses and accordingly, segment liabilities do not include any corresponding borrowings.

(vi) Segment results excludes off-setting impact of changes pertaining to earlier years in Sugar and Co-generation segments pursuant to revision in transfer pricing between them.

## SCHEDULES to Accounts (Contd.)

13. The requisite financial information in respect of the subsidiaries, as per approval under Section 212 (8) of the Companies Act, 1956 accorded by Government of India, Ministry of Corporate Affairs, vide its Letter No.47/676/2009-CL-III dated 8/10/2009 for the financial year ended September 30, 2009 is given below.

(Rs. in Million)

Subsidiary Companies	Triveni Retail Ventures Ltd	Upper Bari Power Generation Ltd	Triveni Engineering Ltd	Triveni Energy Systems Ltd
Capital	100.00	0.50	0.50	0.50
Reserves	(218.25)	0.03	(1.59)	(0.37)
Total Assets	64.50	0.53	0.08	0.14
Total Liabilities	182.75	0.01	1.17	0.01
Investments (except in subsidiaries)	NIL	NIL	NIL	NIL
Turnover (Net)	202.99	NIL	NIL	NIL
Profit/(Loss) before Taxation	(76.49)	0.04	0.07	0.01
Provision for Taxation	1.01	0.01	NIL	0.01
Profit/(Loss) after Taxation	(77.50)	0.02	0.07	0.01
Proposed Dividend	NIL	NIL	NIL	NIL

14. Depreciation for the year in the profit & loss account and Schedule 5 of Fixed Asset is net of Rs.23.66 Million (Rs.0.04 Million) being write back of excess depreciation charged in earlier years.
15. The Company has incurred an expenditure of Rs.48.01 Million (Rs.33.95 Million) in respect of Research and Development activities in respect of its turbine unit and such expenditure has been charged to the Profit & Loss A/c under various heads. Additionally, the Company has also incurred cane development expenditure of Rs.99.27 Million (Rs. 56.00 Million) in respect of its sugar units.
16. Exceptional/ Non-Recurring charge (net) of Rs.55.73 Million (Rs.Nil) comprises of the following:
- Rs.78.31 Million paid for consultancy charges to assess feasibility of new businesses synergistic to the existing engineering business.
  - Provision of Rs.114.21 Million made against amounts recoverable in disputed matters, mostly relating project/sugar machinery business earlier carried out by the Company.
  - Profit of Rs.136.79 Million on the sale of long term trade investment in an associates.
17. Previous year figures have been rearranged and regrouped wherever necessary to make them comparable with the current year figures. Figures given in brackets relate to previous year.
18. Schedule "1" to "26" form an integral part of the Balance Sheet and Profit & Loss Account.

Place: Noida (U.P.)  
 Date : November 19, 2009

**Dhruv M. Sawhney**  
 Chairman &  
 Managing Director

**Lt.Gen.K.K.Hazari (Retd)**  
 Director & Chairman  
 Audit Committee

**Geeta Bhalla**  
 Company  
 Secretary

**Suresh Taneja**  
 Vice President  
 & CFO

Consolidated Financial Statements of Triveni Engineering & Industries Limited and its Subsidiary Companies  
**CONSOLIDATED CASH FLOW STATEMENT**

(Rs. in Million)

For the Year Ended	30.09.2009	30.09.2008
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>Profit Before Tax</b>	<b>2,476.28</b>	<b>1,449.83</b>
Add : Depreciation	761.46	800.23
: Amortisation		
- Machinery Lease Rentals	14.79	15.44
- Intangible Assets	32.30	17.52
- Miscellaneous Expenditure	13.35	10.79
Less : Incomes/(Losses) from Associates	57.47	189.35
Less : Incomes/Expenses treated separately		
Dividend Income	0.28	2.47
Profit/(Loss) on sale of Assets	1.20	(5.97)
Provision for Impairment of Fixed Assets	(1.21)	(6.53)
Profit on sale of Investments	136.93	12.64
Interest Expenses	(1,158.84)	(1,100.09)
Interest Income	35.07	110.53
Deferred Revenue Expenditure Incurred	7.18	7.55
<b>Operating Profit before Working Capital changes</b>	<b>4,220.10</b>	<b>3,083.86</b>
<b>Changes in Working Capital</b>		
Changes in Inventories	878.62	(1,220.53)
Changes in Receivables	(295.80)	(1,194.77)
Changes in Other Current Assets	-	112.80
Changes in Other Trade Receivables	(360.19)	(277.25)
Changes in Current Liabilities	1,258.85	(300.54)
Direct Taxes Paid (Net) including Wealth Tax	(323.57)	(155.19)
<b>Net Changes in Working Capital</b>	<b>1,157.91</b>	<b>(3,035.48)</b>
<b>Cash Flow from Operating Activities</b>	<b>5,378.01</b>	<b>48.38</b>
<b>B. CASH FLOW FROM INVESTMENT ACTIVITIES</b>		
Purchase of Fixed/Intangible Assets	(619.81)	(847.86)
Sale of Fixed/Intangible Assets	6.71	11.94
Purchase of Investments	(455.10)	(720.50)
Sale / Redemption of Investments	472.48	822.25
Interest Income	74.09	53.12
Dividend Income	0.28	2.47
<b>Net Cash Flow in Investment Activities</b>	<b>(521.35)</b>	<b>(678.58)</b>

## CONSOLIDATED CASH FLOW STATEMENT (Contd.)

	(Rs. in Million)	
For the Year Ended	<b>30.09.2009</b>	<b>30.09.2008</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Increase/Decrease in Short Term Borrowings (Net)	(138.91)	207.33
Increase/Decrease in Long Term Borrowings (Net)	(285.75)	906.81
Increase/Decrease in Cash Credit	(2,918.69)	572.75
Interest Paid	(1,155.13)	(1,093.55)
Redemption of Preference Shares (including premium)	(0.13)	(0.26)
Dividend Paid (Including Tax on Distributed Profit)	(272.98)	(30.80)
<b>Net Cash Flow used in Financing Activities</b>	<b>(4,771.59)</b>	<b>562.28</b>
<b>Net Increase/ (Decrease) in Cash &amp; Cash Equivalents</b>	<b>85.07</b>	<b>(67.92)</b>
<b>Opening Cash &amp; Cash Equivalents</b>	<b>158.33</b>	<b>226.25</b>
<b>Closing Cash &amp; Cash Equivalents</b>	<b>243.40</b>	<b>158.33</b>
Add : Bank Balances under Lien	23.54	28.98
Bank Balances under Unclaimed Dividend / Preference Capital Redemption	10.59	12.22
<b>Cash &amp; Cash Equivalents as per Schedule 9 of Balance Sheet</b>	<b>277.53</b>	<b>199.53</b>

Notes to Accounts Schedule 26.

This is the Consolidated Cash Flow Statement referred to in our report of even date.

For and on behalf of  
**J.C.Bhalla & Company**  
 Chartered Accountants

**Sudhir Mallick**

Partner  
 Place: Noida (U.P.)  
 Date : November 19, 2009

**Dhruv M. Sawhney**  
 Chairman &  
 Managing Director

**Lt.Gen.K.K.Hazari (Retd)**  
 Director & Chairman  
 Audit Committee

**Geeta Bhalla**  
 Company  
 Secretary

**Suresh Taneja**  
 Vice President  
 & CFO

# FORWARD LOOKING STATEMENT

This report contains forward-looking statements, which may be identified by their use of words like 'plans', 'expects', 'will', 'anticipates', 'believes', 'intends', 'projects', 'estimates' or other words of similar meaning. All statements that address expectations of projections about the future, including but not limited to statements about the Company's strategy for growth, product development, market position, expenditures, and financial results, are forward-looking statements. Forward-looking statements are based on certain assumptions and expectations of future events. The Company cannot guarantee that these assumptions and expectations are accurate or will be realized.

The Company's actual results, performance or achievements could thus differ materially from those projected in any such forward-looking statements. The Company assumes no responsibility to publicly amend, modify or revise any forward looking statements, on the basis of any subsequent developments, information or events.

The Company has sourced the industry information from the publicly available sources and has not verified those information independently.

Notes:

Notes:

# INFORMATION ON COMPANY'S BUSINESS LOCATIONS

## Registered Office

Deoband, District-Saharanpur  
Uttar Pradesh-247 554  
STD Code: 01336  
Phone: 222497, 222185, 222866  
Fax: 222220

## Corporate office

'Express Trade Towers', 8th Floor  
15-16, Sector- 16A  
Noida 201 301 (U.P.)  
STD Code: 0120  
Phone: 4308000  
Fax: 4311010-11

## Share department/investors' grievances

'Express Trade Towers', 8th Floor  
15-16, Sector- 16A  
Noida 201 301 (U.P.)  
STD Code: 0120  
Phone: 4308000  
Fax: 4311010-11  
Email: shares@trivenigroup.com

## Fixed deposit section

### Accounts Department

'Express Trade Towers', 8th Floor  
15-16, Sector- 16A  
Noida 201 301 (U.P.)  
STD Code: 0120  
Phone: 4308000  
Fax: 4311010-11  
Email: hoaccts@trivenigroup.com

## Registrar and share transfer agents

For Equity shares held in physical and electronic mode  
(Correspondence Address)  
M/s Karvy Computershare Pvt. Ltd.,  
Unit: Triveni Engineering & Industries Limited  
Plot No. 17 to 24, Vittal Rao Nagar,  
Madhapur, Hyderabad-500 081.  
Tel. 040-23420815-825, Fax 040-23420814  
Email :- mailmanager@karvy.com /  
einward.ris@karvy.com

## Turbine business group

12-A, Peenya Industrial Area,  
Peenya, Bangalore-560 058  
STD Code: 080  
Phone: 22164000  
Fax: 28395211

## Gear business group

1,2,3 Belagola Industrial Area  
Metagalli Post, K.R.S. Road,  
Mysore-570 016  
STD Code: 0821  
Phone: 4280502, 4280501  
Fax: 2582694

## Khatauli sugar unit

Khatauli, District- Muzaffarnagar,  
Uttar Pradesh-251 201  
STD Code: 01396  
Phone: 272561 & 272562  
Fax: 272309

## Deoband sugar unit

Deoband, District-Saharanpur  
Uttar Pradesh-247 554  
STD Code: 01336  
Phone: 222497, 222185, 222866  
Fax: 222220

## Ramkola sugar unit

Ramkola, District-Kushinagar  
Uttar Pradesh-247 305  
STD Code: 05567  
Phone: 256021, 256071-2, 256182  
Fax: 256248

## Sabitgarh sugar unit

P.O. Karora, Tehsil Khurja  
District-Bulandshahar, Uttar Pradesh  
STD Code: 05738  
Phone: 228894,  
Fax: 228893

## Rani Nangal sugar unit

Rani Nangal, Thakurdwara  
District- Moradabad, Uttar Pradesh  
STD Code: 0591  
Phone: 9719444400, 9719419636  
Fax: 261251

## Milak Narayanpur sugar unit

Milak Narayanpur, P.O. Dadiyal  
District-Rampur  
Uttar Pradesh- 244 925  
STD Code: 0595  
Phone: 2564350, 2564627, 2564215  
Fax: 2565002

## Chandanpur sugar unit

P.O. Chhapna, Tehsil-Hasanpur,  
District- J.P. Nagar  
Uttar Pradesh-244255  
STD Code: 05924  
Phone: 295040  
Fax: 254006

## Water business group

Plot No.44, Block-A, Phase II Extension,  
Hosiery Complex, Noida,  
District Gautam Budh Nagar, U.P.  
STD Code: 0120  
Phone: 4748000  
Fax: 4243049

## Co-generation Khatauli

Khatauli, District- Muzaffarnagar,  
Uttar Pradesh-251 201  
STD Code: 01396  
Phone: 272561 & 272562  
Fax: 272309

## Co-generation Deoband

Deoband, District-Saharanpur  
Uttar Pradesh-247 554  
STD Code: 01336  
Phone: 222497, 222185, 222866  
Fax: 222220

## Alco-chemical Unit

Village Bhikki Bilaspur,  
Jolly Road, District- Muzaffarnagar,  
Uttar Pradesh-251 001  
STD Code: 0131  
Phone: 2600659, 2600684  
Fax: 2600569

## Branded sugar business

'Express Trade Towers', 8th Floor  
15-16, Sector- 16A  
Noida 201 301 (U.P.)  
STD Code: 0120  
Phone: 4308000  
Fax: 4311010-11

## Subsidiary companies

### Triveni Engineering Limited

'Express Trade Towers', 8th Floor  
15-16, Sector- 16A  
Noida 201 301 (U.P.)  
STD Code: 0120  
Phone: 4308000  
Fax: 4311010-11

### Triveni Retail Ventures Limited

(Formerly Triveni SRI Limited)  
104, 1st Floor, 99 Grand Plaza  
Old Rajinder Nagar Market,  
New Delhi-110 060

### Triveni Energy Systems Limited

'Express Trade Towers', 8th Floor  
15-16, Sector- 16A  
Noida 201 301 (U.P.)  
STD Code: 0120  
Phone: 4308000  
Fax: 4311010-11

### Upper Bari Power Generation Limited

Rockwood Estate, The Mall,  
Shimla, Himachal Pradesh-171 001

## Corporate information

### Chairman and Managing Director

Mr. Dhruv M. Sawhney (DIN-00102999)

### Executive Directors

Mr. Tarun Sawhney (DIN-00382878)  
Mr. Nikhil Sawhney (DIN-00029028)

### Directors

Dr. F.C. Kohli (DIN-00102878)  
Lt. Gen. K.K. Hazari (Retd.) (DIN-00090909)  
Mr. K.N. Shenoy (DIN-00021373)  
Mr. M.K. Daga (DIN-00062503)  
Mr. Amal Ganguli (DIN-00013808)  
Mr. Shekhar Datta (DIN-00045591)  
Mr. R.C. Sharma (DIN-00107540)

### Company Secretary

Ms. Geeta Bhalla

### Bankers

Axis Bank Ltd.  
Canara Bank  
Central Bank of India  
Citi Bank N.A.  
HSBC Bank Ltd.  
IDBI Bank Ltd.  
Indusind Bank Ltd.  
Oriental Bank of Commerce  
Punjab National Bank  
State Bank of India  
State Bank of Patiala

### Auditors

M/s J.C. Bhalla & Co.

### Branch Auditors

M/s Virmani & Associates

### Triveni Group website:

www.trivenigroup.com



8th Floor, Express Trade Towers  
Plot No. 15 & 16, Sector 16-A  
Noida - 201301  
Uttar Pradesh

[www.trivenigroup.com](http://www.trivenigroup.com)