
CHAIRMAN & MANAGING DIRECTOR

Mr. Dhruv M. Sawhney

BOARD OF DIRECTORS

Mr. F.C. Kohli

Mr. M.V. Subbiah (Resigned w.e.f. 14.7.2004)

Mr. S.K. Seth

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

Mr. M.K. Daga

Mr. R.C. Sharma

Mr. V. Venkateswarlu (IDBI Nominee)

GROUP GENERAL MANAGER (LEGAL) & COMPANY SECRETARY

Mr. V.P. Ghuliani

BANKERS

Punjab National Bank

Central Bank of India

Canara Bank

Oriental Bank of Commerce

Union Bank of India

Standard Chartered Bank

State Bank of Travancore

AUDITORS

M/s J.C. Bhalla & Co.

BRANCH AUDITORS

M/s Virmani & Associates

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Report of the Directors

TO THE MEMBERS

Your Directors have pleasure in presenting the 69th Annual Report on the business and operations of your Company and the Audited Financial Statement for the financial year ended 31st March, 2004. Information on subsidiary companies required under section 212 of the Companies Act, 1956 is given in Annexure C to this Report.

FINANCIAL RESULTS

	Rupees in Crores	
	2003-04	2002-03
Sales (Gross)	637.9	703.5
Operating profit	64.7	54.0
Interest and other financial charges	22.4	31.3
Amortisation	6.5	4.9
Depreciation	10.3	9.9
Profit Before Tax	25.5	7.9
Tax liability	3.0	0.7
Net deferred tax charge	4.7	2.4
Profit After Tax	17.8	4.8
Surplus Brought Forward	10.4	8.8
Available for appropriation	28.2	13.6

APPROPRIATIONS

Proposed Equity Dividend (incl Tax)	2.8	2.1
Interim Dividend Paid on Preference shares (incl Tax)	0.5	-
Transfer to Molasses Reserve	0.2	0.1
Transfer to General Reserve	17.0	1.0
Surplus Carried Forward	7.7	10.4
Total	28.2	13.6
Earnings per share – basic (Rs)	20.7	3.9

PERFORMANCE

Sales decreased by Rs 65.6 crores from the previous year due to lower sugar despatches and major restructuring of our projects division. Operating profit increased by 20% from Rs. 54 crores to Rs 64.7 crores, but the increase in profit after tax (PAT) by 270%, from Rs 4.8 crores to Rs 17.8 crores was truly commendable and is an all time record for the company.

Sugar stocks as on 31st March, 2004 were much higher than the previous year and necessitated larger working capital debt. However, with the usage of different financing instruments, and lower interest rates from our current lenders, interest and financing charges have decreased by 30% from Rs 31.3 crores in the previous year to Rs 22.4 crores. In the financial year 2001-2002 interest and financing charges were Rs 50 crores. The cumulative impact of better realizations from sugar sales, and reduced interest expense, mainly contributed to the turnaround in the company's financial position and operating performance. With substantial modernisation and diversification programmes being

undertaken at all the company's business units, finance charges will rise in the next few years. However, this will be sufficiently compensated by higher sales and operating profits.

Segment reporting about the various businesses of the Group for the year ended 31st March 2004 is given in the Schedule of Notes to the consolidated financial statements. Detailed comments on the performance of various divisions are given in the Management Discussions and Analysis in Annexure-D to this report.

DIVIDEND

Your Directors approved and paid an interim dividend of 12% on 39,73,995 – 12% Redeemable Cumulative Preference Shares of Rs. 10/- each involving the payment of Rs 0.5 crore including dividend tax for the financial year ended 31st March, 2004. The interim dividend on Preference Shares shall, with the approval of the shareholders at the forthcoming Annual General Meeting, be treated as final dividend.

Your Directors recommend a dividend of 30% i.e. Rs 3 per equity share involving payment of Rs 2.8 crores including dividend tax for the financial year ended 31st March 2004, which if approved by shareholders at the forthcoming Annual General Meeting, will be paid to :

- those equity shareholders holding shares in physical form and whose names appear on the Register of Members of the Company as on 18th August 2004; and
- those equity shareholders holding shares in demat form and whose names appear as beneficial owners as at the end of business hours on 17th August, 2004 as per lists to be furnished by the depositories viz. NSDL/CDSL.

PART REDEMPTION OF PREFERENCE SHARES

Pursuant to and in terms of the Scheme of Arrangement duly sanctioned by the Hon'ble High Court of Judicature at Allahabad vide its Order dated 27th March 2003, the first instalment @ Rs. 21/- per share (Rs 5 redemption amount plus Rs 16 as premium) was paid to the holders of 39,73,995 - 12% Redeemable Cumulative Preference Shares of Rs 10/- each on 1st April, 2004. With payment of the first instalment of redemption money as aforesaid on 1st April, 2004, the residual paid up value of each Preference Share has automatically, and without any further act or deed either on the part of the Preference Shareholders or on the part of the Company, become Rs 5/-. The second and final instalment of redemption is due and payable on 1st April, 2005.

TECHNOLOGY

The development of new tapered twisted blade by the Turbine Business Group in association with Impact Technologies, U.S.A., is nearing completion. We will be integrating these blades into our manufacturing



Report of the Directors (Contd.)

programme in 2005-2006. We have started an association with Skoda Energo of the Czech Republic, for the marketing in India of turbines over 20 MW. We have also initiated a joint development programme for a new range of turbines in the capacity of 10-20 MW, which would be partly manufactured in the Czech Republic and partly at Triveni's facility at Bangalore, and marketed in Europe and Asia respectively by each organisation.

The sugar units are continuously upgrading their technology. We have recently installed state of the art Syrup Clarification System at Khatauli and Deoband in association with SRI International, Australia, for producing world class plantation white sugar.

HUMAN RESOURCES

The Company believes that human resources are vital and it continues to lay due emphasis on the development of all employees. Training is imparted through in-house and external programmes. 1667 mandays of training were imparted to the employees in the last financial year. Family development programmes for their spouses, and career counselling workshops for their children were conducted.

QUALITY AND ENVIRONMENT

An integral part of the vision of your company is to provide customer satisfaction through the best product and service quality. Your Bangalore and Mysore units have embarked on a Six Sigma programme to achieve quality and service in line with international standards.

CORPORATE GOVERNANCE

Your Company strives to achieve appropriate standards for good corporate governance. A separate report on Corporate Governance is given in Annexure-E along with the Auditors' statement on its compliance in Annexure-F.

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 that their appointment, if made, will be in accordance with the limits specified in Section 224 (1B) of the Companies Act, 1956.

COMMENTS ON AUDITORS QUALIFICATIONS

The comments of the Auditors in para 11 of the Annexure to the Auditors' Report are self-explanatory and relate to a few minor instances. The Board has given instructions for the timely payment of all financial institution and bank dues.

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 judgements 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 31st March, 2004 and of the profit of the Company for the period 1st April, 2003 to 31st March, 2004.
- 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 & 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 given in Annexure-A to this Report.

DIRECTORS

Mr R C Sharma and Mr M K Daga retire by rotation, and being eligible, offer themselves for reappointment.

Mr J B Dadachanji retired during the year. Your Directors would like to place on record their gratitude and appreciation for the guidance and support extended by Mr Dadachanji during his tenure on the Board.

DEPOSITS

As on 31st March, 2004, deposits amounting to Rs 38.67 lacs remained unclaimed of which Rs 20.21 lacs has since been repaid/renewed as on 30th June, 2004.

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

Chairman &

Managing Director

Place : New Delhi

Date : June 30, 2004

Annexure to the Report of the Directors

ANNEXURE-A

Additional Information as required under the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988

(A) CONSERVATION OF ENERGY

(a) Energy conservation measures

- Replacement of micro processor based auto cane feeding at the new mill to a PLC based system at Khatauli, resulting in an increase in primary extraction from 73 % to 75% and a reduction in maceration levels from 39% to 36% on cane.
- Installation of one DC Motor Driven 1750 Kg./charge fully automatic centrifugal machine for A-massecuite at Deoband, which reduced the power consumption.

(b) Additional investments and proposals for reducing energy consumption

- A continuous Vacuum Pan for C-massecuite and automation of the injection water system are being proposed at Khatauli to reduce steam and power consumption.
- Installation of DC motors on another 3 centrifugal machines at Deoband to reduce power consumption and increase machine capacity.
- Installation of Auto Combustion control in the 65 TPH boiler at Deoband to increase the efficiency of the boiler and reduce fuel and power consumption.

(c) Impact of the above measures

With the above measures, the conservation of energy, steam and water will improve efficiencies of both sugar plants.

FORM A

Disclosure of particulars with respect to conservation of Energy

I. POWER AND FUEL CONSUMPTION

	2003-04	2002-03
1 Electricity		
a) Purchased		
Units (000's KWH)	3,660	3,429
Total Amount (Rs. in lakhs)	188.57	166.74
Rate (Rs./Unit)	5.15	4.86
b) Own generation		
i) Through Diesel Generators		
Units (000's KWH)	2,081	2,520
Unit per litre of Diesel Oil	3.07	3.09
Cost/Unit (Rs.)	6.06	5.58
ii) Through Steam Turbine/ Generator		
Steam produced (000's of Units by use of our own bagasse)	1,00,711	74,999
Bagasse bought (qtls.)	-	3,881
2 Furnace Oil		
Quantity (K Ltrs)	154	168
Total Amount (Rs./lakhs)	23.76	24.06
Rate (Rs./K Ltrs)	15,429	14,321
3 Fire Wood		
Quantity (MT)	-	276
Total Amount (Rs./lakhs)	-	6.58
Rate/Unit (Rs./MT)	-	2,381

II. CONSUMPTION PER UNIT OF PRODUCTION

	2003-04 (PER MT)	2002-03 (PER MT)
SUGAR		
Electricity (KWH)/MT	238.22	242.21
Bagasse (MT)/MT	2.58	2.70
Fire Wood (MT)/MT	-	0.01

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



Annexure to the Report of the Directors (Contd.)

FORM B

Disclosure of particulars with respect to technology absorption.

(A) RESEARCH & DEVELOPMENT (R&D)

1. Specific Areas in which R&D was carried out by the company

- a) Development of twisted and tapered blade.
- b) Development of Sugar Cogeneration turbine models for 8 - 16 MW which have been successfully commercialized. Validation of rotor dynamics of the above model was completed by shop test.
- c) Development of healthy cane crop and the promotion of early maturing varieties at our cane development facility, and in other selected areas.

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

- a) Filling the gap in our range of turbines with improved efficiencies and reliability.
- b) Meeting specific requirements of our turbine and gear customers.
- c) Higher yield and recovery at our sugar unit.

3. Future plan of action

- a) Enhancing capacity range of turbine models upto 18 - 22 MW with improved efficiency and reliability.
- b) Development by scaling up principle and integration of twisted and tapered blading for the range upto 18 - 22 MW based on the development of first size twisted and tapered blades.
- c) Optimisation of axial gaps between stationary and rotating blades.
- d) Achieving cane recoveries which are the best in our zone.
- e) Joint research and development with Skoda Energo for more efficient and cost effective models in the power range of 10-20 MW.

4. Expenditure on R&D

	(Rs. in lacs)
a) Capital	—
b) Recurring	289.35
c) Total	289.35
d) Total R&D expenditure as a percentage of turnover	0.45

(B) TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

Efforts made and the benefits derived have been given under Technology Absorption earlier in this Annexure.

Information regarding technology imported during the last 5 years.

	Year	Has Technology been fully Absorbed
1) Steam Turbine models in the higher power range.	1999	Yes
2) Manufacture and process engineering for Water & Waste Water equipment.	2001	Yes
3) Gears and Gearboxes above 7.5MW.	1998	Yes

(C) FOREIGN EXCHANGE EARNINGS AND OUTGO

	(Rs. in lacs)
	2003-04
1) Earnings in Foreign Exchange	
Value of exports on F.O.B. basis	2,136.70
Others	33.97
2) Foreign Exchange Outgo	1,017.76
(Includes raw materials, components, spare parts, royalty, and other expenditure in foreign currency including royalty).	

Annexure to the Report of the Directors (Contd.)

ANNEXURE - B

PARTICULARS OF EMPLOYEES

PURSUANT TO SECTION 217 (2A) OF THE COMPANIES ACT, 1956 READ WITH COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975

NAME	DESIGNATION	REMUNE- RATION	QUALIFICATION	EXP- (Yrs.)	DATE OF JOINING	AGE (YEARS)	PREVIOUS POST	PREVIOUS EMPLOYMENT
(A) EMPLOYED THROUGHOUT THE YEAR								
D.M. SAWHNEY	CHAIRMAN & MANAGING DIRECTOR	49,93,749	M. ENGG. CAMBRIDGE MBA (WHARTON) D.M.S.	37	01.04.1974	60	GENERAL MANAGER	MAHALAXMI SUGAR MILLS CO. LTD.
ARUN MOTE	CHIEF EXECUTIVE	30,64,435	M. TECH, M.B.A.	28	27.11.1999	51	PRESIDENT & C.E.O.	MAGNETI MARELLI INDIA LTD.
A.K. TANWAR	VICE PRESIDENT (SUGAR)	31,22,568	B.E.(ELECT.) A.N.S.I. (SUGAR ENGG)	24	22.07.1996	48	GENERAL MANAGER	DHAMPUR SUGAR MILLS LIMITED
DEVEN KHANNA	VICE PRESIDENT (CORPORATE FINANCE & PLANNING)	30,90,177	B.COM.(HONS.) F.C.A.	19	10.06.1988	43	-	-
TARUN SAWHNEY*	CORPORATE VICE PRESIDENT	29,54,324	M.A., (CAMBRIDGE) M.B.A. (WHARTON)	5	09.08.2002	30	SENIOR ASSOCIATE	A.K. KEARNEY U.K.
V.P. GHULIANI	GROUP GENERAL MANAGER (LEGAL) & COMPANY SECRETARY	25,81,647	B.A.,LL.B., F.C.S.	41	12.12.1977	65	COMPANY SECRETARY	UNITED SHIPPERS & DREDGERS LTD.
B) EMPLOYED FOR PART OF THE PERIOD								
MANGAL SINGH	CHIEF EXECUTIVE CUM TECHNICAL ADVISOR	8,15,723	B.SC., A.N.S.I. (SUGAR TECH.)	48	19.06.2000	71	ADVISOR, CHIEF EXECUTIVE & EXECUTIVE DIRECTOR	BAJAJ HINDUSTAN LIMITED

* Mr. Tarun Sawhney, Corporate Vice President, is the son of Mr. Dhruv M. Sawhney, Chairman & Managing Director.

Notes :-

- 1) Remuneration includes salary, bonus, other allowances, rent paid, medical expenses and Company's contribution to Provident Fund and Pension Fund and gratuity on the basis of actuarial valuation except for Mr. D.M. Sawhney where it has been considered as per Govt.'s approval.
- 2) The above employees are whole time employees of the Company.

ANNEXURE – C

STATEMENT PURSUANT TO SECTION 212 OF COMPANIES ACT, 1956

SUBSIDIARY COMPANIES

	TRIVENI SRI LTD.	TRIVENI POWER GENERATION LTD.
1 Financial Year ended	31st March'2004	31st March' 2004
2 Extent of holding company's interest at the end of financial year of the subsidiary.	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 (Rs. In lacs)		
a) For the financial year ended 31.03.04 of the subsidiary company.	(5.15)	(1.28)
b) For the previous financial years of the subsidiary since it became the holding company's subsidiary.	(3.15)	(0.69)
4 a) The net aggregate amount of the subsidiary's Profit/(Loss), for the financial year or years of the subsidiary so far as those Profit/(Loss) are dealt within the holding company's accounts.	NIL	NIL
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.	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.	NA*	NA*
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	NA*	NA*
II) Its investments	NA*	NA*
III) The money lent by it	NA*	NA*
IV) The money borrowed by it for any purpose.	NA*	NA*

* Accounting year of the two subsidiary companies and the holding company ends on 31st March'2004



Annexure to the Report of the Directors (Contd.)

ANNEXURE - D

MANAGEMENT DISCUSSIONS & ANALYSIS

The two main business segments of Triveni are sugar and small industrial steam turbines, which account for 75% and 21% of turnover respectively of the company's aggregate turnover. Other operations consist of high speed gears, water & waste water treatment equipment and specialized sugar machinery.

FINANCIALS

In the season 2002-03, the company had a higher crush and a better recovery than in the season 2001-02. Coupled with a lower cane price, this contributed to a significant reduction in the cost of sugar produced and a majority of this sugar was in the opening stock for 2003-04. Open market sugar prices were quite depressed in the first quarter of 2003-04, but went up appreciably in February/March 2004. Both these factors improved operating margins at the sugar units and were a major contributor to the years results.

SUGAR

INDUSTRY SCENARIO & DEVELOPMENT

We had estimated sugar production in India for the year 2002-03 at 195 lac tonnes, but the year ended with a

production of 201.4 lac tonnes. Currently, the estimate of all India sugar production for 2003-04 is 135-136 lac tonnes, which is a drop of 33 % over last year. This is the lowest production in the last six years and has completely changed the industry scenario. Sugar stocks at this time last year were very high and prices were at a record low. Today, open market sugar prices are 20% higher.

We expect imports of raw sugar of around 7 lac tonnes by September 2004, and the export of 2.7 lac tonnes of plantation white sugar took place in the early part of the current year. With a domestic consumption of 180 lac tonnes in 2003-04, a closing stock of 75 lac tonnes is projected, which is still 5 months consumption. The bearish sentiment in the sugar market over the past few years has changed, and in the short space of six months, India has turned from being a net exporter to being a net importer of sugar. The largest fall in cane production, of almost 50%, was in Maharashtra. In Uttar Pradesh sugar production did not suffer as badly, and the decline was 17%.

A very large power plant is being put up by the Reliance group in Western U.P. However, the viability of co-generated power from sugar factory bagasse in U.P. remains good, and the move for sugar factories to become agro complexes is increasing.

COMPANY PERFORMANCE

The performance of the company's sugar units for the past two sugar seasons is given in the table below :

Sugar Unit	2003-2004				2002-2003			
	Khatauli	Deoband	Ramkola	Total	Khatauli	Deoband	Ramkola	Total
Capacity(TCD)	12,500	11,400	3,500	27,400	11,750	10,000	3,500	25,250
Stoppages excluding cane (percent)	4.15	1.37	2.93	2.82	3.56	2.02	3.80	3.13
Crush(lac qtls)	175.38	148.40	30.33	354.11	175.19	162.14	50.45	387.78
Recovery (%)	10.20	10.46	9.98	10.29	10.10	10.13	9.13	9.99
Sugar production (Net – lac qtls)	17.89	15.52	3.03	36.44	17.69	16.43	4.61	38.73
% increase (Dec) over previous year	1	(5)	(34)	(6)	(2)	17	11	6

Your company is one of the largest producers of sugar in the country, and at the Khatauli unit, sugar production in 2003-04 was amongst the top three in the country and the highest in Uttar Pradesh – a notable achievement. Recovery at Deoband was an all time record, and at Ramkola, it was the highest in the past 15 years. Cane crushed in Khatauli was the same as last year, but there was a steep 40% drop in Ramkola owing to very low yields in their area, a phenomena which was common to all units in Eastern U.P. Crushing operations closed at Ramkola in March, at Deoband in April, and at Khatauli in early May. Engineering stoppages were well within budgeted targets, and our enhanced crushing capacities could not be fully utilized owing to the shortage of cane. Your Company plans to establish new sugar Factories and has taken steps in this regard.

Annexure to the Report of the Directors (Contd.)

Sugar units in U.P. agreed to pay the revised Government announced Statutory Minimum Price (SMP) under protest, as was done in the season 2002-03. The Government has increased the SMP from Rs 69.50 to Rs 73.00 per quintal linked to a recovery of 8.5%. The U.P. Government gave a concession on cane commission and cane purchase tax of Rs 2.50 per quintal, which was passed on to the farmers as cane price.

The modernisation and co-generation projects at Deoband are proceeding well, and we expect to commission the co-generation unit in September 2004. Part of the modernisation project will be completed in the current off season, and the balance in 2005.

The Company launched a new branded sugar division in September 2003. Under the brand name 'Shagun', the company has made a foray into this developing market. This initiative will leverage the growing consumer revolution and the growth of branded commodities. Shagun sugar has been launched in Delhi, Chandigarh, Haryana, Punjab and U.P., and there are plans to launch the product in the remaining northern Indian states by the end of this financial year.

Shagun is currently packed in 1 kg and 5 kg SKU's and we will be looking at other formats, based on consumer feedback and demand. The potential for growth in this nascent market is significant and Shagun is well placed to take advantage of the growing demand for branded sugar. We expect to be able to capture additional margins through consumer-pull demand, as a result of our advertising campaign. Interestingly, our radio advertisement for Shagun won a Bronze medal (no silver or gold medals were awarded) in the 'creative' category at the 2004 Radio Mirchi Awards.

Your company has decided to enter into the agricultural products and extension services business. The launch of this business in December 2004 will help leverage the sugar units relationship with farmers and further strengthen ties with the farming community. In addition to providing a farmer with his entire basket of farming goods and services, the agricentres will provide a host of high-value extension services.

GOVERNMENT POLICY

It is unfortunate that even though Indian industry has generally been liberalized, this is not the case with the sugar industry. Numerous controls still exist at the Central and State levels on the growing of sugarcane and the manufacture and sale of sugar. In the present scenario of reduced domestic production, we do not foresee much change in the next few years. The

Government has formed a high level committee under the chairmanship of Shri S K Tuteja, Secretary, Ministry of Consumer Affairs, Food and Public Distribution. This committee will review the present status of the sugar industry, identify problems, and suggest a package for revitalization of the industry to make it "vibrant, self-sustaining and globally competitive". It is scheduled to submit its report by end September 2004.

The issue whether the Government of U.P. had any statutory power or right to fix the sugarcane price over and above the Statutory Minimum Price (SMP) fixed by the Central Government, came up for hearing before a bench of five judges of the Supreme Court (along with similar petitions of a few other States viz. Bihar, Haryana, Punjab, Andhra Pradesh & Tamil Nadu) and vide a majority judgement of 3 : 2 dated 5.5.2004, it was held that the State Government in U.P. in exercise of its regulatory power as contained in the U.P. Sugarcane (Regulation of Supply & Purchase) Act of 1953, could fix the price of sugarcane. The Industry Association (ISMA) in consultation with leading Supreme Court lawyers, has filed a review petition before the Supreme Court highlighting the inconsistencies with an earlier unanimous decision of a 5 judge bench of the Supreme Court of 1956 in Ch. Tikaramji's case, and other specific constitutional points on account of which review is justified. The Indian Sugar Mills Association petition challenging the SMP for the year 2002-03 has been, at the request of the Central Government, transferred to the Supreme Court. The petition challenging the SMP for '03-04 is before the Delhi High Court.

The Allahabad High Court on 14.5.2003 upheld the U.P. Cane Commissioner's directions to cane societies to charge a commission based on the SMP of individual factories instead of on the basic SMP at 8.5% recovery. This order has been challenged by the Regional Industry Associations by way of an SLP in the Supreme Court and the matter is yet to come up for hearing. In the interim, all private factories in U.P. paid society commission on the basic SMP as in the past.

OUTLOOK

It is difficult to predict cane production in the season starting 1st October 2004 as a lot will depend on the monsoon in the next few months. Current expectations are that All India sugar production in 2004-05 will be lower than that of the current year, and could go below 130 lac tonnes. As consumption will be around 180 lac tonnes, we expect the import of 2/2.5 million tonnes of raw sugar to bridge the gap, and are hopeful that we will be successful in avoiding the import of white sugar.



Annexure to the Report of the Directors (Contd.)

With the recent Supreme Court judgement, and the political situation in the state of Uttar Pradesh, we expect the announcement of a state advised cane price for the next season which may reduce margins.

Cane development at Deoband has achieved a turnaround, and this was reflected in the results for the current year. We expect improved performances from the Khatauli and Ramkola units after implementation of the proposed cane development and modernisation schemes.

TURBINES

Triveni is the predominant player in the steam based industrial power generation and rotating machinery markets. The Turbine Business Group offers a comprehensive range of turbines with capacities ranging from 0.5 to 30 MW.

INDUSTRY SCENARIO & DEVELOPMENT

The market in 2004-05 is expected to grow by 8-10% and we expect to preserve our market share. The biggest growth would come from small independent power producers using renewable energy sources such as biomass. The largest market is the Process Co-generation and Waste Heat Recovery segments, which are forecast to have their second best year. The market for single stage turbines has been declining every year, and is the smallest component in the overall market. The fourth segment, the sugar co-generation market, will be about the same as last year. The market for our turbines has shifted upwards in terms of capacity, and we are now receiving more orders in the 8-15 MW range than in the earlier 3-8 MW range.

Siemens has taken over the power generation business of Alstom globally, and this includes their Indian operations. Along with BHEL, they are our main domestic competitors, and the other competitors include Shin Nippon of Japan, Belliss & Morcom of India, and Hang Zhou of China.

COMPANY PERFORMANCE

The Turbine Business Group had another record year in turnover and profits. We have established ourselves in the domestic operations and maintenance market, and awareness for our products in the international market has also increased. This resulted in another order from Wartsila, and for both the Wartsila projects in Finland and Ireland, we have stationed a service person at site for one year.

In the SKODA range, we are executing orders for our sugar units at Deoband and Khatauli for 22.5 MW and 24 MW respectively, and for a customer in South India

for 23 MW. We have indigenously developed a range of high extraction flow turbines, christened as SCG3, which have been well received in the market. In a short span of one year, we have over 10 orders for these models.

The unit has the benefit of a high level Advisory Council on Technology comprising of Professors and experts from IISc, IITs, ISRO, De Montfort University, U.K., and a former senior executive from BHEL. The latest SAP-ERP system has been successfully implemented and the benefits are being gradually felt throughout the organization.

OUTLOOK

In the last five years, our CAGR has been 15%, and based on the power scenario and demand-supply situation in the country, we expect to continue at this level for the next few years. This includes extension of the product range and rationalization of existing models. To facilitate this growth, we are augmenting our assembly capacity by adding an additional bay in our Bangalore works, alongwith the associated material handling, assembly and testing facilities.

HIGH SPEED GEARS

Our Gear Division at Mysore, which achieved a 100% growth in the last 3 years, is poised to double its turnover in the next 3-4 years. Maximum growth is seen in the high power segment (>7.5MW) where our license collaboration with Lufkin Industries Inc. U.S.A. has given us the required impetus and technology backup. We are thankful for the support our partners Lufkin U.S.A. and their subsidiary Lufkin, France have given us.

Significant steps are in progress for the unit to match global standards for quality and productivity by investing in the world's latest state of the art CNC profile grinding and CNC hobbing machines from Gleason Pfauter of Germany. These machines are expected to be in operation by March 2005. The unit has also embarked on a Six Sigma programme and is strengthening its supply chain relationship with key suppliers.

WATER AND WASTE WATER TREATMENT

Triveni has recently concluded an agreement with U.S. Filter, Palm Desert, California, U.S.A. for the Indian market. This will expand our range beyond our existing license with the Envirex division of U.S. Filter. Before entering into the extended cooperation with U.S. Filter, we commissioned KPMG to undertake a market research study and advise us on a long term strategy to avail of the increased opportunities in India and the adjoining countries.

Annexure to the Report of the Directors (Contd.)

US Filter has the largest range of technology in the water and waste water treatment sector. This agreement accords us a good opportunity in a market that is vital for India's growth and sustenance. Initially, we are targeting the introduction of technologies from select U.S. Filter companies. We are contemplating expanding our operations by concentrating on this new product range and have therefore decided to place less emphasis on turnkey municipal and industrial projects.

RISKS

Risks and concerns and sustainable growth opportunities have been covered under the various business segments in the management discussion given above.

HUMAN RESOURCES

Your company continues investing, energizing and developing people across all levels of workers, staff and management. The main Directors' Report also refers to our initiatives in Human Resources. As on 31st March, 2004 the Company's total manpower strength was 3771, including an officers strength of 407. A wage & productivity agreement with the workers of the Gear Division at Mysore was signed in October 2003. A voluntary retirement scheme (VRS) was introduced in May 2003 at our turbine unit and out of 411 employees at that time, 96 officer & non-officer employees opted for VRS.

With a view to enhancing the competencies of our Managers in the Turbine and Gear Divisions, your Company initiated a Competency Mapping & Development exercise with the assistance of Hewitt Associates. As a follow up to this exercise, various initiatives are being taken for their development.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The system of internal control comprises those controls established in order to provide reasonable assurance of :

- a) Safeguarding assets against unauthorized use or disruption and
- b) Maintenance of proper accounting records and the reliability of financial information used within the business.

The key elements of the system are as follows :

- a) Clearly defined organization structure and limits of authority.
- b) Corporate policies for financial reporting, accounting, information security, project appraisal and corporate governance.
- c) Annual budgets and long term business plans for all operating units identifying the key risk.

- d) An Internal Audit Department which reviews key business processes and control, including performing annual reviews.
- e) An Audit Committee, which approves audit plans and deals with significant control issues raised by internal and external audit.

Reports are circulated to senior management and action is taken to strengthen control where needed. The internal Audit is carried out by the internal Audit department and by M/s Ernst & Young Pvt. Ltd. These reports and the annual budgets, operating plans, projected appraisals, and corporate governance issues are reviewed by the Audit Committee which met 7 times during the past financial year.

BRANCH AND COST AUDITORS

For the year 2003-04, Virmani & Associates were the Branch Auditors for Bangalore, Mysore and Projects Division. M/s Rishi Mohan Bansal, Cost Accountant, were the Cost Auditor for the three sugar units – Khatauli, Deoband & Ramkola. The Branch Auditors & Cost Auditor were appointed by the Board. The Central Government also approved the appointment of the Cost Auditor.

Statements in "Management Discussion and Analysis" describing the Company's objectives, expectations and assessments etc. may be forward looking within the meaning of applicable laws and regulations. Actual results may differ from the statements expressed therein. Important factors that could influence the Company's operations include demand and supply conditions affecting selling prices of finished goods, availability of inputs and their prices, change in Government policy, legislation and tax rates; political, defence and economic developments within and outside the country and other factors such as litigation and industrial relations.

ANNEXURE-E

REPORT ON 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 :-

1) Company's Philosophy on Code of Governance

The Company believes in and has consistently practiced good corporate governance. The Company creates an environment for the efficient, just and ethical conduct of the business and to



Annexure to the Report of the Directors (Contd.)

enable the Management to meet its obligations in a fair, transparent and equitable manner to all stakeholders viz. its customers, shareholders, farmers, and other suppliers, 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.

2) Board of Directors

The business of the Company is managed by the Board of Directors. The Board formulates the strategy and regularly reviews the performance of the Company against previously agreed objectives. The Chairman and Managing Director along with the senior executives manages the day to day operations of the Company.

The present strength of the Board of Directors is eight. Excepting the Chairman & Managing Director, all are Independent Non-Executive Directors. The Non-Executive Directors are eminent industrialists and professionals with valuable experience in management, administration, finance and bring with them a wide range of skills and experience to the Board. The Company did not have any pecuniary relationship or transaction with the Non-Executive Directors during the year under review except for the payment of meeting fees.

None of the Directors on the Board is a Member on more than 10 Committees, and Chairman of more than 5 Committees (as specified in Clause-49) across the companies in which he is a Director. The necessary disclosures regarding Committee positions have been made by the Directors.

The constitution of the Board and the number of Directorships and Committee Memberships held in other companies as on date are given below :-

Name of Director	Category	No. of Directorships in other companies (*)	No. of Committee positions held in other companies (*)	
			Chairman	Member
Shri Dhruv M. Sawhney Chairman & Managing Director	Promoter & Executive Director	2	NIL	1
Shri F.C.Kohli	Independent Non-Executive Director	8	2	2
Lt. Gen. K.K. Hazari (Retd.)	Independent Non-Executive Director	2	NIL	NIL
Shri M.K. Daga	Independent Non-Executive Director	4	NIL	2
Shri M.V. Subbiah	Independent Non-Executive Director	4	3	1
Shri R.C. Sharma	Independent Non-Executive Director	NIL	NIL	NIL
Shri S.K. Seth	Independent Non-Executive Director	NIL	NIL	NIL
Shri V. Venkateswarlu (IDBI Nominee)	Independent Non-Executive Director	NIL	NIL	NIL

(*) excludes Directorships in Indian Private Limited Companies, Section 25 Companies, Alternate Directorships and membership of various Chambers and other non-corporate organizations.

Annexure to the Report of the Directors (Contd.)

Directors who relinquished office during the year ended 31st March 2004

Name of Director	Category	Date of relinquishment
Shri J B Dadachanji	Independent Non-Executive Director	14.8.2003

Details of Directors seeking reappointment at the ensuing Annual General Meeting

In respect of Directors seeking appointment or reappointment, the Notice for the AGM 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 Procedures

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 help bring an independent judgement on the Board's deliberations. They have complete and unfettered access to any information and to all employees of the Company. The agenda items include information as required under Annexure-1 to Clause 49 – Corporate Governance of Listing Agreement, 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 and major provisions and write offs.

Attendance Record of the Directors

The Board of Directors met seven times during the financial year 2003-2004. The interval between any two successive meetings did not exceed four months. Board Meetings were held on 8th May'03, 7th June'03, 29th July'03, 28th November'03, 31st January'04, 10th February'04 and 15th March'04. The attendance record of all Directors at Board meetings and the last Annual

General Meeting (AGM) is as under:-

Name of Director	No. of Board Meetings Attended	Attendance at last AGM 14.08.2003
Shri Dhruv M. Sawhney Chairman & Managing Director	6	Yes
Shri F.C.Kohli	4	No
Shri J.B. Dadachanji (Retired on 14/8/2003)	2	No
Lt. Gen. K.K. Hazari (Retd.)	7	Yes
Shri M.K. Daga	4	No
Shri M.V. Subbiah	3	No
Shri R.C. Sharma	5	Yes
Shri S.K. Seth	7	Yes
Shri V. Venkateswarlu (IDBI Nominee)	6	No

Executive Sub-Committee

During the year, Mr J.B. Dadachanji, who was one of the members of the Executive Sub-Committee of the Board retired on 14th August 2003. Presently, the Executive Sub-Committee of the Board comprises of Mr. S.K. Seth (Chairman), Lt. Gen. K.K. Hazari (Retd.) and Mr. R.C. Sharma. The Chairman & Managing Director is not on the Executive Sub-Committee but he and other senior executives are called 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 Committee met eight times during the year 2003-2004.

3) Audit Committee

The Audit Committee comprises of three Non-Executive Independent Directors viz. Mr. S.K. Seth (Ex-Chairman of New India Assurance Co. Ltd.), as Chairman, Lt. Gen. K.K. Hazari (Retd.) (Ex Vice Chief of Army Staff) and Mr. V. Venkateswarlu (IDBI Nominee Director). These members have the requisite financial, accounting, administrative and management expertise. Vice President (Corporate Finance), Group General Manager (Finance), Senior Manager (Internal Audit) along with the



Annexure to the Report of the Directors (Contd.)

Internal Auditors, Statutory Auditors and the respective unit heads and the unit finance chiefs are invitees at the meetings of the Committee. The meetings are generally held in Delhi but some are held at the units so as to provide for closer interaction. The Company Secretary acts as the Secretary to the Audit Committee meetings and the Group General Manager (Finance) acts as the coordinator.

The powers and role of the Audit Committee are as specified in Clause 49 of the Listing Agreement and Section 292A of the Companies Act, 1956. However, the broad terms of reference of the Committee including :-

- to review the Company's financial reporting process and its financial statements.
- to review the accounting and financial policies and practices and compliance with applicable accounting standards.
- to review the efficacy of the internal control mechanism, monitor risk management policies adopted by the Company and its units, and ensure compliance with regulatory guidelines.
- to review reports furnished by the internal and statutory auditors, and ensure that suitable action is taken.
- to examine the accounting and disclosure aspects of all significant transactions.
- to review with management the annual, quarterly & half yearly financial statements including review of qualifications, if any, in the audit report before submission to the Board.
- to recommend appointment of external and internal auditors and fixation of audit fees.
- to seek legal or professional advice, if required.

Meetings & Attendance

The Audit Committee met seven times during the financial year 2003-2004 on 28th May'03, 4th June'03, 22nd July'03, 23rd July'03, 31st October'03, 28th November'03 and 30th January'04. The attendance of each Audit Committee Member is as under :-

Name of the Member	No. of meetings Attended
Mr. S.K. Seth, Chairman	7
Lt. Gen, K.K. Hazari (Retd.)	7
Mr. V. Venkateswarlu (IDBI Nominee)	6

4) Share Transfer / Transmission Committee

Presently the Committee consists of three Non-Executive Independent Directors viz. Mr S.K. Seth – Chairman, Lt.Gen. K.K. Hazari (Retd.) and Mr R.C. Sharma. Mr J B Dadachanji was also a member of the Share Transfer/Transmission Committee retired on 14.08.2003. Mr V.P. Ghuliani, Group General Manager (Legal) & Company Secretary has been designated as the Compliance Officer. The Committee is responsible for approval of share transfers/transmissions, approval of requests for dematerialization/ rematerialisation of shares and other related activities.

Meetings & Attendance

The Share Transfer/Transmission Committee met 19 times during the financial year 2003-2004 on 4th April'03, 23rd April'03, 7th May,03, 4th June'03, 14th July'03, 2nd August'03, 29th August'03, 17th Sept.'03, 9th October'03, 27th October'03, 19th November'03, 28th November'03, 12th December'03, 30th December'03, 19th January'04, 3rd February'04, 21st February'04, 11th March'04 and 30th March'04. The attendance of each Committee Member is as under:-

Name of the Member	No. of meetings attended
Mr S.K. Seth, Chairman	19
Lt.Gen. K.K. Hazari (Retd.)	19
Mr J.B. Dadachanji (Retired on 14/8/2003)	4
Mr R.C. Sharma	16

5) Investors' Grievance Committee

The existing Investors' Grievance Committee was reconstituted on 28th November 2003 by the induction of Mr R.C. Sharma, Director in place of Mr J.B. Dadachanji who retired at the last AGM held on 14th August 2003.

The Committee now consists of three Non-Executive Independent Directors viz. Mr S.K. Seth – Chairman, Lt.Gen.K.K. Hazari (Retd.) & Mr R.C. Sharma. Mr. V.P. Ghuliani, Group General Manager (Legal) & Company Secretary has been designated as the Compliance Officer. The Committee is responsible for redressal of shareholders and investors grievances such as non-receipt of transferred/transmitted share certificates/balance sheet/dividend warrants etc.

Annexure to the Report of the Directors (Contd.)

During the year ended 31st March 2004, 230 complaints relating to investor grievances were received from shareholders directly and/or through the Stock Exchanges/SEBI, and all of them were resolved/replied suitably by furnishing the requisite information/documents. There were no investor grievances pending as on 31st March, 2004. Further there were no share transfers and requests for dematerialisation pending as on 31st March, 2004.

Meetings and Attendance

The Investors' Grievance Committee met 4 times during the financial year 2003-2004 on 29th July'03, 28th November'03, 31st January'04 and 30th March'04. The attendance of each Committee Member is as under :-

Name of the Member	No. of meetings attended
Mr S.K. Seth, Chairman	4
Lt.Gen. K.K. Hazari (Retd.)	4
Mr J.B. Dadachanji (Retired on 14/8/2003)	1
Mr R.C. Sharma (Inducted on 28/11/2003)	2

6) Remuneration Committee

The existing Remuneration Committee was reconstituted on 28th November 2003 by the induction of Mr F.C. Kohli, Director in place of Mr J.B. Dadachanji who retired at the last AGM held on 14th August 2003.

The Committee now consists of three Non-Executive independent Directors viz. Mr F.C. Kohli, Mr S.K. Seth and Lt.Gen. K.K. Hazari (Retd.). The Chairman of the Committee is Mr F.C. Kohli. The broad terms of reference of the Committee remain unchanged.

The Company has only one Executive Director viz. Mr Dhruv M. Sawhney, CMD on the Board. During the year 2003-2004, necessity did not arise to hold any meeting of the Remuneration Committee as revision in the remuneration of managerial personnel was not considered .

The remuneration policy is directed towards rewarding performance, based on review of achievements. The remuneration policy is in consonance with the existing industry practice.

Details of remuneration paid to Directors

Presently the Company is not paying any remuneration to its Non-Executive Directors except sitting fees for attending meetings of the Board and its Committees. Remuneration paid to all the Directors of the Company during the financial year ended 31st March'2004 is as under :-

Name of the Executive Director	
Mr. Dhruv M. Sawhney Chairman & Managing Director Service Period	31.03.00 to 30.03.05
Remuneration paid (01.04.2003 to 31.03.2004)	In Rupees
Salary	30,00,000
Contribution to PF & Other Funds	8,10,000
Gratuity	1,44,000
Other Perquisites	10,39,749
Total	49,93,749

(In Rupees)

Name of the Non-Executive Director	Sitting Fees
Mr. F.C. Kohli	20,000/-
Mr. J.B. Dadachanji	42,500/-
Lt. Gen. K.K. Hazari (Retd.)	1,67,500/-
Mr. M.K. Daga	20,000/-
Mr, M.V. Subbiah	15,000/-
Mr. R.C. Sharma	95,000/-
Mr. S.K. Seth	1,67,500/-
Mr. V. Venkateswarlu*	60,000/-

* The sitting fees of Mr. V. Venkateswarlu, Nominee Director of IDBI upto 7.6.2003 amounting to Rs.15,000/- were paid to IDBI and consequent to his retiring from IDBI, on the instructions of IDBI, sitting fees after 7.6.2003 amounting to Rs.45,000/- were paid to Mr V Venkateswarlu directly.

The Company has not issued any Stock Options to any of its Directors.



Annexure to the Report of the Directors (Contd.)

7) General Body Meetings

Location & time where last three AGMs were held :-

Date	Location	Time
14 th August'2003	Company's Guest House at Deoband Sugar Unit Complex, Deoband, District Saharanpur, U.P.	2.00 P.M.
7 th August'2002	Company's Guest House at Deoband Sugar Unit Complex, Deoband, District Saharanpur, U.P.	2.30 P.M.
8 th August'2001	Company's Guest House at Deoband Sugar Unit Complex, Deoband, District Saharanpur, U.P.	2.00 P.M.

All the resolutions including special resolutions, set out in the respective notices were unanimously passed by the shareholders. No resolution was put through postal ballot last year as per provisions of Section 192A of the Companies Act, 1956 and the rules framed thereunder. A special resolutions relating to alteration of the objects clause of the Memorandum of Association and a connected special resolution u/s 149(2A) of the Act i.e. for the commencement of such businesses are being circulated to the shareholders' for their approval.

8) Other Disclosures

Disclosures on materially significant related party transactions

There is no significant or material related party transaction that have taken place during the year which have any potential conflict with the interest of the company at large. The detailed related party information and transactions have been provided in Note-12 of Schedule-26 - Notes to Accounts.

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 listing agreement with the Stock Exchanges and the regulations and guidelines of SEBI. 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.

9) Means of Communication

The quarterly and half yearly unaudited financial results, and the annual audited financial results of the Company were sent to all the Stock Exchanges where its equity shares are listed, and the same

were published in The Pioneer (English) and Veer Arjun (Hindi) newspapers. The results are also displayed on Company's website www.trivenigroup.com

Detailed information on the Company's business and products is also displayed on the website. The Management Discussion & Analysis Report is at Annexure-D of the Directors' Report.

10) General Shareholder Information

Annual General Meeting

Day, Date & Time	Wednesday, 18 th August 2004 at 3:00 p.m.
Venue	Company's Guest House at Deoband Sugar Unit Complex, Deoband, Distt. Saharanpur, U.P. – 247 554.
Financial Calander	2004-2005
- Financial Year	April to March
- First Quarterly Results	By 31 st July'2004
- Half Yearly Results	By 31 st October'2004
- Third Quarterly Results	By 31 st January'2005
- Audited Annual Results	By 30 th June'2005
Date of Book Closure	18 th August 2004
Dividend Payment Date	By 15 th September, 2004.

Listing on Stock Exchanges

The Company's Equity Shares are listed at the following Stock Exchanges:

Sl.No.	Name and Address of Stock Exchanges	Stock Code
01.	The Delhi Stock Exchange Association Ltd., DSE House, 3/1, Asaf Ali Road New Delhi – 110 002.	07042
02.	The Stock Exchange, Mumbai Phiroze Jeejeebhoy Towers, Dalal Street, Fort Mumbai – 400 023.	532356
03.	National Stock Exchange of India Ltd.Exchange Plaza, 5th Floor Plot No. C/1, G Block, Bandra (E) Mumbai – 400 051.	TEIL
04.	The Calcutta Stock Exchange Association Ltd. 7, Lyons Range, Kolkata – 700 001.	Physical 30037 Demat 100-30037

Annexure to the Report of the Directors (Contd.)

The Company has paid listing fees for the Financial Year 2004-2005 to all the Stock Exchanges where its equity shares are listed except Calcutta Stock Exchange to which an application has been made for de-listing of equity shares.

Stock Price Data/Stock Performance : Year 2003-2004

For giving effect to a Scheme of Arrangement scheme which was approved by 99.98% of the Equity shareholders at a General Meeting convened by the Hon'ble Allahabad High Court and held on 22.02.2003 and duly sanctioned by the Hon'ble High Court of Judicature at Allahabad, the Equity Shares of the Company are not being traded with effect from 28th April' 2003 on BSE and NSE and the same could not be resumed as the promoters equity holding exceeded 90% . Thus during the year under report, the trading in Company's equity shares was from 1st April 2003 to 25th April 2003. The high low price during this period on the BSE and NSE was as under:-

(In Rs.)

Month	Stock Exchange Mumbai (BSE)		National Stock Exchange (NSE)	
	High	Low	High	Low
April	35.95	28.55	35.55	29.30

Since the trading in Company's equity shares was not for the full year, comparison of the share price with Stock Market sensx may not reflect its performance. Hence comparison is not being given.

Registered Office

Deoband, Distt. Saharanpur
Uttar Pradesh – 247 554
Tel. :- 01336-222185, 222497
Fax :- 01336-222220

Registrar and Share Transfer Agents

(For Equity Shares held in both Physical & Electronic Mode and for Preference Shares in Electronic Mode)

M/s. Alankit Assignments Ltd.
2E/8, First Floor,
Jhandewalan Extension
New Delhi – 110 055.
Tel. 51540060-63
Fax 91-11-51540064
Email :- alankit@alankit.com

Share Department

Triveni Engineering & Industries Ltd.
Jeevan Tara Building
1st Floor, Gate No.4,
5, Parliament Street
New Delhi – 110 001.
Tel. :- 23362522-24, Fax :- 23362525
Email :- shares@trivenigroup.com

Share Transfer System

The approval of transfer of shares in the physical mode is done by the Share Transfer/Transmission Committee of the Board. The Committee meets frequently for approving share transfers and other related activities. The shares for transfers received in physical mode, are transferred expeditiously. The share certificates duly endorsed are returned immediately to the shareholders. Confirmation in respect of the requests for dematerialization of shares is sent to the respective depositories i.e. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) within 15 days.

The Company appointed M/s Alankit Assignments Ltd. as its Registrar & Share Transfer Agent (RTA) for equity shares held in both physical and electronic mode and for preference shares held in electronic mode only. The share transfer work of preference shares in physical mode is being handled by Company in-house at its Share Department.

Distribution of Equity Shareholding as on 31st March'2004

Group of Shares	Number of Share Holders	%	Number of Shares held	% to Total Shares
1-500	245	67.31	25,428	0.30
501-1000	23	6.32	16,402	0.20
1001-2000	30	8.24	42,486	0.51
2001-3000	12	3.29	29,075	0.35
3001-4000	7	1.92	26,231	0.32
4001-5000	6	1.65	26,152	0.31
5001-10000	14	3.85	97,798	1.18
10001 & higher	27	7.42	80,51,634	96.83
Total	364	100	83,15,206	100

Shareholding Pattern of Equity Shares as on 31st March, 2004

Category	Number of Shares held	% Shareholding
Promoters Indian Promoters	75,23,935	90.48
Directors & their relatives	1,20,073	1.45
Financial Institutions and Insurance Cos.	4,13,907	4.98
Non-Resident Individuals	333	—
Resident Individuals	2,53,008	3.04
Bodies Corporate	3,950	0.05
Total	83,15,206	100



Annexure to the Report of the Directors (Contd.)

Dematerialization of Shares & Liquidity

The Company's equity shares are compulsorily traded in the demat 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) for dematerialization of shares. As on 31.03.2004, 8.44% of total equity share capital of the Company had been dematerialized. The 12% Redeemable Cumulative Preference Shares (Preference Shares) were also activated in demat form on both the depositories viz. NSDL and CDSL.

Code No. allotted
By NSDL/CDSL

For Equity Shares : ISIN : INE256C01016

For Preference
Shares : ISIN : INE256C04010

In terms of the Scheme of Arrangement duly sanctioned by the Hon'ble Allahabad High Court, first installment of the redemption money of Rs.5/- along with Rs.16/- as premium were paid to the Preference Shareholders on 1st April 2004. Now the residual paid up value of the Preference Shares is Rs.5/- and their code No. allotted by NSDL / CDSL is INE256C04028.

Unclaimed Dividends

Pursuant to Section 205C of the Companies Act, 1956, all unclaimed dividends upto the financial years 1995-96 have been transferred to the Investor Education and Protection Fund (IEPF), administered by the Central Government. The dividends for the succeeding years remaining unclaimed for 7 years will be transferred by the Company to the said Investor Education and Protection Fund on the due dates as given hereunder :

Financial Year / Period	Whether Interim / Final	Date of payment of Dividend	Due date for transfer to IEPF
1996-97	Final	17.3.1998	16.3.2005
1997-99	Interim	23.1.1999	22.1.2006
1997-99	Final	14.9.1999	13.9.2006
1999-2000	Interim (approved as Final at AGM)	27.5.2000	26.5.2007
2000-2001	Final	8.8.2001	7.8.2008
2001-2002	Final	7.8.2002	6.8.2009
2002-2003	Final	14.8.2003	13.8.2010

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

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.

Plant/Business Group Locations

Sugar Business Group	Khatauli, Distt. Muzaffarnagar, U.P. – 251201 Deoband, Distt. Saharanpur, U.P. – 247 554 Ramkola, Distt. Kushinagar, U.P. – 274 305
Turbine Business Group	12-A, Peenya Industrial Area, Peenya, Bangalore – 560 058
Gears Division	1,2,3, Belagola Industrial Area, Metagalli K.R.S. Road Mysore – 570 016
Projects & Engineering Business Group	D-196, Okhla Industrial Area, Phase-I New Delhi – 110 020

Address for Correspondence

Please contact the compliance officer of the company at the following address regarding any questions or concerns :

Mr. V.P. Ghuliani
Group General Manager (Legal) &
Company Secretary
Triveni Engineering & Industries Ltd.,
'Kailash', 2nd Floor, 26, Kasturba Gandhi Marg
New Delhi – 110 001.
Tel. :- 23310021, Fax :- 23310117

Annexure to the Report of the Directors (Contd.)

ANNEXURE-F

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 reviewed the records concerning the Company's compliance of conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement entered into, by the Company, with the Stock Exchanges of India, for the financial year ended 31st March, 2004.

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.

We have conducted our review on the basis of the

relevant records and documents maintained by the Company and furnished to us for the review, and the information and explanations given to us by the Company.

Based on such a review and to the best of our information and according to the explanations given to us, in our opinion, the Company has complied with the conditions of Corporate Governance, as stipulated in Clause 49 of the said Listing Agreements.

We state that there were no investor grievances pending at the year end as per the records maintained by the Company.

We further state that, such compliance is neither an assurance as to the future viability of the Company, nor as to 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

Place : New Delhi
Date : June 30, 2004

(SUDHIR MALLICK)
PARTNER

Auditors' Report

TO THE MEMBERS OF TRIVENI ENGINEERING AND INDUSTRIES LIMITED

We have audited the attached Balance Sheet of Triveni Engineering & Industries Limited as at 31st March, 2004 and also the Profit and Loss Account of the Company for the year ended on that date annexed thereto and the Cash Flow Statement for the year ended on that date. 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.



Auditors' Report (Contd.)

- c) The Balance Sheet and the Profit & Loss Account 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) The Company has complied with the Accounting Standards referred to Section 211 (3C) 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 is disqualified from being appointed as a Director of the Company 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 31st March, 2004;
- 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

Place : New Delhi
Date : June 30, 2004

(SUDHIR MALLICK)
PARTNER
MEMBERSHIP NO.80051

Annexure to Auditors' Report

Referred to in Paragraph "1" of our report of even date on the accounts for the year ended on 31st March 2004 of Triveni Engineering & Industries Limited.

1. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
(b) 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.
(c) In our opinion, the Company has not disposed off 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.
(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. The Company has not taken/granted any loan secured or unsecured from/to Companies, firms, and other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, Clause 4 (iii) (b), (c) and (d) of the Companies (Auditors' Report) Order, 2003 are not applicable to the Company.
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, fixed assets and with regard to sale of goods. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls.
5. (a) In our opinion and according to the information and explanations given to us, transactions

Annexure to Auditors' Report (Contd.)

made in pursuance of contracts or arrangements, that needed to be entered into the register maintained under Section 301 of the Companies Act, 1956 have been so entered.

- (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 Rupees Five Lacs or more in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices 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 and 58AA of the Companies Act, 1956 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 on the Company.
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 pursuant to the order made by the Central Government for maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956, in respect of Sugar Units at Khatauli, Deoband and Ramkola 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. The company is not required to maintain any cost records under Section 209 (1) (d) of the Companies Act, 1956 in respect of activities carried out at other units of the Company.
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, 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 31st March 2004 for a period of more than six months from the date they became payable.

- (b) According to the information and explanations given to us, there are no dues of income tax, custom duty, wealth tax and cess, which have not been deposited on account of any dispute. Disputed sales tax and excise duty which have not been deposited on account of matters pending before appropriate authorities are as under:

Sl. No	Name of the statute	Nature of Dues	Forum where dispute is pending	Amount (Rs.in Lacs)
1.	Central Excise Act, 1944	Excise Duty	Assessing Authority	5.20
			Commissioner (Appeals)	34.14
			Appellate Tribunal	373.20
		Service Tax	Hon'ble High Court	0.40
2.	Central Sales Tax Act and Sales Tax Act of various States	Sales Tax	Assessing Authority	145.95
			Commissioner (Appeals)	12.60
			Appellate Tribunal	252.29
			Hon'ble High Court	128.60
			Hon'ble Supreme Court	6.93
			Total	959.31

10. The Company has no accumulated losses and has not incurred any cash losses during the financial year covered by our audit or in the 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 except in five instances where repayment of principal and interest aggregating to Rs.2.18 lacs has been delayed for period ranging from 7 days to 59 days. There is no overdue amount at the end of 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.



Annexure to Auditors' Report (Contd.)

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 in 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. 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 and vice-versa.
 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 has not issued any debentures.
 20. The Company has not raised any money by way of public issue during the year.
 21. In our opinion 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 that causes the financial statements to be materially misstated.

For and on behalf of
J. C. BHALLA & COMPANY
CHARTERED ACCOUNTANTS

Place : New Delhi
Date : June 30, 2004

(SUDHIR MALLICK)
PARTNER
MEMBERSHIP NO.80051

Balance Sheet as at 31st March 2004

	Schedule No.	31.3.2004 Rs.	31.3.2003 Rs.
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
Share Capital	1	12,28,93,610	12,28,93,610
Reserves & Surplus	2	1,37,54,11,426	1,23,49,44,766
		<u>1,49,83,05,036</u>	<u>1,35,78,38,376</u>
LOAN FUNDS			
Secured Loans	3	3,86,44,42,885	2,82,05,36,853
Unsecured Loans	4	23,87,03,268	18,39,67,163
		<u>4,10,31,46,153</u>	<u>3,00,45,04,016</u>
DEFERRED TAX LIABILITY (NET)			
(Refer Note No.11 of Schedule 26)		33,35,79,263	28,63,21,883
TOTAL FUNDS EMPLOYED		<u>5,93,50,30,452</u>	<u>4,64,86,64,275</u>
APPLICATION OF FUNDS			
FIXED ASSETS			
Gross Block	5	2,46,77,56,349	2,38,73,22,595
Less : Depreciation		1,06,58,21,913	97,23,94,938
Net Block		<u>1,40,19,34,436</u>	<u>1,41,49,27,657</u>
Capital Work-in-Progress		18,25,43,230	1,65,93,841
Intangible Assets	5A	2,92,95,225	4,12,89,153
Discarded Fixed Assets Pending Disposal/Sale		20,28,216	41,03,216
Plant & Machinery acquired under Lease		<u>23,49,10,761</u>	<u>24,18,67,888</u>
		1,85,07,11,868	1,71,87,81,755
INVESTMENTS	6	22,96,50,416	22,95,62,961
CURRENT ASSETS, LOANS & ADVANCES			
Inventories	7	4,43,18,64,523	3,08,74,56,452
Sundry Debtors	8	58,37,05,344	37,18,77,796
Cash and Bank Balances	9	15,98,71,031	12,50,57,885
Other Current Assets	10	1,05,91,970	1,08,99,732
Loans and Advances	11	59,66,52,936	62,25,57,106
		<u>5,78,26,85,804</u>	<u>4,21,78,48,971</u>
LESS : CURRENT LIABILITIES & PROVISIONS			
Current Liabilities	12	1,52,79,75,929	1,19,82,13,866
Provisions	13	44,65,61,061	34,25,95,881
		<u>1,97,45,36,990</u>	<u>1,54,08,09,747</u>
NET CURRENT ASSETS		<u>3,80,81,48,814</u>	<u>2,67,70,39,224</u>
MISCELLANEOUS EXPENDITURE	14	4,65,19,354	2,32,80,335
TOTAL ASSETS (NET)		<u>5,93,50,30,452</u>	<u>4,64,86,64,275</u>
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

DHRUV M. SAWHNEY
Chairman & Managing Director

SUDHIR MALLICK
Partner

V.P.GHULIANI
Group General Manager
(Legal) & Company Secretary

D.KHANNA
Vice President
(Corporate Finance & Planning)

S.K.SETH
Director & Chairman
Audit Committee



Profit and Loss Account for the year ended 31st March 2004

	Schedule No.	31.3.2004 Rs.	31.3.2003 Rs.
INCOME			
Income from Operations (Gross)	15	6,37,91,71,297	7,03,51,88,264
Less : Excise Duty		<u>46,81,87,404</u>	<u>50,20,70,738</u>
Income from Operations (Net)		5,91,09,83,893	6,53,31,17,526
Other Income	16	3,40,16,694	4,63,69,611
Decrease/Increase in Work-in-Progress/Finished Goods	17	<u>1,22,38,93,369</u>	<u>(84,67,23,576)</u>
		<u>7,16,88,93,956</u>	<u>5,73,27,63,561</u>
EXPENDITURE			
Material Consumed	18	5,02,16,64,713	3,96,87,16,550
Manufacturing/Operating	19	54,61,75,392	46,92,24,679
Personnel	20	50,28,42,625	49,53,82,774
Administration	21	28,09,98,338	25,59,76,254
Financing	22	22,37,38,639	31,29,18,568
Selling	23	9,83,59,031	6,22,39,314
Depreciation *1		10,30,29,834	9,93,20,083
Amortisation	24	6,45,39,616	4,92,29,749
Off-season Expenses charged (Net)	25	<u>7,23,69,237</u>	<u>(5,89,51,911)</u>
		6,91,37,17,425	5,65,40,56,060
Profit before Taxation		25,51,76,531	7,87,07,501
Provision for Income Tax			
- Normal Tax Liability		2,56,00,000	58,00,000
- Net Deferred Tax Charge		4,72,57,380	2,43,24,953
Income Tax Paid for Earlier Years		42,42,365	-
Provision for Wealth Tax		4,99,623	5,00,000
Profit after Taxation		<u>17,75,77,163</u>	<u>4,80,82,548</u>
Surplus Brought Forward		10,48,68,594	8,84,97,416
AVAILABLE FOR APPROPRIATION		<u>28,24,45,757</u>	<u>13,65,79,964</u>
APPROPRIATIONS			
Dividend Adjustment of Previous Year		58,035	(17,462)
Tax on Distributed Profits (Earlier Years)		1,524	—
Interim Dividend Paid - Preference Shares		47,62,064	—
Tax on Distributed Profits of Preference Shares		6,10,140	—
Dividend Proposed on Equity shares		2,49,45,618	1,84,33,802
Provision for Tax on Dividend on Equity Shares		31,96,157	23,61,831
Transfer to Molasses Storage Fund Reserve		16,42,800	9,33,199
Transfer to General Reserve		17,00,00,000	1,00,00,000
Surplus Carried Forward		<u>7,72,29,419</u>	<u>10,48,68,594</u>
		<u>28,24,45,757</u>	<u>13,65,79,964</u>
Earning per share (Note - 13 of Schedule - 26) - Basic/Diluted		20.71	3.91

NOTES TO ACCOUNTS

26

*1 Net of Rs.35,36,965/- (Rs.36,94,220/-) additional depreciation on revalued assets transferred from Revaluation Reserve.
This is the Profit & Loss Account referred to in our report of even date.

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

DHRUV M. SAWHNEY
Chairman & Managing Director

SUDHIR MALLICK
Partner

Place : New Delhi
Date : June 30, 2004

V.P.GHULIANI
Group General Manager
(Legal) & Company Secretary

D.KHANNA
Vice President
(Corporate Finance & Planning)

S.K.SETH
Director & Chairman
Audit Committee

Schedules to Accounts

	31.3.2004 Rs.	31.3.2003 Rs.
1. SHARE CAPITAL		
AUTHORISED		
2,00,00,000 Equity Shares of Rs.10/- each	20,00,00,000	20,00,00,000
2,00,00,000 Preference Shares of Rs.10/- each	20,00,00,000	20,00,00,000
	<u>40,00,00,000</u>	<u>40,00,00,000</u>
ISSUED		
83,16,006 (1,22,90,001) Equity Shares of Rs.10/- each *1	8,31,60,060	12,29,00,010
39,73,995 (Nil) Redeemable Cumulative Preference Shares of Rs.10/- each *1 & *2	3,97,39,950	—
	<u>12,29,00,010</u>	<u>12,29,00,010</u>
SUBSCRIBED & PAID UP		
83,15,206 (1,22,89,201) Equity Shares of Rs.10/- each *1	8,31,52,060	12,28,92,010
39,73,995 (Nil) Redeemable Cumulative Preference Shares of Rs.10/- each *1 & *2	3,97,39,950	—
	<u>12,28,92,010</u>	<u>12,28,92,010</u>
Add : Paid up value of 800 Equity Shares forfeited	1,600	1,600
	<u>12,28,93,610</u>	<u>12,28,93,610</u>

- *1 Before the Approval of Scheme of Arrangement, Share Capital includes:-
- 5,62,315 Shares were allotted as fully paid up Bonus Shares by capitalisation of General Reserve and Preference Capital Redemption Reserve.
 - 93,90,001 Equity Shares of Rs.10/- each fully paid were issued, pursuant to amalgamation, to the Shareholders of erstwhile Triveni Engineering & Industries Ltd.
- *2 Pursuant to a Scheme of Arrangement duly sanctioned by the Hon'ble High Court of Judicature at Allahabad vide its order dated 27th March 2003, the paid up capital of the Company has been restructured with effect from the Appointed Date i.e.1.4.2003. Preference Shares are redeemable at a premium of Rs.32/- per share in two equal instalments on 1st April 2004 and 1st April 2005.

	1.4.2003 Rs.	ADDITIONS Rs.	DEDUCTIONS Rs.	31.3.2004 Rs.
2. RESERVES & SURPLUS				
Capital Reserve	12,89,105	—	—	12,89,105
Revaluation Reserve - Fixed Assets	19,12,76,204	—	35,36,965 *1	18,77,39,239
Molasses Storage Fund Reserve	37,15,981	16,42,800 *1	—	53,58,781
Share Premium	67,52,67,215	—	—	67,52,67,215
General Reserve	13,94,28,686	17,00,00,000 *1	—	30,94,28,686
Surplus	10,48,68,594	7,72,29,419 *1	10,48,68,594 *1	7,72,29,419
Amalgamation Reserve	11,90,98,981	—	—	11,90,98,981
	<u>1,23,49,44,766</u>	<u>24,88,72,219</u>	<u>10,84,05,559</u>	<u>1,37,54,11,426</u>

*1 Transfer from/to Profit & Loss Account.



Schedules to Accounts (Contd.)

	31.3.2004 Rs.	31.3.2003 Rs.
3. SECURED LOANS		
From Banks -		
Cash Credit/WCDL/Overdraft *1	3,10,48,35,940	2,17,13,88,294
Term Loans *2	36,01,24,902	16,63,74,355
From Others *3	39,94,82,043	48,27,74,204
	<u>3,86,44,42,885</u>	<u>2,82,05,36,853</u>
* 1 Secured by pledge/hypothecation of the stock-in-trade, raw material, stores & spare parts, work-in-progress and receivable and second charge created/to be created over Ramkola properties and third charge on Deoband, Khatauli, Naini, Bangalore and Mysore properties. Additionally these are guaranteed by the Managing Director in his personal capacity. Include Rs.61,49,79,000/- (Rs.68,32,68,753/-) towards FCNR (B) account and Rs.68,00,00,000/- (Rs.Nil) towards Commercial Paper issued.		
* 2 Includes		
(a) Rs.29,87,50,000/-(Rs.15,62,50,000/-) due to banks and secured by charges created/to be created by equitable mortgage and hypothecation of all moveable (except book debts) and immoveable assets of the Company subject to bankers prior charges created/to be created on current assets for providing Working Capital facilities and excluding machinery purchased under IDBI/Hire Purchase Scheme. Due within one year Rs.6,56,25,000/- (Rs.6,25,00,000/-).		
(b) Rs.5,37,53,445/- (Rs.Nil) due to a bank and secured by second pari-passu charge created/to be created over Ramkola's immoveable properties and third pari-passu charge on Deoband, Khatauli, Naini, Bangalore & Mysore's immoveable properties. Additionally these are guaranteed by the Managing Director in his personal capacity. Due within one year Rs.1,54,06,104/- (Rs.Nil).		
(c) Rs.50,67,346/- (Rs.77,04,375/-) due to a bank and secured by first pari-passu charge created/to be created on block of assets of sugar unit Ramkola. Due within one year Rs.28,12,500/- (Rs.28,12,500/-).		
(d) Rs.25,54,111/- (Rs.24,19,980/-) due to banks secured by hypothecation of certain fixed assets acquired under Loan/Hire Purchase Scheme. Due within one year Rs.12,73,288/- (Rs.15,35,611/-).		
* 3 Includes		
(a) Rs.28,75,00,000/- (Rs.34,37,50,000/-) due to IDBI and secured by charges created/to be created by equitable mortgage and hypothecation of all moveable (except book debts) and immoveable assets of the company subject to bankers prior charges created/to be created on current assets for providing Working Capital facilities and excluding machinery purchased under IDBI/Hire Purchase Scheme. Due within one year Rs.4,37,50,000/- (Rs.5,00,00,000/-).		
(b) Rs.6,20,00,000/-(Rs.7,75,00,000/-) due to Sugar Development Fund Government of India secured by second charge created over moveable/immoveable assets of Sugar Unit Deoband. Due within one year Rs.1,55,00,000/- (Rs.1,55,00,000/-).		
(c) Rs.4,99,82,043/-(Rs.6,14,48,326/-) due to HDFC Ltd and secured by charges created/to be created by equitable mortgage of land measuring 5760 Sq. Mts. and 4990 Sq. Mts. located at Deoband and land measuring 13 bighas, 11 biswa located at Khatauli and construction thereon present and future. Due within one year Rs.1,32,81,636/- (Rs.1,14,14,025/-).		
(d) Rs.Nil (Rs.75,878/-) secured by hypothecation of certain fixed assets acquired under Loan/Hire Purchase Scheme. Due within one year Rs.Nil (Rs.75,878/-).		
4. UNSECURED LOANS		
Fixed Deposits	15,84,06,000	14,38,43,000
Short Term Loan and Advances:-		
a) From Banks	19,18,712	—
b) From Others	4,25,00,000	50,00,000
Other Loans & Advances:-		
a) From Banks *1	—	1,20,989
b) From Others *2	1,74,90,565	2,11,28,683
Interest accrued and due thereon	1,83,87,991	1,38,74,491
	<u>23,87,03,268</u>	<u>18,39,67,163</u>
*1 Due within one year Rs.Nil (Rs.1,20,989/-).		
*2 Due within one year Rs.14,37,770/-(Rs.33,48,104/-).		



5. FIXED ASSETS

Schedules to Accounts (Contd.)

(In Rupees)

	GROSS BLOCK				DEPRECIATION			NET BLOCK		
	COST AS AT 1.4.2003	ADDITIONS	DEDUCTIONS	TOTAL AS AT 31.3.2004	UPTO 31.3.2003	DURING THE YEAR*1	ADJUSTMENT/ SALE	TODATE AS AT 31.3.2004	AS AT 31.3.2004	AS AT 31.3.2003
FREE HOLD LAND *2	4,75,91,007	3,50,30,551	—	8,26,21,558	—	—	—	—	8,26,21,558	4,75,91,007
BUILDINGS & ROADS	55,39,27,693	74,53,878	33,77,303	55,80,04,268	8,72,51,369	1,11,38,872	31,83,929	9,52,06,312	46,27,97,956	46,66,76,324
RAILWAY SIDING	17,520	—	—	17,520	16,643	—	—	16,643	877	877
PLANT & MACHINERY	1,65,51,43,595	4,34,31,914	86,17,669	1,68,99,57,840	81,83,38,160	8,35,78,057	66,00,151	89,53,16,066	79,46,41,774	83,68,05,435
FURNITURE & FIXTURE	5,22,71,698	17,26,923	27,62,803	5,12,35,818	2,81,59,769	25,60,018	17,54,822	2,89,64,965	2,22,70,853	2,41,11,929
COMPUTERS	5,39,87,989	56,92,463	13,49,464	5,83,30,988	2,97,12,665	71,49,142	10,31,928	3,58,29,879	2,25,01,109	2,42,75,324
VEHICLES	2,43,83,093	39,22,373	7,17,109	2,75,88,357	89,16,332	21,40,710	5,68,994	1,04,88,048	1,71,00,309	1,54,66,761
THIS YEAR	2,38,73,22,595	9,72,58,102	1,68,24,348	2,46,77,56,349	97,23,94,938	10,65,66,799	1,31,39,824	1,06,58,21,913	1,40,19,34,436	1,41,49,27,657
PREVIOUS YEAR	2,31,33,24,735	9,40,19,432	2,00,21,572	2,38,73,22,595	89,35,54,770	10,30,14,303	2,41,74,135	97,23,94,938	1,41,49,27,657	—
CAPITAL WORK-IN-PROGRESS *3									18,25,43,230	1,65,93,841

*1 Includes Rs.35,36,965/- (Rs.36,94,220/-) transferred to Revaluation Reserve.

*2 Includes land valuing Rs.1,20,00,000/- pending transfer in the name of the Company.

*3 Represents

(a) Rs.15,95,78,351/- (Rs.41,14,563/-) in respect of Deoband Co-Generation unit, inclusive of pre-operative expenditure pending allocation Rs.5,71,04,347/- (Rs.41,14,563/-) and advance against capital expenditure Rs.5,75,63,802/- (Rs.Nil).

(b) Rs.2,29,64,879/- (Rs.1,24,79,278/-) in respect of other units, inclusive of advance against capital expenditure Rs.2,90,000/- (Rs.19,00,325/-).

Schedules to Accounts (Contd.)

5A. INTANGIBLE ASSETS (OTHER THAN INTERNALLY GENERATED)

(In Rupees)

	GROSS BLOCK			AMORTISATION			NET BLOCK		
	COSTAS AT 1.4.2003	ADDITIONS	RETIREMENT & DISPOSAL AT 31.3.2004	TOTAL AS AT 31.3.2004	UPTO 31.3.2003	DURING THE YEAR	RETIREMENT & DISPOSAL AT 31.3.2004	AS AT 31.3.2004	AS AT 31.3.2003
COMPUTER SOFTWARE	5,40,54,157	97,03,376	-	6,37,57,533	1,79,42,447	2,02,01,401	-	2,56,13,685	3,61,11,710
DESIGN & DRAWINGS	89,73,625	-	-	89,73,625	37,96,182	14,95,903	-	36,81,540	51,77,443
GRAND TOTAL	6,30,27,782	97,03,376	-	7,27,31,158	2,17,38,629	2,16,97,304	-	2,92,95,225	4,12,89,153

Notes:

1. Intangible assets are re-grouped from Miscellaneous Expenditure (Schedule No. 14).
2. Intangible assets have not incurred any impairment during the year.

Schedules to Accounts (Contd.)

	31.3.2004 Rs.	31.3.2003 Rs.
6. INVESTMENTS - (Long Term)		
OTHER THAN TRADE		
GOVERNMENT SECURITIES		
UNQUOTED		
National Saving Certificates *1	1,23,515	36,060
OTHER SECURITIES		
QUOTED		
SHARES - Fully paid-up unless otherwise stated		
2,700 Equity shares of Rs.10/- each of Housing Development Finance Corporation Ltd	16,875	16,875
500 Equity shares of Rs.10/- each of HDFC Bank Ltd.	5,000	5,000
4,600 Equity shares of Rs.10/- each of Punjab National Bank	1,42,600	1,42,600
UNQUOTED		
1,821 Ordinary shares in NBI Industrial Finance Co. Ltd. of Rs.10/- each	13,000	13,000
TRADE		
OTHER SECURITIES		
UNQUOTED		
EQUITY SHARES - Fully paid-up unless otherwise stated		
4,34,730 Equity shares of Rs.10/- each of Triveni Entertainment Ltd	43,47,300	43,47,300
99,993 Equity shares of Rs.10/- each of The Engineering & Technical Services Ltd	9,99,930	9,99,930
4,00,060 Equity shares of Rs.10/- each of TOFSL Trading & Investments Ltd	40,00,600	40,00,600
5,00,000 Equity shares of Rs.10/-each of Carvanserai Ltd.	50,00,000	50,00,000
PREFERENCE SHARES - Fully paid-up unless otherwise stated		
8,65,828 6% Non Cumulative Redeemable Preference Shares of Rs.100/- each of TOFSL Trading & Investments Ltd.	8,65,82,800	8,65,82,800
12,49,129 6% Non Cumulative Redeemable Preference Shares of Rs.100/- each of The Engineering & Technical Services Ltd	12,49,12,900	12,49,12,900
SUBSIDIARY COMPANIES (Wholly owned) - UNQUOTED - Fully paid-up		
2,99,840 Equity shares of Rs.10/- each of Triveni SRI Ltd.	30,05,896	30,05,896
50,000 Equity shares of Rs.10/- each of Triveni Power Generation Ltd.	5,00,000	5,00,000
	<u>22,96,50,416</u>	<u>22,95,62,961</u>
Book Value		
Aggregate amount of quoted investments	1,64,475	1,64,475
Aggregate amount of unquoted investments	<u>22,94,85,941</u>	<u>22,93,98,486</u>
	<u>22,96,50,416</u>	<u>22,95,62,961</u>
Market value of quoted investments	34,64,185	14,79,970

*1 Includes Rs.8,060/- (Rs.36,060/-) kept as security.



Schedules to Accounts (Contd.)

	31.3.2004	31.3.2003
	Rs.	Rs.
7. INVENTORIES		
Patterns *1	27,75,136	27,13,806
Loose Tools, Jigs & Fixtures *1	87,69,751	86,87,380
Stocks *2		
— Stores & Spares	10,13,70,680	9,38,95,951
Less : Provision for obsolescence/slow moving stock	—	(30,50,000)
— Finished Goods	4,04,98,83,141	2,71,33,45,504
— Raw Materials & Components *3	12,20,94,391	9,89,15,901
Less : Provision for obsolescence/slow moving stock	—	(10,00,000)
— Work-in-Progress *4	14,43,78,044	17,21,63,446
- Scrap *1	25,93,380	17,84,464
	<u>4,43,18,64,523</u>	<u>3,08,74,56,452</u>
*1 At estimated realisable value.		
*2 As per inventory taken (including material at site) and certified by the officials of the company and valued at lower of cost and net realisable value.		
*3 Includes Stock in Transit Rs. 21,74,894/- (Rs.10,60,000/-) and lying at port Rs. 7,85,007/-(Rs. 30,79,203/-).		
*4 Net of cost of completion of Rs. 1,73,86,000/-(Rs. 1,11,42,553/-).		
8. SUNDRY DEBTORS - (Unsecured)		
Over Six Months		
Considered Good	16,12,89,925	15,77,11,188
Considered Doubtful	5,60,041	12,45,804
	<u>16,18,49,966</u>	<u>15,89,56,992</u>
Less : Provision for doubtful debts	5,60,041	12,45,804
	<u>16,12,89,925</u>	<u>15,77,11,188</u>
Other Debts - Considered Good *1	42,24,15,419	21,41,66,608
	<u>58,37,05,344</u>	<u>37,18,77,796</u>
*1 Net of post shipment finance of Rs.Nil (Rs.3,91,98,900/-) availed against the security of confirmed standby letter of credit.		
9. CASH & BANK BALANCES		
Cash, Stamps & Cheques in hand *1	5,72,24,613	2,52,35,461
Balance with Post Office in		
— Saving Account *2	8,17,235	6,88,637
Balance with Scheduled Banks in		
— Current Accounts	5,38,66,802	6,41,18,559
— Savings Accounts	1,90,000	2,58,000
— Fixed and Margin Deposits *3	4,77,72,381	3,47,57,228
	<u>15,98,71,031</u>	<u>12,50,57,885</u>
*1 Includes Cheques in hand of Rs.5,07,88,241/- (Rs.1,91,93,181/-) and Stamps in hand Rs.7,450/- (Rs.7,279/-).		
*2 Includes Rs.8,14,380/- (Rs.6,85,782/-) lying with Government Department as security.		
*3 Includes deposits of Rs.3,05,75,230/-(Rs.1,75,35,290/-) kept as security with banks/Government against advances and guarantees.		
10. OTHER CURRENT ASSETS		
Interest accrued on deposits and investments	1,05,91,970	1,08,99,732

Schedules to Accounts (Contd.)

	31.3.2004	31.3.2003
	Rs.	Rs.
11. LOANS & ADVANCES		
(Unsecured, Considered Good unless otherwise stated)		
Due from Subsidiary Companies (Wholly Owned)	69,36,572	30,50,107
Advances, pre-payments and other recoverable in cash or in kind or for value to be received		
- Considered Good	54,46,91,243	56,44,56,581
- Considered Doubtful	<u>79,00,751</u>	<u>68,87,092</u>
	55,25,91,994	57,13,43,673
Less : Provision for doubtful advances	<u>79,00,751</u>	<u>68,87,092</u>
	54,46,91,243	56,44,56,581
Deposit - Excise Duty	1,88,09,988	1,11,78,902
Advance payment of Tax *1	<u>2,62,15,133</u>	<u>4,38,71,516</u>
	<u>59,66,52,936</u>	<u>62,25,57,106</u>
*1 Net after adjustment of provision for taxation of Rs.5,65,89,594/- (Rs.3,59,27,063/-).		
12. CURRENT LIABILITIES		
Trade & Other Creditors *1 & *2	1,17,44,10,651	89,71,36,890
Advance from customers	26,75,07,494	22,11,54,318
Investors Education & Protection Fund *3		
- Unclaimed Dividend	1,10,82,346	63,96,862
- Unclaimed Matured Deposits	38,67,000	26,18,000
- Unclaimed Debenture Redemption	10,73,315	11,22,207
- Interest Accrued on above	19,47,791	18,34,511
Purchase Tax Payable	20,05,944	21,07,050
Interest Accrued but Not Due	<u>6,60,81,388</u>	<u>6,58,44,028</u>
	<u>1,52,79,75,929</u>	<u>1,19,82,13,866</u>
*1 Includes due to Directors Rs.1,25,061/- (Rs.29,718/-).		
*2 Includes due to Small Scale Industrial Undertakings Rs.3,69,74,516/- (Rs.1,85,19,273/-).		
*3 Outstanding for less than seven years.		
13. PROVISIONS		
Proposed Dividend	2,49,45,618	1,84,33,802
Income Tax on Distributed Profits	31,96,157	23,61,831
Gratuity	11,53,83,850	11,20,42,877
Leave Encashment	1,67,72,414	1,43,74,654
Excise Duty on Closing Stock	28,29,41,838	19,19,84,825
Others	<u>33,21,184</u>	<u>33,97,892</u>
	<u>44,65,61,061</u>	<u>34,25,95,881</u>
14. MISCELLANEOUS EXPENDITURE		
(To the extent not written off or adjusted)		
Cost of feasibility studies for new projects	24,99,312	46,25,826
Voluntary Retirement Scheme & Closure Compensation	4,33,86,414	1,59,85,493
Restructuring towards cost and operational efficiency	-	16,55,805
Others	<u>6,33,628</u>	<u>10,13,211</u>
	<u>4,65,19,354</u>	<u>2,32,80,335</u>



Schedules to Accounts (Contd.)

	31.3.2004	31.3.2003
	Rs.	Rs.
15. INCOME FROM OPERATIONS (GROSS)		
Gross Sales *1		
— Domestic *2	6,15,87,44,631	6,94,95,13,453
— Exports *3	<u>22,04,26,666</u>	<u>8,56,74,811</u>
	<u>6,37,91,71,297</u>	<u>7,03,51,88,264</u>
*1 Inclusive of service charges and contract receipts Rs.6,36,66,905/- (Rs.5,87,23,028/-).		
*2 Net of levy price claim of Rs.1,91,54,435/- of earlier years written off.		
*3 Inclusive of export incentives.		
16. OTHER INCOME		
Dividend (Gross)		
— Long Term Investments -Other than Trade	58,800	35,000
Rent	2,01,290	1,53,541
Profit on Sale of Fixed Assets *1	48,67,574	—
Depreciation Written Back *2	—	1,02,68,257
Buffer Stock Subsidy	33,84,828	8,99,785
Miscellaneous *3	<u>2,55,04,202</u>	<u>3,50,13,028</u>
	<u>3,40,16,694</u>	<u>4,63,69,611</u>
*1 Net off Loss on sale of Fixed Assets/written off of Rs.17,39,130/- (Rs.Nil).		
*2 Includes Rs.Nil (Rs.91,83,801/-) due to change in method of depreciation.		
*3 Income tax deducted at source Rs.19,680/-(Rs.50,400/-).		
17. INCREASE/DECREASE IN WIP & FINISHED GOODS		
Stock At Commencement		
— Work-In-Progress	18,33,05,999	16,19,97,483
— Finished Goods	<u>2,71,33,45,504</u>	<u>3,64,83,82,799</u>
	<u>2,89,66,51,503</u>	<u>3,81,03,80,282</u>
Less : Stock of Bagasse Consumed	<u>37,89,570</u>	<u>34,67,075</u>
	<u>2,89,28,61,933</u>	<u>3,80,69,13,207</u>
Stock At Close		
— Work-In-Progress	16,17,64,044	18,33,05,999
— Finished Goods	<u>4,04,98,83,141</u>	<u>2,71,33,45,504</u>
	<u>4,21,16,47,185</u>	<u>2,89,66,51,503</u>
Add/(Less) :Impact of Excise Duty on Finished Goods	<u>(9,48,91,883)</u>	<u>6,35,38,128</u>
Net Increase/(Decrease)	<u>1,22,38,93,369</u>	<u>(84,67,23,576)</u>
18. MATERIAL CONSUMED *		
Raw Material & Components		
— Stock at Commencement	9,79,15,901	10,63,30,421
Purchases	<u>5,09,00,56,423</u>	<u>3,96,17,10,660</u>
	<u>5,18,79,72,324</u>	<u>4,06,80,41,081</u>
Less : Amount Capitalised	4,42,13,220	14,08,630
: Stock at Close	<u>12,20,94,391</u>	<u>9,79,15,901</u>
	<u>5,02,16,64,713</u>	<u>3,96,87,16,550</u>
* Net off provision for obsolescence/slow moving stock written back Rs.10,00,000/- (Rs.Nil).		

Schedules to Accounts (Contd.)

	31.3.2004	31.3.2003
	Rs.	Rs.
19. MANUFACTURING / OPERATING		
Stores, Spares & Tools	11,47,91,914	8,48,72,190
Power & Fuel	3,60,02,525	3,54,16,743
Machining/Erection Charges	1,48,93,260	3,68,09,142
Designing & Consultancy	6,34,060	11,93,897
Machinery Lease Rent	27,04,198	98,20,119
Cane Development Charges	2,21,04,600	1,46,03,184
Provision for Cost of Completion of Jobs	72,42,447	1,01,75,000
Repairs & Maintenance:		
— Plant & Machinery	14,80,62,282	13,29,23,147
— Building *1	1,10,99,981	1,28,56,748
— General	94,66,214	93,65,801
Factory/Operational Expenses	93,84,864	69,99,214
Packing & Forwarding	17,14,15,532	12,34,99,987
	<u>54,78,01,877</u>	<u>47,85,35,172</u>
Less : Amount Capitalised	6,27,485	1,84,046
Less : Cost of Completion for earlier years adjusted	9,99,000	91,26,447
	<u>54,61,75,392</u>	<u>46,92,24,679</u>
*1 Includes repairs to rented premises.		
20. PERSONNEL		
Salaries, Wages & Bonus	39,68,44,540	39,45,99,775
Gratuity	2,90,59,612	2,34,00,783
Contribution to Provident & Other Funds	4,23,07,209	4,22,24,454
Welfare	3,60,01,100	3,60,13,047
	<u>50,42,12,461</u>	<u>49,62,38,059</u>
Less :Amount Capitalised	13,69,836	8,55,285
	<u>50,28,42,625</u>	<u>49,53,82,774</u>
21. ADMINISTRATION		
Travelling & Conveyance *1	7,18,04,769	6,72,33,606
Rent *2	2,05,89,442	1,90,48,166
Insurance	1,74,62,076	1,61,04,901
Rates & Taxes	89,21,408	1,16,18,032
Directors' Fee	5,87,500	5,57,500
Bad Debts & Amount Written Off *3	2,45,42,005	1,52,92,678
Loss on Sale/written off Fixed Assets *4	—	35,29,827
Loss on Sale/written off Stores & Spares *5	6,38,565	5,86,235
Provision for Bad & Doubtful Debts & Advances *6	3,27,896	—
Diminution in value of Discarded Assets	20,00,000	—
Prior Period Adjustments (Net)	40,09,332	2,47,970
Exchange Rate Fluctuation	6,12,281	7,40,877
Office & Other Administration Expenses *7	13,70,37,588	12,52,29,768
	<u>28,85,32,862</u>	<u>26,01,89,560</u>
Less : Amount Capitalised	75,34,524	42,13,306
	<u>28,09,98,338</u>	<u>25,59,76,254</u>

*1 Includes Directors' Travelling Rs. 51,81,044/- (Rs. 57,54,906/-).

*2 Includes Rs. 3,12,000/- (Rs. 2,02,800/-) paid to the Managing Director.

*3 Net off Bad Debts recovered of Rs.Nil (Rs.18,20,295/-), Credit Balances written back of Rs. 41,77,206/- (Rs.1,30,11,986/-) and Provision for Doubtful Debts & Advances written back of Rs.Nil (Rs. 1,22,93,666/-).

*4 Net off Profit on sale of Fixed Assets of Rs.Nil (Rs. 8,05,569/-).

*5 Net off Profit on sale of Stores & Spares of Rs. 3,617/- (Rs. 50,696/-). & Provision for obsolescence/ slow moving stock written back of Rs. 30,50,000/- (Rs.Nil).

*6 Net off Provision for Doubtful Debts & Advances Written Back of Rs. 8,66,608/- (Rs.Nil).

*7 Net off Excess provision of expenses written back of Rs.80,66,192/-(Rs.24,74,369/-).



Schedules to Accounts (Contd.)

	31.3.2004 Rs.	31.3.2003 Rs.
22. FINANCING		
Interest on		
— Fixed Loans	10,79,70,295	12,90,26,166
— Others	19,81,03,190	19,20,47,378
Other Finance charges	<u>34,06,955</u>	<u>1,55,28,360</u>
	30,94,80,440	33,66,01,904
Less : Interest received on deposits and other accounts [Tax deducted at source Rs.4,34,494/- (Rs.8,12,047/-)]	2,52,11,772	1,28,90,795
Less : Interest Subsidy on Buffer Stock	2,55,64,156	72,30,194
Less : Exchange Rate Fluctuation on Foreign Currency Denomination Loan	<u>3,25,09,713</u>	<u>16,12,347</u>
	22,61,94,799	31,48,68,568
Less : Amount Capitalised	<u>24,56,160</u>	<u>19,50,000</u>
	<u>22,37,38,639</u>	<u>31,29,18,568</u>
23. SELLING		
Commission	4,87,55,275	4,10,28,061
Royalty	58,15,931	19,57,064
Packing & Forwarding	2,89,71,704	1,34,81,051
After Sales Expenses & Others	<u>1,48,16,121</u>	<u>57,73,138</u>
	<u>9,83,59,031</u>	<u>6,22,39,314</u>
24. AMORTISATION		
Voluntary Retirement Scheme & Closure Compensation	2,49,84,473	1,02,05,782
Capitalised Lease Assets	1,38,72,199	1,38,18,199
Intangible Assets	2,16,97,304	2,10,93,175
Others	<u>39,85,640</u>	<u>41,12,593</u>
	<u>6,45,39,616</u>	<u>4,92,29,749</u>
25. OFF SEASON EXPENSES CHARGED (NET)		
Opening off - season deferred expenses	12,01,60,124	6,12,08,213
Closing off - season deferred expenses	<u>4,77,90,887</u>	<u>12,01,60,124</u>
Net off - season expenses charged	<u>7,23,69,237</u>	<u>(5,89,51,911)</u>

Cash Flow Statement (Contd.)

	31.3.2004	(Rs. in Lacs.) 31.3.2003
C. CASH FLOW FROM FINANCING ACTIVITIES		
Increase/Decrease in Short Term Borrowings (Net)	502.22	(203.08)
Increase/Decrease in Long Term Borrowings (Net)	1,104.58	(2,528.10)
Increase/Decrease in Cash Credit	9,334.48	(3,426.82)
Interest Paid	(2,696.51)	(3,419.44)
Machinery Lease Rentals	(72.93)	(230.77)
Dividend Paid (Including Tax on Distributed Profit)	(215.43)	(248.65)
Net Cash Flow used in Financing Activities	7,956.41	(10,056.86)
Net Increase/Decrease in Cash & Cash Equivalents	216.52	(261.24)
Opening Cash & Cash Equivalents	1,068.29	1,329.53
Closing Cash & Cash Equivalents	1,284.81	1,068.29

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

DHRUV M. SAWHNEY
Chairman & Managing Director

SUDHIR MALLICK
Partner

Place : New Delhi
Date : June 30, 2004

V.P.GHULIANI
Group General Manager
(Legal) & Company Secretary

D.KHANNA
Vice President
(Corporate Finance & Planning)

S.K.SETH
Director & Chairman
Audit Committee

26. Notes to Accounts

1. Significant Accounting Policies

a) Basis of preparation of Financial statements

These financial statements have been prepared on the accrual basis of accounting, under the historical cost convention, except for revaluation of certain fixed assets, and in accordance with the Companies Act, 1956 and the applicable accounting standards issued by the Institute of Chartered Accountants of India.

b) Fixed Assets

- i) Fixed assets are stated at cost of acquisition and subsequent improvements thereto including taxes, duties (excluding excise duty for which modvat claim is available), freight and other incidental expenses relating to acquisition and installation. In the case of sugar units, administrative and personnel expenses, estimated at 3% of the cost of machinery / building, are also capitalised alongwith the cost of equipments and building under installation / construction and/or put to use during the year. Plant & machinery at Deoband unit purchased prior to 1st November 1986 and a property at Head Office Delhi, are stated at revalued cost.
- ii) Interest on borrowings relating to acquisition of fixed assets is capitalised upto the period such assets are put to use for commercial production.
- iii) Pre-operative expenses for major projects are capitalised.
- iv) Discarded fixed assets are stated at lower of net book value (at the time of discarding of assets) or net realisable value. Wherever, the net book value of the assets cannot be reasonably determined, it is stated at net realisable value.

c) Recognition of Income / Expenditure

- i) Sales of product 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 net of sales tax and trade discounts.
- ii) In respect of contracts/projects entered upto 31.3.2003, profit is recognised on completion or on substantial completion of the contract. Provision is, however, made for foreseeable losses, if any, in respect of contracts which have been substantially completed. Escalation income is accounted for as per the terms of contract or when the same is accepted by the customer.
- iii) Off-season expenses, other than interest expenses, selling expenses and non-operating expense / income earned during off-season, are deferred and are absorbed over the ensuing crushing season as estimated by the management.
- iv) 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.
- v) Deferred Revenue Expenditure
 - a) Expenditure incurred on rented premises is written off over a period of seven years and Front End Fee on loan is amortised over the period of loan.
 - b) Compensation under Voluntary Retirement Scheme is amortised over 36 Months.
 - c) All other deferred revenue expenditure, not qualifying as Intangible assets, incurred after 1-4-03, is written off in the period in which it is incurred. However, such expenditure incurred prior to 1-4-03 is amortised as per following norms:

	Months over which amortised
1. Restructuring fee towards cost and operational efficiency	36 Months
2. Compensation to employees on closure	60 Months
3. Technical know-how fee and training expenses of personnel with Foreign Collaborators	72 Months
4. Cost of feasibility studies for new projects	36 Months
5. Market Survey Expenses (before launch)	36 Months



Notes to Accounts (Contd.)

d) Foreign Currency Transactions

- i) Transactions denominated in foreign currencies are normally recorded at exchange rate prevailing at the date of transaction.
- ii) Monetary items denominated in foreign currencies at the year-end and not covered by forward exchange contracts are translated at year end rates and those covered by foreign contracts are translated at rate at the date of transaction as increased or decreased by the proportionate difference between the forward rate and exchange rate on the date of transaction, such difference having been recognised over the life of the contract.
- iii) Any income or expense on account of exchange difference either on settlement or on translation is recognised in the Profit & Loss Account except in cases where they relate to the loans and liabilities incurred for acquisition of Fixed Assets in which case they are adjusted to the carrying cost of such assets

e) Inventories

- i) Inventories of raw materials & components, stores and spares are valued at lower of cost and net realisable value. Cost of raw materials, stores and spares is ascertained on weighted average basis and in the case of contracts entered upto 31.3.2003 at Projects Division, it is ascertained on specific cost basis.
- ii) Finished goods and Work-in-progress (other than of Projects Division) are valued at lower of cost and net realisable value. Excise duty is included in the value of finished goods.
- iii) Work-in-progress relating to contracts entered upto 31.3.2003 at Projects Division is valued at cost and cost for this purpose includes all direct allocable expenses (including specific selling expenses) and apportioning of all indirect expenses.
- iv) By products, Patterns, Loose tools, jigs and fixture and scrap are valued at estimated net realisable value.

f) Depreciation

- i) Depreciation on fixed assets is provided on straight line method at the rates specified in Schedule XIV of the Companies Act, 1956 as amended by notification No.GSR 756E dated 16th December 1993.
- ii) The additional depreciation, as considered appropriate by the company, on increase in cost on account of revaluation is transferred to the Profit & Loss Account from the Revaluation Reserves and is thus not charged to Profit & Loss Account for the year.

g) Investments

Investments are valued at cost inclusive of expenses incidental to their acquisition. Investments meant for long term is carried at cost and any diminution in value, though material, is not recognised if such diminution in value, in the opinion of the management, is temporary in nature.

h) Retirement Benefits

Provision is made in the accounts on account of company's liability in respect of Gratuity and Leave Encashment benefits on the basis of actuarial valuation. Company's contribution to Superannuation scheme, recognised by the Income Tax authorities, is accounted on accrual basis.

i) Accounting of 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 the "Fixed Assets". Portion of the lease rentals representing finance cost are charged off in the period in which these accrue. Lease rentals of other assets, acquired before 1st April 2001 are charged off in the period in which these accrue.

j) Taxes on Income

Tax liability of the company is estimated considering the provisions of the Income Tax Act, 1961. Deferred Tax is recognised subject to the consideration of prudence, on timing differences, in respect of difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

k) Intangible Assets

- i) All expenditure, qualifying as intangible assets, incurred after 1-4-03 is amortised over estimated useful life, not exceeding 10 years.
- ii) The following norms are followed for the amortisation of the intangible assets:

	Period of amortisation
Computer Software	36 months
Design & Drawings	72 months

Notes to Accounts (Contd.)

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

- (a) Outstanding Bills/Cheques discounted with banks Rs.Nil (Rs.0.60 lacs).
- (b) Guarantees given to Banks against bank guarantees/letter of credit issued Rs.1,660.42 lacs (Rs.1443.10 lacs).
- (c) Guarantees given on behalf of United Shippers & Dredgers Ltd. Rs.47.70 lacs (Rs.47.70 lacs) and on behalf of subsidiary company Triveni SRI Ltd Rs.1.00 lac (Rs.1.00 lac).
- (d) Claims against the Company not acknowledged as debts (as certified by the Management)

		Rs. in Lacs	
		2004	2003
i)	Claims which are being contested by the company and in respect of which the company has paid amounts aggregating to Rs.375.61 lacs (Rs.417.34 lacs) under protest pending final adjudication of the cases.	1,492.73	1,015.25
ii)	Direct tax demands of Rs.275.16 lacs (Rs.530.87 lacs) which have been fully paid by the Company and are under appeal. The Company is contingently liable in respect of such demand (net of provisions held) aggregating to Rs.130.02 lacs (Previous year Rs.381.92 lacs) against such disputed liabilities. The amounts have not been provided in the accounts in view of reliefs expected in appeals.	130.02	381.92
iii)	Liability of interest on additional levy price of Rs 16.96 lacs in 73-74 case for Deoband unit. The Supreme court has remitted the matter to Delhi High Court for fresh adjudication and the Company has restored fixed deposit of Rs 119 lacs in accordance with the directions. Liability of interest not determinable		
iv)	Indeterminate liability arising from claims / counter claims in arbitration 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.		

- (e) Encashment of Bank Guarantees and amount withheld by the customers in earlier years, against which the Company has filed recovery suits / appeals in the Courts or made representation to the customer – Rs.989.97 lacs (Rs.989.97 lacs). Pending final decision, the amount of Rs.1,040.97 lacs (Rs.1,040.97 lacs) paid against above (including cheque for Rs.20 lacs yet to be encashed) are included under “Advance Recoverable in Cash or in Kind” and Sundry Debtors and are considered good and no account are taken for claims by or against the Company.
- (f) Rs. 256.25 lacs paid to defaulting suppliers and contractors of the molasses based chemical project. The cases are subjudice and pending final outcome, such balances as appearing in Loans & Advances have been considered good and no account has been taken of claims by or against the Company.
- (g) In accordance with the interim order of the Hon’ble Delhi High Court, the Sugar factory at Khatauli was treated as a new unit under the Incentive Scheme dated 15.11.1980 and it availed additional free sale sugar commencing from sugar season 1981-82 to 1986-87. Should the Writ Petition not succeed, the additional free sale sugar allowed on the basis of High Court’s order, will be adjusted on quantitative terms over same number of years from the free sale quota of the Company out of the future seasons of production. The total impact including difference in excise duty between levy and free sale sugar is unquantifiable at this stage. However, the Company has given undertakings for Rs.110 lacs (Rs.110 lacs) on account of differential Excise Duty.
- (h) The Hon’ble Supreme Court in a recent judgement pertaining to the sugar season 1996-97 has held that the UP State Government has powers to prescribe cane price over and above the Statutory Minimum Price announced by the Central Government. Indian Sugar Mills Association, of which the company is a member, will shortly file a review petition against this judgement. No provision has been made in respect of liability of cane price pursuant to this decision as it is indeterminate in view of uncertain position regarding the validity or legality of State Advised Price (SAP) announced by the State Government even in the light of recently delivered judgement by the Hon’ble Supreme Court.



Notes to Accounts (Contd.)

3. Advances recoverable in cash or in kind include
 - a) Due from the Company Secretary-Rs.0.52 lacs (Rs.Nil). Maximum amount due at any time during the year Rs.1.60 lacs (Rs.1.47 lacs).
 - b) Rs.0.24 lacs (Rs.0.12 lacs) and Rs.2.39 lacs (Rs.1.92 lacs) on account of Security Deposit paid to the Managing Director and Company Secretary respectively against leased property.
4. Outstanding commitments for capital expenditure (net of advances) Rs.3,609.72 lacs (Rs.42.88 lacs).
5. Name of Small Scale Industrial Undertakings where the amount is outstanding for more than 30 days as at the year end are as per details given below:-

A.G.Enterprises, A.N.Instruments Pvt Ltd, Ajax Engg. Pvt Ltd., Arsom CNC Pvt Ltd., Arya Machine Tools, Contronics Switch Gear, Diesel India, Ennem Excel Engg.Pvt Ltd., Euroflex Transmission (I) Pvt Ltd., Excel Tools & Engg. Enterprises, Ganesh Metal Ind., Gayathri Enterprises, Grindwell Engineers, Gulati Steel Fabricator, Hi-TechForgining (Blore) P.Ltd., Industrial Enterprises, Jude Engineering, Jupiter Industries, Kaushik Enterprises, Kumar Industries, Lisy Industries, Maag Engineering Works, Mechano Engineering Co., Modern Engg.Works Pvt Ltd., Nagur Industries, Nirmala Industries, Precision Engineers, Quality Profiles Pvt Ltd., Raghu Industries, Rajes Engineering, Ram Engineering Co., S N Engg. & Metal Finishers, Sadbhava Fabricators, Satish Engineering Works, Sendhi Engg. Works, Siri Machine Tools, Sokari India Pvt Ltd., Special Insulators Mfg Co., SPM Products, Sri Skanda Enterprises, Sri T R Enterprises, Starwood, Subrakar Industries, Sudhasree Enterprises, Sushanth Engineers, Turbo Machinery Engg. Combines, U.P. Engg.Co., Unisons Engineers, Uttam Fabricators, Vidhyut Control Pvt Ltd., Weltech Engineers Pvt Ltd and Yesvijes Engineering.
6.
 - a) The Company has taken assets under lease of the value of Rs.464.75 lacs (Rs.824.80 lacs) before 31.03.2001. The future rental obligation as per the contracts is Rs.29.61 lacs (Rs.89.71 lacs).
 - b) The Company has taken assets under operating lease of the value of Rs.3.49 lacs (Rs.3.49 lacs). The total future minimum lease payment, as per contract are as follows :
 - Not later than 1 year Rs.0.48 lacs (Rs.1.39 lacs)
 - Later than 1 year and not later than 5 years Rs.Nil (Rs.0.48 lacs)
7. Cane costs has been considered for the sugar units at the Statutory Minimum Price (SMP) announced by the Central Government for the respective sugar mills during 2002-03 and 2003-04 seasons and concessions provided by the State Government for passing to the farmers, a part of which is considered towards liability, if any, under Rule 5A of the Sugar Control Order, 1966, which is not determinable presently. The SMP of both the years 2002-03 and 2003-04 have been legally challenged by the Company, though the full amount has been paid.
8. Exchange difference in respect of forward exchange contracts to be recognised in the Profit and Loss Account of subsequent periods Income Rs.4.30 lacs [Expense - Rs.21.30 lacs].

Notes to Accounts (Contd.)

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

Rs. in Lacs

Sl.No.	Particulars	2003-2004	2002-2003
A.	EXPENDITURE		
1.	Purchases (Raw Material)	6.92	—
2.	Stores, Spares & Tools	—	0.01
3.	Machinery Lease Rent	(0.11)	—
4.	Cane Development Charges	—	(0.22)
5.	Repairs & Maintenance – Plant & Machinery	—	0.32
6.	Repairs & Maintenance – General	—	0.05
7.	Salaries, Wages & Bonus	(0.76)	(0.09)
8.	Welfare Expenses	—	0.02
9.	Travelling & Conveyance	—	0.78
10.	Rent	—	0.07
11.	Rates & Taxes	4.43	(0.24)
12.	Office & Other Administration Expenses	0.06	1.12
13.	Royalty	6.32	—
14.	Packing & Forwarding	(0.20)	—
15.	Interest on Fixed Loan	—	0.18
16.	Interest on Others	23.43	0.32
	TOTAL EXPENDITURE (A)	40.09	2.32
B.	INCOME		
1.	Other Income Miscellaneous	—	0.01
2.	Interest Received	—	(0.17)
	TOTAL INCOME (B)	—	(0.16)
	PRIOR PERIOD ADJUSTMENT (NET) (A-B)	40.09	2.48

10. 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 Lacs

S.No.	Particulars	As on 31.3.2004	Maximum amount due during the year
1.	Loans & Advances to Subsidiaries (Note1)		
	— Triveni SRI Ltd	67.71 (30.07)	67.71 (30.07)
	— Triveni Power Generation Ltd	1.66 (0.43)	1.66 (4.53)
2.	Loans & Advances to Associates (Note1)		
	— TOFSL Trading & Investments Ltd	1.42 (31.54)	31.54 (37.47)
	— The Engineering & Technical Services Ltd	Nil (11.29)	16.90 (68.26)
	— Carvanserai Ltd (Note 2)	657.27 (660.27)	660.27 (660.27)



Notes to Accounts (Contd.)

3.	Investments by the loanee in the shares of Triveni Engineering & Industries Ltd	Rs. in Lacs		No. of Shares	
		As on 31.3.2004	Maximum During the Year	As on 31.3.2004	Maximum During the Year
	— TOFSL Trading & Investments Ltd	947.89 (947.89)	947.89 (947.89)	16,09,700 (16,09,700)	16,09,700 (16,09,700)
	— The Engineering & Technical Services Ltd	1,262.36 (1,262.36)	1,262.36 (1,262.36)	12,19,150 (12,19,150)	12,19,150 (12,19,150)
	— Carvanserai Ltd	574.60 (574.60)	574.60 (574.60)	7,37,910 (7,37,910)	7,37,910 (7,37,910)

- Note : 1. There are no repayment schedule for the above loans and advances as these are in the nature of current account and repayable on demand.
 2. No interest has been charged based on commercial consideration.
 3. Loans to employees as per Company's policy are not considered.

11. In compliance with the Accounting Standard on "Taxation on Income" (AS-22) issued by Institute of Chartered Accountants of India the breakup of net deferred tax liability is provided below :

Particulars	Deferred tax liability (deferred tax asset) Rs. In Lacs	
	2004	2003
Difference in Net Book values of Fixed Assets as per accounts & tax	3,902.01	4,122.13
Expenses deferred in books but Claimed in tax	182.69	457.25
Gratuity	(413.94)	(401.95)
Provisions disallowable u/s 43-B	(391.10)	(534.34)
Unabsorbed losses & depreciation	-	(862.01)
Others (net)	56.13	82.14
Net deferred tax liability	3,335.79	2,863.22

12. Pursuant to compliance of AS-18 on Related Party disclosures, the relevant information is provided here below :

a) The details of related parties where transactions have taken place during the Year :

i) Subsidiaries (Group A)

Triveni SRI Limited – wholly owned subsidiary
 Triveni Power Generation Ltd – wholly owned subsidiary

ii) Associates (Group B)

TOFSL Trading & Investments Limited
 The Engineering & Technical Services Limited
 Triveni Entertainment Limited
 Carvanserai Limited

iii) Key Management Person (Group C)

Mr D M Sawhney, Chairman & Managing Director

iv) Key Management person relatives (Group D)

Mrs Rati Sawhney
 Mr Tarun Sawhney
 Mr Nikhil Sawhney

v) Companies in which key management person or his relatives have substantial interest/significant influence (Group E)

Kameni Upaskar Limited

Notes to Accounts (Contd.)

12. b) Details of transactions with the related parties :

Rs. In Lacs

Nature of Transaction	GROUP					TOTAL
	A	B	C	D	E	
1. Sales and rendering of Services	12.64 (0.66)	3.84 (9.60)	— (—)	— (—)	— (—)	16.48 (10.26)
2. Purchases and receiving Services	— (0.34)	— (—)	— (—)	— (—)	— (—)	(0.34)
3. Purchase of Fixed Assets	197.19 (—)	2.00 (—)	— (—)	— (—)	— (—)	199.19 (—)
4. Rent Paid	— (—)	— (—)	3.12 (2.03)	— (1.09)	9.00 (9.00)	12.12 (12.12)
5. Amount Advanced / Refunded on Expense incurred (Net)	23.07 (8.11)	-50.84 (-84.8)	— (—)	— (—)	— (—)	-27.77 (-76.69)
6. Interest Received	2.70 (1.04)	1.15 (4.32)	— (—)	— (—)	— (—)	3.85 (5.36)
7. Interest Paid	— (—)	1.79 (6.34)	— (—)	0.25 (0.62)	0.25 (—)	2.29 (6.96)
8. Remuneration	— (—)	— (—)	49.94 (73.74)	29.54 (18.44)	— (—)	79.48 (92.18)
9. Outstanding balances as on 31.3.2004						
— Loans & Advances	69.37 (30.50)	569.91 (611.32)	-1.01 (-0.18)	— (0.12)	3.60 (3.6)	641.87 (645.36)
— Other current Assets	— (—)	88.78 (91.78)	— (—)	— (—)	— (—)	88.78 (91.78)
— Trade & Other Creditors	95.61 (—)	26.98 (48.08)	— (—)	— (—)	— (—)	122.59 (48.08)
— Guarantees Outstanding	1.00 (1.00)	— (—)	— (—)	— (—)	— (—)	1.00 (1.00)

- Figures for previous year are regrouped and rearranged wherever necessary to make them comparable.
- Figures given in brackets relate to previous year.



Notes to Accounts (Contd.)

13. Pursuant to compliance of AS-20 on Earning per Share, the relevant information is provided here below:

		2003-2004	2002-2003
1.	Net profit after tax as per Profit & Loss Account	Rs. 17,75,77,163	4,80,82,548
2.	Preference Dividend (including Income Tax thereon)	Rs. 53,72,204	—
3.	Net Profit after tax and Preference Dividend (1)- (2)	Rs. 17,22,04,959	4,80,82,548
4.	No. of Equity Shares during the year (weighted average)	83,15,206	1,22,89,201
Earning per share – Basic/Diluted (3)/(4)		Rs. 20.71	3.91

14. Office and other administrative expenses include the following amounts paid/payable to the Auditors on account of :
(in Rs.)

	Statutory Auditors		Branch Auditors		Cost Auditors	
	2004	2003	2004	2003	2004	2003
Audit Fees	9,51,480	9,25,050	2,97,000	2,88,750	53,625	52,500
Fees for tax matters including tax audit	3,17,520	3,08,700	1,13,400	1,10,250	—	—
Management & Other Services	5,09,158	3,10,988	1,74,750	47,250	—	—
Reimbursement of Expenses	83,319	62,237	6,76,860	5,36,459	—	—
TOTAL	18,61,477	16,06,975	12,62,010	9,82,709	53,625	52,500

15. Managing Director's Remuneration :

(in Rs.)

	2003-2004	2002-2003
Salary *	30,00,000	48,00,000
Commission	—	—
Contribution to PF & Other Funds *	8,10,000	12,96,000
Gratuity	1,44,000	1,63,401
Other Perquisites	10,39,749	11,14,383
TOTAL	49,93,749	73,73,784

* Includes arrears of Rs.Nil (Rs.22,86,000/-).

16. Statement of additional information

(Rs. in Lacs)

	2003-2004	2002-2003
a) Value of imports on CIF basis :		
Raw Materials	660.34	757.12
Components & spare parts	0.99	—
Capital Goods (includes advance against Capital Goods Rs.111.05 lacs (Rs.Nil))	116.51	8.14
b) Expenditure in foreign currency		
i) Travelling	102.35	78.05
ii) Royalty	41.47	23.77
iii) Technical know-how	27.69	17.92
iv) Others	68.39	30.06
v) <u>Dividend to NRIs</u>		
Amount remitted	0.02	0.02
No. of shareholders	20	18
No. of shares held	1,588	1,389
Year for Dividend Paid	2002-2003	2001-2002

Notes to Accounts (Contd.)

c) Earnings in foreign exchange :		
Exports of goods on F.O.B. basis	2,136.70	808.91
Service Charges	33.97	42.42
Miscellaneous Income		
— Commission Received	4.14	—

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

	2003-2004		2002-2003	
	Rs. in Lacs	%	Rs. in Lacs	%
i) Raw Material				
— Directly imported	678.40	1.35%	1,163.88	2.93%
— Indigenous	49,538.24	98.65%	38,523.28	97.07%
ii) Spare Parts				
— Directly imported	1.56	0.14%	3.86	0.45%
— Indigenous	1,146.35	99.86%	844.86	99.55%

e) Licensed and Installed Capacities & Actual Production:

Class of Goods	Units	Licensed Capacity		Installed Capacity *1 & *2		Actual Production *2	
		2003-2004	2002-2003	2003-2004	2002-2003	2003-2004	2002-2003
Sugar	MT	NA	NA	27,400 TCD	25,250 TCD	4,44,415.40	3,28,561.90
Molasses	MT	NA	NA	—	—	2,26,908.55	1,59,450.53
Project & Engg Activities (Sugar Pollution & Hydel)	Rs.in Lacs	NA	NA	NA	NA	1,210.03	2,709.47
Steam & Gas Turbines	Nos.	NA	NA	— *	— *	38	52
High Speed Reduction Gears	Nos.	NA	NA	— *	— *	249	242

*1 As certified by officials of the company, in the case of Khatauli & Deoband Sugar Units, this has been substantiated by a report from the National Sugar Institute, Kanpur.

*2 Includes capital/captive production.

* In view of varying range of products, it is not possible to express in a common unit.

N.A. - Not Applicable

TCD - Metric Tons of cane crushed per day.

MT - Metric Tons



Notes to Accounts (Contd.)

f) Opening Stock, Closing Stock & Sales (Manufactured Goods)

Class of Goods	Units	Opening Stock		Closing Stock		Sales (Gross)	
		Qty	Value (Rs. in Lacs)	Qty	Value (Rs. in Lacs)	Qty	Value (Rs. in Lacs)
Sugar *1	MT	2,29,417.00 (2,81,828.50)	26,849.74 (35,870.41)	3,43,274.50 (2,29,417.00)	40,149.43 (26,849.74)	3,30,192.40 (3,80,855.30)	43,943.00 (50,876.23)
Molasses *2	MT	13,919.67 (44,626.98)	229.76 (568.66)	10,182.39 (13,919.67)	145.95 (229.76)	2,32,028.94 (1,83,236.26)	3,374.53 (2,939.66)
Steam & Gas Turbines and related equipments	Nos	- (-)	- (-)	1 (-)	159.27 (-)	37 (52)	7,014.00 (5,678.00)
High Speed Reduction Gears	Nos	- (-)	- (-)	- (-)	- (-)	249.00 (242.00)	1,923.00 (1,671.74)
Project & Engg Activities (Sugar Pollution & Hydel)	Rs.in Lacs	- (-)	- (-)	- (-)	- (-)	- (-)	1,210.04 (2,709.47)
Others	Rs.in Lacs	- (-)	53.95 (44.76)	- (-)	44.18 (53.95)	- (-)	6,327.14 (6,476.78)

Figures in brackets pertains to previous year

*1 Closing stock of sugar is after adjusting 365.50 MT (118.10 MT) on account of reprocessing loss.

*2 Closing stock of molasses is after adjusting 1383.11 MT excess (6921.59 MT shortage).

MT - Metric Tonnes

g) Break Up Of Raw Material Consumed

Class of Goods	Unit	2003-2004		2002-2003	
		Qty.	Rs.in Lacs	Qty.	Rs.in Lacs
Sugar Cane	MT	43,30,153	41,183.30	32,65,696	30,546.32
Bought outs *1			6,769.43		7,223.28
Others *1			2,263.91		1,917.56
			50,216.64		39,687.16

*1 Quantitative data has not been furnished as purchases are made in different Units i.e. weight, number etc.

17. Figures for the previous year are regrouped and rearranged wherever necessary. 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

DHRUV M. SAWHNEY
Chairman & Managing Director

Place : New Delhi
Dated : June 30, 2004

V.P.GHULIANI
Group General Manager
(Legal) & Company Secretary

D.KHANNA
Vice President
(Corporate Finance & Planning)

S.K. SETH
Director & Chairman
Audit Committee

Balance Sheet Abstract And Company's General Business profile

I. Registration Details

Registration No. Status Code

Balance Sheet Date

Date Month Year

II. Capital Raised during the year (Amount in Rs.Thousand)

Public Issue Right Issue

Bonus Issue Private Placement

III. Position of Mobilisation and Deployment of Fund (Amount in Rs.Thousand)

Total Liabilities Total Assets

Sources of Funds

Paid Up Capital Reserves & Surplus

Secured Loans Unsecured Loans

Deferred Tax Liability (Net)

Application of Funds

Net Fixed Assets * Investments

Net Current Assets Misc. Expenditure

* Include Plant & Machinery acquired under lease.

IV. Performance of the Company (Amount in Rs.Thousand)

Gross Turnover (including Other Income) Total Expenditure

Profit Before Tax Profit After Tax

Earning Per Share (In Rs.) Dividend Rate %

V. Generic Names of Three Principal Products/Services of Company

Item Code No.

Product Description

Item Code No.

Service/Product Description

Item Code No.

Product Description



Auditors' Report

TO THE BOARD OF DIRECTORS OF TRIVENI ENGINEERING AND INDUSTRIES LIMITED

We have examined the attached Consolidated Balance Sheet of Triveni Engineering & Industries Limited and its Subsidiaries Triveni SRI Limited and Triveni Power Generation Ltd as at 31st March 2004 and also the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year ended 31st March, 2004. 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 did not audit the financial statements of Triveni Power Generation Ltd which have been audited by the other auditor and whose report has been forwarded to us and considered by us in preparing our report.

The investments in Associates are accounted in these consolidated financial statements in accordance with the requirements of Accounting Standard (AS) – 23 – “Accounting for Investments in Associates in Consolidated Financial Statements”, issued by the Institute of Chartered Accountants of India.

We did not audit the financial statements of Indian Associates TOFSL Trading & Investments Ltd and Carvanserai 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.

We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard (AS) 21, Consolidated Financial Statements, issued by the Institute of Chartered Accountants of India and on the basis of the separate audited financial statements of the Company, its subsidiaries and its associates included in the consolidated financial statement.

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, we are of the opinion that the said 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, its subsidiaries and its interest in associates as at 31st March, 2004;
- (b) in the case of the Consolidated Profit and Loss Account, of the consolidated results of operations of the Company, its subsidiaries and its interest in associates for the year then ended and
- (c) in the case of the Consolidated Cash Flow Statement, of the consolidated cash flows of the Company, its subsidiaries and its interest in associates for the year then ended.

For and on behalf of
J C BHALLA & COMPANY
CHARTERED ACCOUNTANTS

Place : New Delhi
Date : June 30, 2004

(SUDHIR MALLICK)
PARTNER
MEMBERSHIP NO.80051

CONSOLIDATED FINANCIAL STATEMENTS OF TRIVENI ENGINEERING & INDUSTRIES LIMITED AND ITS SUBSIDIARY COMPANIES

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH 2004

	31.3.2004 (Rs.)	31.3.2003 (Rs.)
SOURCES OF FUNDS		
SHAREHOLDERS' FUNDS		
Share Capital	12,28,93,610	12,28,93,610
Reserves & Surplus	<u>1,36,37,44,337</u>	<u>1,23,23,91,028</u>
	1,48,66,37,947	1,35,52,84,638
LOAN FUNDS		
Secured Loans	3,86,44,42,885	2,82,05,36,853
Unsecured Loans	<u>23,87,03,268</u>	<u>18,39,67,163</u>
	4,10,31,46,153	3,00,45,04,016
	<u>33,29,99,577</u>	<u>28,60,33,231</u>
DEFERRED TAX LIABILITY (NET)		
	<u>5,92,27,83,677</u>	<u>4,64,58,21,885</u>
APPLICATION OF FUNDS		
FIXED ASSETS		
Gross Block	2,46,78,32,892	2,38,73,99,138
Less : Depreciation	<u>1,06,58,74,126</u>	<u>97,24,44,979</u>
Net Block	1,40,19,58,766	1,41,49,54,159
Capital Work-in-Progress	18,25,43,230	1,65,93,841
Intangible Assets	3,13,54,254	4,41,27,589
Discarded Fixed Assets Pending Disposal/Sale	20,28,216	41,03,216
Plant & Machinery acquired under Lease	23,49,10,761	24,18,67,888
Goodwill	<u>7,496</u>	<u>7,496</u>
	<u>1,85,28,02,723</u>	<u>1,72,16,54,189</u>
LONG TERM INVESTMENTS		
In Associates		
- Equity shares at original cost (including Rs.51,92,482/- of Goodwill (Net of Capital Reserve) arising on acquisition of associates as per equity method)	1,43,47,830	
Add/(Less) : Accumulated Income/(Loss) from Associates	<u>(99,11,533)</u>	1,29,06,767
- Preference Shares	21,14,95,700	21,14,95,700
Others	<u>3,32,362</u>	<u>2,44,751</u>
	21,62,64,359	22,46,47,218
CURRENT ASSETS, LOANS & ADVANCES		
Inventories	4,43,54,94,629	3,08,82,33,185
Sundry Debtors	58,88,74,649	37,59,16,578
Cash and Bank Balances	16,22,52,827	12,59,13,467
Other Current Assets	1,05,91,970	1,08,99,732
Loans and Advances	<u>58,99,85,862</u>	<u>62,03,76,521</u>
	5,78,71,99,937	4,22,13,39,483
LESS : CURRENT LIABILITIES & PROVISIONS		
Current Liabilities	1,53,31,83,899	1,20,20,97,786
Provisions	<u>44,68,24,061</u>	<u>34,30,09,450</u>
	1,98,00,07,960	1,54,51,07,236
NET CURRENT ASSETS	3,80,71,91,977	2,67,62,32,247
MISCELLANEOUS EXPENDITURE	4,65,24,618	2,32,88,231
TOTAL ASSETS (NET)	<u>5,92,27,83,677</u>	<u>4,64,58,21,885</u>

Notes attached thereto form an integral part of the Consolidated Balance Sheet.
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

DHRUV M. SAWHNEY
Chairman & Managing Director

SUDHIR MALLICK
Partner

Place : New Delhi
Date : June 30, 2004

V.P.GHULIANI
Group General Manager
(Legal) & Company Secretary

D.KHANNA
Vice President
(Corporate Finance & Planning)

S.K.SETH
Director & Chairman
Audit Committee



CONSOLIDATED FINANCIAL STATEMENTS OF TRIVENI ENGINEERING & INDUSTRIES LIMITED AND ITS SUBSIDIARY COMPANIES

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2004

	31.3.2004 (Rs.)	31.3.2003 (Rs.)
INCOME		
Income from Operations (Gross)	6,41,26,76,505	7,04,92,28,393
Less : Excise Duty	<u>46,81,87,404</u>	<u>50,20,70,738</u>
Income from Operations (Net)	5,94,44,89,101	6,54,71,57,655
Income from Associates	—	2,56,715
Other Income	3,40,42,503	4,64,05,067
Decrease/Increase in Work-in-Progress/Finished Goods	<u>1,22,32,64,996</u>	<u>(84,63,41,144)</u>
	<u>7,20,17,96,600</u>	<u>5,74,74,78,293</u>
EXPENDITURE		
Material Consumed	5,04,70,81,449	3,97,68,81,144
Manufacturing/Operating	54,69,71,550	47,18,18,942
Personnel	50,57,66,150	49,72,33,489
Administration	28,30,22,683	25,75,23,511
Financing	22,41,69,042	31,30,06,415
Selling	9,98,25,741	6,24,05,431
Depreciation	10,30,32,006	9,93,22,255
Amortisation	6,53,21,655	5,00,75,829
Off-season Expenses charged (Net)	7,23,69,237	(5,89,51,911)
Loss from Associates	<u>84,70,470</u>	<u>—</u>
	6,95,60,29,983	56,69,315,105
	24,57,66,617	7,81,63,188
Profit before Taxation		
Provision for Tax		
- Normal Tax Liability	2,56,00,000	58,00,000
- Net Deferred Tax Charge	4,69,66,346	2,40,58,909
Income Tax Paid for Earlier Years	42,36,837	—
Provision for Wealth Tax	<u>4,99,623</u>	<u>5,00,000</u>
Profit after Taxation	16,84,63,811	4,78,04,279
Surplus Brought Forward	<u>10,40,12,634</u>	<u>8,79,19,725</u>
AVAILABLE FOR APPROPRIATION	<u>27,24,76,445</u>	<u>13,57,24,004</u>
APPROPRIATIONS		
Dividend Adjustment of Previous Year	58,035	(17,462)
Tax on Distributed Profits (Earlier Years)	1,524	—
Interim Dividend Paid - Preference Shares	47,62,064	—
Tax on Distributed Profits of Preference Shares	6,10,140	—
Dividend Proposed on Equity shares	2,49,45,618	1,84,33,802
Provision for Tax on Dividend on Equity Shares	31,96,157	23,61,831
Transfer to Molasses Storage Fund Reserve	16,42,800	9,33,199
Transfer to General Reserve	17,00,00,000	1,00,00,000
Surplus Carried Forward	<u>6,72,60,107</u>	<u>10,40,12,634</u>
	<u>27,24,76,445</u>	<u>13,57,24,004</u>
Earning per share - Basic/Diluted	19.61	3.89

Notes attached thereto form an integral part of the Consolidated Profit & Loss Account.
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

DHRUV M. SAWHNEY
Chairman & Managing Director

SUDHIR MALLICK
Partner

V.P.GHULIANI
Group General Manager
(Legal) & Company Secretary

D.KHANNA
Vice President
(Corporate Finance & Planning)

S.K.SETH
Director & Chairman
Audit Committee

Place : New Delhi
Date : June 30, 2004

CONSOLIDATED FINANCIAL STATEMENTS OF TRIVENI ENGINEERING & INDUSTRIES LIMITED AND ITS SUBSIDIARY COMPANIES

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2004

(Rs. in Lacs)

31.3.2004 31.3.2003

A. CASH FLOW FROM OPERATING ACTIVITIES

Profit before Tax	2,457.67	781.63
Add : Depreciation	1,030.32	890.54
: Amortisation		
— Machinery Lease Rentals	142.50	138.18
— Intangible Assets	224.76	219.04
— Miscellaneous Expenditure	289.73	143.53
Less : Incomes/(Losses) from Associates	(84.70)	2.57
Less : Incomes/Expenses treated separately		
Dividend Income	0.59	0.35
Profit/(Loss) on sale of assets	48.68	(35.30)
Diminution in value of discarded assets	(20.00)	—
Interest Expenses	(2,745.63)	(3,330.55)
Interest Income	505.14	200.48
Deferred Revenue Expenditure Incurred	522.09	144.45
Operating Profit before Working Capital changes	5,918.81	5,193.49
Changes in Working Capital		
Changes in Inventories	(13,472.62)	9,087.67
Changes in Receivables	(2,129.57)	958.07
Changes in Other Trade Receivables	72.11	(593.56)
Changes in Current Liabilities	4,218.93	(4,023.63)
Direct Taxes Paid (Net) including wealth tax	(125.85)	244.89
Net Changes in Working Capital	(11,437.00)	5,673.44
Cash Flow from operating activities	(5,518.19)	10,866.93

B. CASH FLOW FROM INVESTMENT ACTIVITIES

Purchase of Fixed/Intangible Assets	(2,729.10)	(1,362.03)
Sale of Fixed/Intangible Assets	86.87	57.24
Purchase of Investments — Subsidiary Company	—	—
Purchase of Investments — Others	—	(1.74)
Sale of Investments — Others	—	0.01
Changes in Loans & Advances	47.69	68.03
Interest Income	388.00	155.43
Dividend Income	0.59	0.35
Net Cash Flow in Investment Activities	(2,205.95)	(1,082.71)



CONSOLIDATED FINANCIAL STATEMENTS OF TRIVENI ENGINEERING & INDUSTRIES LIMITED AND ITS SUBSIDIARY COMPANIES

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2004

	(Rs. in Lacs)	
	31.3.2004	31.3.2003
C. CASH FLOW FROM FINANCING ACTIVITIES		
Increase/Decrease in Short Term Borrowings (Net)	502.22	(203.08)
Increase/Decrease in Long Term Borrowings (Net)	1,104.58	(2,528.10)
Increase/Decrease in Cash Credit	9,334.48	(3,426.82)
Interest Paid	(2,696.99)	(3,419.59)
Machinery Lease Rentals	(72.93)	(230.77)
Dividend Paid (Including Tax on Distributed Profit)	(215.43)	(248.65)
Net Cash Flow used in Financing Activities	7,955.93	(10,057.01)
Net Increase/Decrease in Cash & Cash Equivalents	231.79	(272.79)
Opening Cash & Cash Equivalents	1,076.84	1,352.20
Closing Cash & Cash Equivalents	1,308.63	1,079.41

Notes attached thereto form an integral part of the Consolidated Cash Flow Statement.

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

DHRUV M. SAWHNEY
Chairman & Managing Director

SUDHIR MALLICK
Partner

V.P.GHULIANI
Group General Manager
(Legal) & Company Secretary

D.KHANNA
Vice President
(Corporate Finance & Planning)

S.K.SETH
Director & Chairman
Audit Committee

Place : New Delhi
Date : June 30, 2004

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES

- (a) The consolidated financial statements have been prepared to comply with the requirements of Clause 32 of the Listing Agreement and has been prepared in accordance with Accounting Standard – 21 on Consolidated Financial Statements, Accounting Standard – 23 on Accounting for Investments in Associates and Accounting Standard – 3 on Cash Flow Statements issued by Institute of Chartered Accountants of India.
 - (b) The consolidated financial statements comprise the financial statements of Triveni Engineering & Industries Ltd (Holding Company) incorporated in India, its 100% subsidiaries Triveni SRI Limited and Triveni Power Generation Limited incorporated in India and proportionate accumulated income/(expenses) of Associates TOFSL Trading & Investments Ltd, The Engineering & Technical Services Ltd, Triveni Entertainment Ltd and Carvanserai Ltd.
 - (c) 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.
 - (d) 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.
 - (e) Investments other than in associates have been accounted as per Accounting Standard 13 on Accounting for Investments.
 - (f) Other significant accounting policies
These are set out under “Significant Accounting Policies” as given in the respective Financial Statements of Triveni Engineering & Industries Limited and its subsidiaries.
2. The contingent liabilities of the group are predominantly that of the parent Company. Besides, there is a contingent liability of Rs.2.04 lacs in the subsidiaries. Further, the group is contingently liable for Rs.9.25 lacs in respect of Associates, being pro-rata to the investments in associates, excluding the cases where the amount is not quantifiable.
 3. The Hon’ble Supreme Court in a recent judgement pertaining to the sugar season 1996-97 has held that the UP State Government has powers to prescribe cane price over and above the Statutory Minimum Price announced by the Central Government. Indian Sugar Mills Association, of which the Company is a member, will shortly file a review petition against this judgement. No provision has been made in respect of liability of cane price pursuant to this decision as it is indeterminate in view of uncertain position regarding the validity or legality of State Advised Price (SAP) announced by the State Government even in the light of recently delivered judgement by the Hon’ble Supreme Court.
 4. Cane costs has been considered for the sugar units at the Statutory Minimum Price (SMP) announced by the Central Government for the respective sugar mills during 2002-03 and 2003-04 seasons and concessions provided by the State Government for passing to the farmers, a part of which is considered towards liability, if any, under Rule 5A of the Sugar Control Order, 1966, which are not determinable presently. The SMP of both the years 2002-03 and 2003-04 have been legally challenged by the Company, though the full amount has been paid.
 5. Income from operations includes sale of Rs.163.63 lacs by subsidiary Company to parent Company which is capitalised by parent Company. Net profit arising therefrom was not material and has not been eliminated.
 6. Pursuant to compliance of AS-23 on Accounting for “Investments in Associates in Consolidated Financial Statements” the Company has accounted investment in Associates under the equity method. The relevant information of the investment in Associates is provided herebelow :-



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

Name of 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) at the year end
1	2	3	4	5	6
TOFSL Trading & Investments Ltd	India	49.38%	40,00,600	1,80,027 *1	(40,00,600) *3
The Engineering & Technical Services Ltd	India	47.60%	9,99,930	(4,30,970) *1	(9,99,930) *3
Triveni Entertainment Ltd	India	49.97%	43,47,300	4,43,425 *1	88,997
Carvanserai Ltd	India	49.48%	50,00,000	50,00,000 *2	(50,00,000) *3
Total			1,43,47,830	51,92,482	(99,11,533)

*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.

*3 Share of loss is restricted to the original cost of the investments as per the equity method of accounting for Associates under AS-23 'Accounting for Investments in Associates in consolidated financial statements' issued by the Institute of Chartered Accountants of India.

7. Pursuant to compliance of AS-18 on Related Party disclosures, the relevant information is provided here below :

a) The details of related parties where transactions have taken place during the year :

i) Associates (Group A) :

TOFSL Trading & Investments Limited
 The Engineering & Technical Services Limited
 Triveni Entertainment Limited
 Carvanserai Limited

ii) Key Management Person (Group B)

Mr D M Sawhney, Chairman & Managing Director

iii) Key Management person relatives (Group C)

Mrs Rati Sawhney
 Mr Tarun Sawhney
 Mr Nikhil Sawhney

iv) Companies in which key management person or his relatives have substantial interest/significant influence (Group D)

Kameni Upaskar Limited

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

7. b) Details of transactions with the related parties :

Rs. In Lacs

Nature of Transaction	GROUP				TOTAL
	A	B	C	D	
1. Sales and rendering of Services	3.84 (9.60)	— (—)	— (—)	— (—)	3.84 (9.60)
2. Purchase of Fixed Assets	2.00 (—)	— (—)	— (—)	— (—)	2.00 (—)
3. Rent Paid	— (—)	3.12 (2.03)	— (1.09)	9.00 (9.00)	12.12 (12.12)
4. Amount Advanced / Refunded on Expense incurred (Net)	-50.84 (-84.80)	— (—)	— (—)	— (—)	-50.84 (-84.80)
5. Interest Received	1.15 (4.32)	— (—)	— (—)	— (—)	1.15 (4.32)
6. Interest Paid	1.79 (6.34)	— (—)	0.25 (0.62)	0.25 (—)	2.29 (6.96)
7. Remuneration	— (—)	49.94 (73.74)	29.54 (18.44)	— (—)	79.48 (92.18)
8. Outstanding balances as on 31.3.2004					
- Loans & Advances	569.91 (611.32)	-1.01 (-0.18)	— (0.12)	3.60 (3.60)	572.50 (614.86)
- Other Current Assets	88.78 (91.78)	— (—)	— (—)	— (—)	88.78 (91.78)
- Trade & Other Creditors	26.98 (48.08)	— (—)	— (—)	— (—)	26.98 (48.08)

1. Figures for previous year are regrouped and rearranged wherever necessary to make them comparable.

2. Figures given in brackets relate to previous year.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

8. Pursuant to compliance of Accounting Standard - 20 on Earning per Share, the relevant information is provided here below :

			2003-2004	2002-2003
1.	Net profit after tax as per Profit & Loss Account	Rs.	16,84,63,811	4,78,04,279
2.	Preference Dividend (including Income Tax thereon)	Rs.	53,72,204	—
3.	Net profit after tax and Preference Dividend (1) - (2)	Rs.	16,30,91,607	4,78,04,279
4.	No. of Equity Shares during the year (weighted average)		83,15,206	1,22,89,201
	Earning per Share - Basic/Diluted (3)/(4)	Rs.	19.61	3.89

9. Pursuant to compliance of Accounting Standard - 17 regarding Segment Reporting the relevant information is provided in the attached schedule.

10. Figures for the previous year are regrouped and rearranged wherever necessary. Figures given in brackets relate to previous year.

DHRUV M. SAWHNEY
Chairman & Managing Director

Place : New Delhi
Date : June 30, 2004

V.P.GHULIANI
Group General Manager
(Legal) & Company Secretary

D.KHANNA
Vice President
(Corporate Finance & Planning)

S.K.SETH
Director & Chairman
Audit Committee

SCHEDULE

Information on Segment Reporting of the Group for the year ended 31.3.2004

Rs. In Lacs

	Sugar		Steam Turbines		Other Operations		Eliminations		Consolidated Total	
	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003
REVENUE										
External Sales	48,068.07	54,578.49	13,158.39	11,864.58	2,900.30	4,049.21		—	64,126.76	70,492.28
Less : Excise Duty	3,759.28	4,091.21	757.69	789.24	277.71	239.52	(112.81)	(99.26)	4,681.87	5,020.71
External Sales (Net)	44,308.79	50,487.28	12,400.70	11,075.34	2,622.59	3,809.69			59,444.89	65,471.57
Inter-segment Sales	392.79	—	17.24	12.55	809.33	685.45	(1,219.36)	(698.00)	—	—
Income/ (Loss) from Associates									(84.70)	2.57
Other Income	224.48	379.95	54.34	51.98	7.69	13.25	—	—	286.51	445.18
Total Revenue	44,926.06	50,867.23	12,472.28	11,139.87	3,439.61	4,508.39	—	—	59,646.70	65,919.32
RESULT										
Segment result	4,365.54	3,145.58	1,627.90	1,215.72	(329.33)	407.25	(16.70)	5.19	5,647.41	4,773.74
Unallocated expenses (Net)									948.65	862.40
Operating profit									4,698.76	3,911.34
Interest expense									(2,746.83)	(3,330.53)
Interest/Dividend Income									505.73	200.82
Income taxes (including deferred tax)									(773.02)	(303.59)
Net Profit									1,684.64	478.04
OTHER INFORMATION										
Segment assets	59,461.60	45,427.52	6,741.75	4,146.99	6,310.85	5,355.88			72,514.20	54,930.39
Unallocated assets									6,513.72	6,690.80
Total assets									79,027.92	61,621.19
Segment liabilities	12,004.16	9,559.53	5,350.60	3,380.48	1,268.30	1,589.98			18,623.06	14,529.99
Unallocated liabilities									45,538.48	33,538.35
Total liabilities									64,161.54	48,068.34
Capital expenditure	725.70	868.72	71.11	54.81	1,928.05	55.43				
Depreciation	881.84	844.43	78.24	78.45	45.75	43.94				
Amortisation	294.55	193.60	189.48	141.10	62.28	50.84				

Notes:

- The Group's operations have been categorised into two major business segments in accordance with the Accounting Standard (AS-17) "Segment Reporting" - these constitute 94.32% (93.35%) of the total turnover of the group. These segments are briefly described hereunder:
 - Sugar: The Group is a manufacturer of white crystal sugar, having an aggregate manufacturing Capacity of 27,400 TCD (Tonnes crushed per day) spread over three manufacturing plants situated in Western UP and Eastern UP. Along with sale of bulk & branded sugar, the company also sells molasses and bagasse which are produced as by products.
 - Steam Turbines: The Group is engaged in the manufacture of Steam turbines at manufacturing facilities located at Bangalore, Karnataka. The range of turbines manufactured are up to 15 MW. Apart from own R&D set up and indigenous technology, the company sources some technology from Peter Brotherhood, UK for limited range of turbines.
- The other operation of the Group include Sugar Plant Machinery, Water/Waste Water Treatment, Mini Hydel Projects and manufacture of High Speed Gear pursued by the parent company Triveni Engineering & Industries Ltd. whereas Triveni SRI Ltd and Triveni Power Generation Ltd. are wholly owned subsidiary companies. The Triveni SRI Ltd. is engaged in providing specialised technological products and services (including audit and certification) in relation to the Sugar Industry from the technology sourced from Sugar Research Institute, Australia. Triveni Power Generation Ltd., as per its initial business plans, would be undertaking mini Hydel Projects on BOO basis.
- There are no geographical segments as the volume of exports is minimal and the major turnover of the group takes place indigenously. There is further no major reliance on few customers or suppliers.
- Inter segment transfers have been priced based on competitive market prices charged to external customers for similar goods. These are then eliminated on consolidation.
- Segment result is segment revenue less segment expense. Segment expense include all expenses directly attributable to the segments and some portion of enterprise expenses that can be allocated on a reasonable basis to the segments. Interest expense, even on working capital facilities, is not included in segment expenses and accordingly, segment liabilities do not include any corresponding borrowings.



Report of the Directors (Triveni SRI Limited)

Your Directors have pleasure in presenting the Ninth Annual Report and Audited Accounts of the Company for the year ended 31st March, 2004.

Financial Results

During the year under review the Company earned an income of Rs.348.85 lacs and incurred a loss of Rs.8.11 lacs. After taking the credit of Rs.2.91 lacs for net deferred tax charge, the balance loss of Rs.5.15 lacs has been added to past losses and the total accumulated losses in the Balance Sheet appears at Rs.11.41 lacs.

In view of the loss incurred by the Company during the year no dividend is being recommended by the Board.

Operations

The Company bagged orders for two continuous pans of 40 tonne per hour from M/s. Andhra Sugars for their plants at Tanaku and Taduvai. Both the pans have been supplied and commissioned. These pans have a novel feature of a mechanically stirred last module which would enable the operation of pan at lower vapour pressures.

Besides above, the Company also successfully implemented the Syrup Clarification Technologies at Khatauli and Deoband plants of Triveni Engineering & Industries Limited (TEIL). The syrup clarification at Khatauli was commissioned in February, 2004 and it resulted in lower turbidity as well as foreign matters in sugar. The project at Deoband was commissioned at fag end of the season and results for the same would be monitored in the coming season. The Company shall be installing two continuous pans at TEIL's plant at Deoband for 2004-2005 season, the designing of these commenced in current financial year.

Directors

Mr Deven Khanna and Mr Vikram Raina, Directors retire by rotation and being eligible offer themselves for re-appointment.

Auditors

M/s. J.C. Bhalla & Co., Chartered Accountants, New Delhi Auditors of the Company retire at the ensuing Annual General Meeting, and being eligible, offer themselves for re-appointment.

DIRECTORS RESPONSIBILITY STATEMENT

Pursuant to Section 217(2AA) of the Companies Act, 1956, (Act) your directors confirm the following:

- i) that in the preparation of the Annual Accounts the applicable accounting standards have been followed;
- ii) that the directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of financial year and of the loss of the company for that period;
- iii) that the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provision of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- iv) that the directors have prepared the Annual Accounts on a going concern basis.

Deposits

During the year under review, the Company has not accepted any public deposits. As on 31st March, 2004 there were no overdue or unclaimed deposits in the company.

Particulars of employees and other additional information

Statement giving information pursuant to Section 217(1) (e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Directors) Rules, 1988 is attached hereto.

The company has no employees in the category as set out in Section 217 (2A) of the Companies Act, 1956.

Acknowledgement

Your Directors gratefully acknowledge the support given by SRI International Mackay, Australia.

For & on behalf of the Board

DEVEN KHANNA
SAMEER SINHA
Directors

Place : New Delhi
Date : June 21, 2004

Annexure to the Report of the Directors

Statement pursuant to Section 217(1) (e) of the Companies Act, 1956.

A. CONSERVATION OF ENERGY:

- | | | |
|--|---|--|
| (a) energy conservation measures taken | : | Energy consumption is minimal in our operations. |
| (b) additional investments and proposals, if any, being implemented for reduction of consumption of energy | : | None |
| (c) impact of the measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods. | : | Not applicable |
| (d) total energy consumption and energy consumption per unit of production as per Form A of the Annexure in respect of industries specified in the Schedule thereto. | : | Not applicable |

B. TECHNOLOGY ABSORPTION :

FORM B (See rule 2)

- (e) efforts made in technology absorption as per Form B.

Forms for disclosure of particulars with respect to absorption RESEARCH AND DEVELOPMENT (R&D)

- | | | |
|---|---|---|
| 1. Specific areas in which R & D carried out by the | : | The Company has a licence agreement with Sugar Research Limited for transfer of technology. |
| 2. Benefits derived as a result of the above R & D | : | Significant improvement in process efficiencies and quality of final product. |
| 3. Future plan of action | : | The company wishes to pursue improvements as an on-going process. |
| 4. Expenditure on R & D | : | |
| (a) Capital | : | Nil |
| (b) Recurring | : | Nil |
| (c) Total | : | Nil |
| (d) Total R & D expenditure as a percentage of total turnover | : | Nil |

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

- | | | |
|--|---|--|
| i) Efforts, in brief, made towards technology absorption, adaptation and innovation | : | As specified in (1) above |
| ii) Benefits derived as a result of the above efforts, e.g., product improvement, cost reduction, product development, import substitution, etc. | : | As specified in (2) above |
| iii) In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year), following information may be furnished : | : | |
| (a) Technology imported. | : | Syrup Clarification system. |
| (b) Year of import. | : | 2000 |
| (c) Has Technology been fully absorbed? | : | We are in the process of absorbing the technology. |
| (d) If not fully absorbed, areas where this has not taken place, reason therefore and future plans of action. | : | Not applicable |

C. FOREIGN EXCHANGE EARNINGS AND OUTGO :

- | | | |
|--|-----|------|
| (f) activities relating to exports; initiatives taken to increase exports; development of new export markets for products and services; and export plans | } : | None |
|--|-----|------|

			Current Year Rs.	Previous Year Rs.
(g) Total foreign exchange used	:	Technical know-how	Nil	4,75,000
		Professional charges	4,27,230	11,49,147
		Travelling	Nil	2,53,397
		Royalty	12,46,703	1,41,200
Total foreign exchange earned;	:	Other Income	Nil	35,457



Auditors' Report

TO THE MEMBERS OF TRIVENI SRI LIMITED

We have audited the attached Balance Sheet of Triveni SRI limited as on 31st March 2004 and the Profit & Loss Account for the period ended on that date 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. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of audit.
2. In our opinion, proper books of account as required by law have been kept by the Company, so far as appears from our examination of the books.
3. The Balance Sheet and Profit and Loss Account comply with the requirements of sub-section 3(C) of Section 211 of the Companies Act, 1956 in respect of Accounting Standards issued by the Institute of Chartered Accountants of India.
4. The Balance Sheet and Profit & Loss Account referred to in this report are in agreement with the books of account.
5. 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 are disqualified from being appointed as Directors in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
6. 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 Balance Sheet of the state of affairs of the Company as at 31st March 2004
- (b) in the case of the Profit and Loss Account of the Loss for the year ended on that date.

As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we further report on the matters specified in paragraphs 4 & 5 of the said Order as under :

1. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of Fixed Assets.
- (b) The Fixed Assets of the Company have been physically verified by the management during the year and no discrepancies between the book records and the physical inventory have been noticed on such verification.
- (c) No Fixed Asset has been disposed off during the year.
2. (a) The Inventory has been physically verified by the management at reasonable intervals during the year or at the year end at all locations of the Company.
- (b) According to the information and explanation given to us, the procedures for physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and nature of its business.
- (c) The Company has maintained proper records of inventories. The discrepancies noticed on physical verification as compared to book records were not material and have been properly dealt with in the books of account.
3. (a) The Company has not granted any loan, secured or unsecured, to companies, firms or other parties covered in the register maintained u/s 301 of the Companies Act, 1956.

The Company has taken unsecured loan from the holding company covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs.66.70 lacs.
- (b) In our opinion the rate of interest and other terms and conditions on which loan has been taken by the company, covered in the register maintained under section 301 of the Companies

Auditors' Report (Contd.)

- Act, 1956, are not prima facie, prejudicial to the interest of the company.
- (c) As informed to us, loan taken by the company and interest thereon is repayable on demand, therefore, the question of regularity of the payment of principal amount and interest does not arise.
- (d) As the loan taken by the Company and interest thereon are repayable on demand the question of overdue amounts does not arise.
4. According to the information and explanations given to us, having regard to the explanations that some of the items sold are of special nature and suitable alternative sources for the same technology do not exist for obtaining comparable prices, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business, for the purchase of inventory, fixed assets and for the sale of goods. During the course of our audit we have not observed any major weakness in internal controls.
5. (a) According to the information and explanations given to us, we are of the opinion that the transactions that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.
- (b) In our opinion and having regard to our comments in paragraph (4) above, and according to the information and explanations given to us, transactions made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 and exceeding the value of Rupees five lakhs in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time where such market prices are available.
6. The Company has not accepted any deposits from the public under the provisions of Section 58A and 58AA of the Companies Act, 1956 and the Rules framed thereunder.
7. Since the paid up capital and reserves of the company are not exceeding Rs.50 lacs as at the commencement of the financial year and also average annual turnover of the Company is not exceeding Rupees five crores for a period of three consecutive financial year immediately preceding the current financial year, the provisions of clause 4(vii) of the Companies (Auditor's) Report Order, 2003 relating to Internal Audit system are not applicable.
8. The Company is not required to maintain cost records under Section 209(1)(d) of the Companies Act, 1956.
9. (a) According to the information and explanations given to us, the provisions of the Provident Fund, Employees State Insurance, Excise Duty, Investor Education & Protection Fund, Wealth Tax are not applicable. The Company is regular in depositing other undisputed statutory dues including Sales Tax, Income Tax, Cess with the relevant authorities. There are no undisputed amounts outstanding and payable as at 31st March 2004 for a period of more than six months from the date they became payable.
- (b) According to the information and explanation given to us, there are no disputed demand relating to Sales Tax, Income Tax, Wealth Tax, Custom Duty, Excise Duty and Cess which have not been deposited on account of any dispute except Sales Tax of Rs.2.04 lacs under the Central Sales Tax Act on account of matters pending with Deputy Commissioner (Appeals).
10. The Company does not have accumulated losses at the end of the financial year exceeding fifty percent of its net worth. The company has incurred cash losses in current financial year but not in the financial year immediately preceding current financial year.
11. The Company has not taken any loan from financial institutions or Banks, therefore, the question of default in repayment of dues does not arise.
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 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 (Auditor's Report) Order, 2003 is not applicable to the Company.
14. In our opinion and according to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments.
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.



Auditors' Report (Contd.)

16. The Company has not obtained any term loans, therefore, clause 4(xvi) of the Companies (Auditor's Report) Order, 2003 is not applicable to the Company.
17. No funds raised on short term basis by the company, have been used for long term investment and vice versa.
18. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act, during the year.
19. No debentures have been issued by the company during the year.
20. The Company has not raised money by public issues during the year.
21. Based on the audit procedures performed and information and explanations given by the management, we report that no fraud on or by the company has been noticed or reported during the course of our audit.

FOR J.C. BHALLA & COMPANY
CHARTERED ACCOUNTANTS

(SUDHIR MALLICK)

Place : New Delhi
Date : June 21, 2004 PARTNER
MEMBERSHIP NO. 80051

BALANCE SHEET AS AT 31ST MARCH, 2004

	Schedule No.	31.3.2004 Rs.	31.3.2003 Rs.
SOURCES OF FUNDS			
SHARE HOLDERS FUND			
Share Capital	1	29,98,400	29,98,400
		<u>29,98,400</u>	<u>29,98,400</u>
UNSECURED LOANS			
From Holding Company		66,69,942	30,07,268
		<u>96,68,342</u>	<u>60,05,668</u>
APPLICATION OF FUNDS			
FIXED ASSETS			
Gross Block	2	76,543	76,543
Less : Depreciation		52,213	50,041
Net Block		<u>24,330</u>	<u>26,502</u>
INTANGIBLE ASSETS			
Technical Knowhow	2A	20,59,029	28,38,436
DEFERRED TAX ASSETS (NET)		5,79,686	2,88,652
CURRENT ASSETS, LOANS & ADVANCES			
Inventories	3	36,30,106	7,76,734
Sundry Debtors	4	1,46,29,884	40,38,782
Cash & Bank Balance	5	23,56,948	8,25,226
Loans & Advances	6	2,69,498	9,29,523
		<u>2,08,86,435</u>	<u>65,70,264</u>
LESS : CURRENT LIABILITIES & PROVISIONS			
Current Liabilities	7	1,47,64,303	38,78,731
Provisions		2,63,000	4,73,569
NET CURRENT ASSETS		58,59,132	22,17,964
Miscellaneous Expenditure	8	5,264	7,896
Profit & Loss Account		11,40,900	6,26,218
		<u>96,68,342</u>	<u>60,05,668</u>

NOTES TO ACCOUNTS 18

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 : New Delhi
Date : June 21, 2004

DEVEN KHANNA
SAMEER SINHA
Directors



PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2004

	Schedule No.	31.3.2004 Rs.	31.3.2003 Rs.
INCOME			
Income From Operations	9	3,47,68,778	1,41,05,806
Other Income	10	1,16,616	91,596
Increase / Decrease in Work in Progress	11	(6,28,373)	3,82,432
		<u>3,42,57,020</u>	<u>1,45,79,834</u>
EXPENDITURE			
Material Consumed	12	2,66,80,306	82,30,272
Operating	13	7,78,930	22,87,174
Personnel	14	29,23,524	18,50,716
Administration	15	21,33,096	15,85,992
Financing Charges	16	3,16,121	1,02,880
Selling	17	14,66,709	1,66,118
Depreciation	2	2,172	2,172
Amortization	2 A	7,79,407	8,11,595
		<u>3,50,80,265</u>	<u>1,50,36,919</u>
Add : Provisions of Cost to Completion		70,000	2,75,000
Less : Provisions of Cost to Completion adjusted		82,000	—
Total Expenditure		<u>3,50,68,265</u>	<u>1,53,11,919</u>
Loss Before Taxation		(8,11,244)	(7,32,085)
Income Tax			
Normal Tax Liability		—	—
Adjustment of Earlier Years		(5,528)	—
Net Deferred Tax Charge		(2,91,034)	(2,66,044)
Loss after Tax		(5,14,682)	(4,66,041)
Net Profit / (Loss) Brought Forward		(6,26,218)	(1,60,177)
Net Profit / (Loss) carried over to Balance Sheet		<u>(11,40,900)</u>	<u>(6,26,218)</u>

NOTES TO ACCOUNTS

18

This is the 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 : New Delhi
 Date : June 21, 2004

DEVEN KHANNA
SAMEER SINHA
 Directors

Schedules to Accounts

	31.3.2004 Rs.	31.3.2003 Rs.
1. SHARE CAPITAL		
AUTHORISED		
3,00,000 Equity Shares of Rs. 10/- each	30,00,000	30,00,000
	<u>30,00,000</u>	<u>30,00,000</u>
ISSUED SUBSCRIBED AND PAID UP		
2,99,840 Equity Shares of Rs. 10/- each fully paid up (All the Shares are held by Triveni Engg. & Industries Limited, Holding Company)	29,98,400	29,98,400
	<u>29,98,400</u>	<u>29,98,400</u>

2. FIXED ASSETS

PARTICULARS	GROSS BLOCK			DEPRECIATION				NET BLOCK	
	As at 1.4.03	Addition During the year	Disposal During the year	As at 31.3.04	Up to 1.4.03	For the year	Up to 31.3.04	As on 31.3.04	As on 31.3.03
Furniture & Fixture	76,543	—	—	76,543	50,041	2,172	52,213	24,330	26,502
This year	76,543	—	—	76,543	50,041	2,172	52,213	24,330	26,502
Previous year	76,543	—	—	76,543	47,869	2,172	50,041	26,502	28,674

2A. INTANGIBLE ASSETS (Other Than Internally Generated)

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 1.4.03	Addition During the year	Retirement & Disposal	As at 31.3.04	Up to 1.4.03	For the year	Retirement & Disposal	Up to 31.3.04	As on 31.3.04	As on 31.3.03
Technical Knowhow	48,69,580	—	—	48,69,580	20,31,144	7,79,407	—	28,10,551	20,59,029	28,38,436
This year	48,69,580	—	—	48,69,580	20,31,144	7,79,407	—	28,10,551	20,59,029	28,38,436
Previous year	48,69,580	—	—	48,69,580	12,19,548	8,11,595	—	20,31,144	28,38,436	36,50,031



Schedules to Accounts (Contd.)

	31.3.2004 Rs.	31.3.2003 Rs.
3. INVENTORIES *1		
Raw Material	36,28,528	94,206
Scrap	51,000	51,000
Provision for Slow Moving Inventories	(51,000)	—
Pattern	1,577	3,155
Work in Progress	—	6,28,373
	<u>36,30,106</u>	<u>7,76,734</u>
*1 As per inventory taken & Certified by the officials of the company.		
4. SUNDRY DEBTORS *2		
(Unsecured, Considered Good)		
- More than Six Months	25,38,060	13,02,348
- Others Debts	1,20,91,824	27,36,434
	<u>1,46,29,884</u>	<u>40,38,782</u>
*2 Includes Rs. 94,60,579/- due from holding company.		
5. CASH & BANK BALANCE		
Cash in Hand	2,196	5,355
Balance with Scheduled Banks in Current Accounts	23,54,752	8,19,871
	<u>23,56,948</u>	<u>8,25,226</u>
6. LOANS & ADVANCES		
(Unsecured, Considered Good)		
Tax deducted at source	1,05,121	2,61,379
Earnest Money Deposit	—	1,20,000
Advance Recoverable in Cash or in Kind	1,64,377	5,48,144
	<u>2,69,498</u>	<u>9,29,523</u>
7. CURRENT LIABILITEIS & PROVISIONS		
A) CURRENT LIABILITEIS		
Trade & Other Creditors		
- Due to small scale undertakings	3,38,869	6,26,181
- Others	40,58,077	32,51,069
Bills Discounted	95,61,306	—
Advances from Customers	8,06,052	1,480
	<u>1,47,64,303</u>	<u>38,78,731</u>
B) PROVISIONS		
Income Tax	—	60,000
Provision for Cost to Completion	2,63,000	2,75,000
Others (Warranty)	—	1,38,569
	<u>2,63,000</u>	<u>4,73,569</u>
8. MISCELLANEOUS EXPENDITURE		
(To the extent not written off or adjusted)		
- Preliminary Expenses	5,264	7,896
	<u>5,264</u>	<u>7,896</u>
9. INCOME FROM OPERATIONS		
Sales	3,47,68,778	1,20,94,050
Handling & Forwarding	—	2,800
Professional Charges Received	—	20,08,956
	<u>3,47,68,778</u>	<u>1,41,05,806</u>

Schedules to Accounts (Contd.)

	31.3.2004 Rs.	31.3.2003 Rs.
10. OTHER INCOME		
Interest from Banks [TDS Rs. NIL (Rs. 6,247/-)]	—	29,746
Interest others [TDS Rs 329/- (Rs. NIL)]	9,194	—
Exchange Fluctuation	25,809	11,595
Excess Provision Written Back	—	14,798
Excess Cess Provision Written Back	2,095	—
Excess Warrenty Provision Written Back *	79,518	—
Misc. Income	—	35,457
	<u>1,16,616</u>	<u>91,596</u>
* Net after adjusting warrenty expenses of Rs. 59,051/- incurred during the year		
11. INCREASE/ DECREASE IN WORK IN PROGRESS		
Work in Progress at commencement	6,28,373	2,45,941
Work in Progress at close	—	6,28,373
Increase / (Decrease)	<u>(6,28,373)</u>	<u>3,82,432</u>
12. MATERIAL CONSUMED		
Material Cost	2,66,73,419	82,23,625
Packing Charges	6,886	6,647
	<u>2,66,80,306</u>	<u>82,30,272</u>
13. OPERATING		
Consultancy & Other Expenses	5,91,838	19,78,609
Fabrication & Erection Expenses	1,23,825	2,59,367
Store, Spares & Tools Consumed	63,267	49,198
	<u>7,78,930</u>	<u>22,87,174</u>
14. PERSONNEL		
(Note No. B (6) of Schedule 18)		
Salary, Wages & Bonus	24,59,800	16,95,882
Provident & Other Funds	3,74,397	1,14,205
Welfare Expenses	89,328	40,629
	<u>29,23,524</u>	<u>18,50,716</u>



Schedules to Accounts (Contd.)

	31.3.2004	31.3.2003
	Rs.	Rs.
15. ADMINISTRATION		
(Note No. B (6) of Schedule 18)		
Travelling & Conveyance Expenses	6,22,871	5,14,921
Auditors Remuneration		
- Audit Fees	17,280	17,280
- Tax Audit Fees	9,180	9,180
- Certification Charges	2,160	2,100
- Out of Pocket Expenses	630	270
Amount written off	1,31,482	21
Hospitality	22,468	12,010
Fee & Registration	1,500	6,450
Motor Car Hire / Running Charges	64,247	30,996
Office & Other Administration Expenses	3,76,754	3,33,117
Postage & Telegram	16,678	28,290
Power & Water Charges	1,20,288	1,00,808
Preliminary Expenses Written off	2,632	2,632
Provision for Slow Moving Inventory	51,000	—
Previous Year Expenses	—	5,250
Pattern Written off	1,577	1,577
Rent	4,03,920	3,01,750
Insurance	27,353	28,990
Repair Others	29,229	32,089
Sales Tax Paid	—	5,640
Service Tax Paid	16,235	—
Service Charges	2,15,611	1,52,122
Tender Fees	—	500
	<u>21,33,096</u>	<u>15,85,992</u>
16. FINANCING CHARGES		
Interest Paid [TDS Rs. 54,783/- (18,655/-)]	2,68,394	88,834
Discounting Charges	47,727	14,046
	<u>3,16,121</u>	<u>1,02,880</u>
17. SELLING EXPENSES		
Royalty	14,66,709	1,66,118
	<u>14,66,709</u>	<u>1,66,118</u>

SIGNIFICANT ACCOUNTING POLICIES & NOTES TO ACCOUNTS

SCHEDULE 18

A. SIGNIFICANT ACCOUNTING POLICIES

a) Basis of preparation of Financial statements

These financial statements have been prepared on the accrual basis of accounting, under the historical cost convention and in accordance with the Companies Act, 1956 and the applicable accounting standards issued by the Institute of Chartered Accountants of India.

b) Fixed Assets

Fixed Assets are stated at cost of acquisition. Cost of acquisition is inclusive of freight and taxes.

c) Recognition of Income / Expenditure

i) A) For contracts entered into before 1.4.2003

Profit on contracts is recognized when the job is completed or substantially completed. Provision, however, is made for foreseeable losses if any, in respect of jobs which have been substantially completed.

B) For contracts entered into after 1.4.2003

(a) Revenue from fixed price construction contracts entered into after 1.4.2003, is recognized on the percentage of completion method, measured by reference to the contract cost incurred upto the reporting date to estimated total contract cost for each contract.

(b) Contract cost includes material cost, operating cost and expenses directly attributable to the contract.

ii) Sales are exclusive of Sales Tax.

iii) Preliminary Expenses are written off over a period of ten years.

iv) Pattern are written off over a period of three years.

d) Depreciation

Depreciation is charged on prorata basis at Straight Line Method rates prescribed in Schedule XIV to the Companies Act, 1956.

e) Inventories

i) All inventories of stores and spares, raw material & components have been valued at lower of cost and net realizable value. Cost is determined on specific cost basis.

ii) Scrap is stated at estimated realisable value.

f) Foreign Currency Transactions

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

ii) Monetary items denominated in foreign currencies at the year end and not covered by forward exchange contracts are translated at year end rates and those covered by foreign contracts are translated at rate at the date of transaction as increased or decreased by the proportionate difference between the forward rate and exchange rate on the date of transaction, such difference having been recognised over the life of the contract.

iii) Any income or expenses on account of exchange difference either on settlement or on translation is recognised in the Profit & Loss Account except in cases where they relate to the loans and liabilities incurred for acquisition of Fixed Assets in which case they are adjusted to the carrying cost of such assets.



SIGNIFICANT ACCOUNTING POLICIES & NOTES TO ACCOUNTS

g) Taxes on Income

Tax liability of the company is estimated considering the provisions of the Income Tax Act, 1961. Deferred Tax is recognised subject to the consideration of prudence, on timing differences, in respect of difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

h) Intangible Assets

Intangible Assets are stated at cost of acquisition less accumulated amortization. Technical know how is amortized over a period of six years on straight line basis.

B. NOTES TO ACCOUNTS

1. Disputed Sales Tax demand of Rs. 2.04 lacs pending disposal of appeal.
2. Wherever confirmations have not been received from the parties, the book balances have been considered.
3. Name of Small Scale Industrial Undertaking where the amount is outstanding for more than 30 days as at the year end are Baby Industries, Durex Rubber Industries, Rajendra Electrical Inds Ltd., Shenco Valve P. Ltd., Sintech Precision Products Ltd, Spray Engineering Devices & Uttam Fabricators.
4. In respect of contracts entered into after 1.4.2003, the company has followed Revised AS-7 on Construction contracts, as result of this change in accounting policy loss for the year ended 31.3.2004 has increased by 1.82 lacs. Further, the amounts to be disclosed as per the standard are as follows:

	Rs. In lacs
Contract revenue recognized as revenue in the year	286.41
Contact costs incurred and recognized profits(less recognized losses)	286.41
Advances received	Nil
Retentions	12.60
Gross Amounts due from customers for contract work as an asset	NIL
Gross Amounts due to customers for contract work as a liability	8.05
Contingencies	—

5. The breakup of net deferred tax asset (net) as on 31-03-2004 is provided below. –

Particulars	Deferred tax liability (deferred tax assets) Rs. In lacs
Difference in Net Book values of Fixed Assets as per accounts & tax	(7.28)
Expenses deferred in books but Claimed in tax	7.39
Unabsorbed losses & depreciation	(4.62)
Others (net)	(1.28)
Net Deferred Tax Liability / (Asset)	(5.79)

6. Personnel cost and part of administration expenses amounting to Rs. 29,23,524/- and Rs. 18,40,450/- respectively are reimbursed to holding company for availing services of their employees and other facilities.
7. Figures have been rounded off to the nearest rupees.

SIGNIFICANT ACCOUNTING POLICIES & NOTES TO ACCOUNTS

8. Additional information required under Paragraph 3 and 4D Part II of Schedule VI to the Companies Act, 1956:

a) Expenditure in Foreign Currency	:	(Amount in Rs.)	(Amount in Rs.)
- Travelling Expenses	:	Nil	(2,53,397/-)
- Technical Know how fees	:	Nil	(4,75,000/-)
- Professional Charges	:	4,27,230/-	(11,49,147/-)
- Royalty(On accrual basis)	:	12,46,703/-	(1,41,200/-)
b) Earning in Foreign Currency	:	Nil	(35,457/-)
c) Quantitative Information	:		

	Sales		Purchase	
	No.	Amount (Rs)	No.	Amount (Rs)
i) Various parts comprising C.V. Pan	3 (1)	1,84,05,657/- (13,85,000/-)	3 (1)	1,42,20,523/- (10,14,023/-)
ii) Various parts comprising Syrup clarification system	2 (1)	1,63,63,121/- (58,25,000/-)	2 (1)	1,24,52,726/- (35,51,246/-)
iii) Various parts comprising Juice clarification system	Nil (1)	Nil (48,26,000/-)	Nil (1)	Nil (36,47,965/-)
iv) Sensors	Nil (2 Set)	Nil (58,050/-)	1 (2 Set)	7,057/- (17,038/-)
Total		3,47,68,778/- (1,20,94,050/-)		2,66,80,306/- (82,30,272/-)

9. Previous year figures have been re-grouped / re-arranged wherever necessary. Figures in brackets relates to previous year.

10. Schedule "1" to "18" form an integral part of the Balance Sheet and Profit & Loss Account.

For and on behalf of

J.C BHALLA & COMPANY
CHARTERED ACCOUNTANTS

SUDHIR MALLICK
Partner

Place : New Delhi
Date : June 21, 2004

DEVEN KHANNA
SAMEER SINHA
Directors



Balance Sheet Abstract And Company's General Business profile

I. Registration Details

Registration No. Status Code

Balance Sheet Date

Date Month Year

II. Capital Raised during the year (Amount in Rs.Thousand)

Public Issue Right Issue

Bonus Issue Private Placement

III. Position of Mobilisation and Deployment of Fund (Amount in Rs.Thousand)

Total Liabilities Total Assets

Sources of Funds

Paid Up Capital Reserves & Surplus

Secured Loans Unsecured Loans

Application of Funds

Net Fixed Assets Investments

Net Current Assets Misc. Expenditure

Accumulated Losses Deferred Tax Assets (Net)

IV. Performance of the Company (Amount in Rs.Thousand)

Turnover (including Other Income) Total Expenditure

Loss Before Tax Loss After Tax

Earning Per Share In Rs.(-) Dividend Rate %

V. Generic Names of Three Principal Products/Services of Company

Item Code No.

Product Description

Report of the Directors (Triveni Power Generation Limited)

Your Directors present to you the Eleventh Annual Report and Audited Accounts for the year ended 31st March, 2004.

FINANCIAL HIGHLIGHTS

During the year under review, the Company has incurred a loss of Rs.1,28,200/- . The loss for the year has been carried over to the Balance Sheet and the aggregate loss appearing in the Balance Sheet stands at Rs.6,14,656/-.

In view of the loss incurred by the Company during the year no dividend is being recommended by the Board.

OPERATIONS

Punjab Energy Development Agency has given their no objection certificate to the holding Company Triveni Engineering & Industries Ltd. for implementation of Small Hydro schemes on Abohar Branch Canal System and Upper Bari Doab Canal System through this Company.

DIRECTORS

In accordance with the provisions of Companies Act, 1956 Mr. A.K. Tanwar retires by rotation at the forthcoming Annual General Meeting and is eligible for re-appointment.

AUDITORS

M/s. R.S. Gupta & Co., Chartered Accountants, Delhi Auditors of the Company retire at the ensuing Annual General Meeting, and being eligible offer themselves for re-appointment.

DIRECTORS RESPONSIBILITY STATEMENT

Pursuant to Section 217(2AA) of the Companies Act, 1956, (Act) your directors confirm the following:

- i) that in the preparation of the Annual Accounts the applicable accounting standards have been followed;
- ii) that the directors have selected such accounting policies and applied them consistently and made judgments and

estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of financial year and of the loss of the company for that period;

- iii) that the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provision of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- iv) that the directors have prepared the Annual Accounts on a going concern basis.

DEPOSITS

During the year under review, the company has not accepted any public deposits. As on March 31,2004 there are no overdue or unclaimed public deposits with the company.

PARTICULARS OF EMPLOYEES AND OTHER ADDITIONAL INFORMATION

As the company has not carried out any manufacturing/service activity, the information relating to conservation of energy and technology absorption as per the provisions of Section 217(1) (e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Directors) Rules, 1988 is not required to be given by the company. There has been no foreign exchange income or outflow during the year under review.

The company has no employees in the category as set out in section 217(2A) of the Companies Act, 1956.

For & on behalf of the Board

DEVEN KHANNA
R.L. SAWHNEY
DIRECTORS

Place : New Delhi
Date : June 3, 2004



Auditors' Report

TO THE MEMBERS OF TRIVENI POWER GENERATION LIMITED

- (1) We have audited the attached Balance Sheet of Triveni Power Generation Limited as at 31st March 2004 and the Profit & Loss Account for the year ended on that date 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.
- (2) We conducted our audit in accordance with the 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) As required by the Companies (Auditors' Report) Order, 2003 issued by the Central Govt. of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure statement on the matters specified in paragraph 4 & 5 of the said order.
- (4) Further to our comments in the Annexure referred to above, we report that:
 - (a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company, so far as appears from our examination of these books.
 - (c) The Balance Sheet and Profit & Loss Account referred to in this report are in agreement with the books of account.
 - (d) In our opinion, the Balance Sheet and Profit and Loss Account dealt with by the report comply with the accounting standards referred to in sub-section 3(C) of Section 211 of the Companies Act, 1956.
 - (e) On the basis of the written representations received from the Directors as on

31st March, 2004 and taken on record by the Board of Directors, we report that none of the Director is disqualified as on 31st March, 2004 from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.

- (5) 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 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 31st March 2004 and
 - b) in the case of the Profit and Loss Account of the Loss for the year ended on that date.

For R S GUPTA & COMPANY
CHARTERED ACCOUNTANTS

(SK GUPTA)
PARTNER

Place : New Delhi
Date : June 3, 2004 MEMBERSHIP NO. 14287

ANNEXURE TO AUDITORS' REPORT

As required by the Companies (Auditors' Report) Order 2003 issued by the Company Law Board in terms of Section 227 (4A) of the Companies Act, 1956, we further report that;

- i) Since the company does not have any assets with it, hence the provisions of clause 4(i) of the Companies (Auditors' Report) Order, 2003 are not applicable to the company.
- ii) Since the company does not have any inventories of finished goods, stores, spare parts & raw materials, hence the provisions of the Clause 4(ii) of the Companies (Auditors' Report) Order, 2003 are not applicable to the Company.
- iii) The Company has neither granted nor accepted any loans, secured or unsecured to/from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, the provisions of Clause 4(iii) of the Companies (Auditors' Report) Order, 2003 are not applicable to the company.
- iv) In our opinion and according to information & explanations given to us, there are adequate internal control procedures commensurate with

Auditors' Report (Contd.)

- the size of the company, nature of its business with regard to purchase of investments, fixed assets, sale of investments etc. During the course of our audit, we observed that there is no continuing failure to correct major weaknesses in the internal audit controls.
- v) According to the information & explanations given to us, since there are no transactions made in pursuance of contracts or arrangements to be entered in the register kept under section 301 of the Companies Act, 1956, hence provisions of clause 4(v) of the Companies (Auditors' Report) Order, 2003 are not applicable.
- vi) In our opinion and according to the information & explanations given to us, we are of the opinion that the company has not accepted any deposits from the public under provisions of Section 58-A & 58-AA of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rule 1975. Accordingly, the provisions of Clause 4(vi) of the Companies Act (Auditors' Report) Order, 2003 are not applicable to the company.
- vii) In our opinion, the company has an internal audit system commensurate with the size of the company and nature of its business.
- viii) As per information & explanations given to us, the company is not required to maintain cost record under section 209(I)(d) of the Companies Act, 1956. Accordingly, the provisions of Clause 4(viii) of the Companies (Auditors' Report) Order, 2003 are not applicable to the company.
- ix) The provisions of Provident Fund, Employees State Insurance Fund, Wealth Tax Act, Sales Tax Act, Customs & Excise Duty Act and Investor Education Protection Fund are not applicable to the company, hence the question of depositing the aforesaid dues with appropriate authorities does not arise. However, it is further stated that there are no undisputed amounts payable in respect of Income Tax which were outstanding for more than six months from the date they became due/payable.
- x) In our opinion, the accumulated losses of the company are more than 50% of it's net worth. The company has incurred cash losses of Rs.1,28,200/- during the financial year covered by our audit & Rs.37,088/- in the immediately preceding financial year.
- xi) As per information & explanations given by the company to us, there are no dues due to financial institutions, banks & debenture holders. Accordingly, the provisions of clause 4(xi) of the Companies (Auditors' Report) Order, 2003 are not applicable to the company.
- xii) As per information given by the company, it has not granted any loans, advances on the basis of security by way of pledge of shares/debentures and other securities. Therefore, the question of maintenance of adequate records in this regard does not arise. Accordingly, the provisions of clause 4(xii) of the Companies (Auditors' Report) Order, 2003 are not applicable to the company.
- xiii) In our opinion, the company is not a Chit Fund or a Nidhi Mutual Fund, benefit fund/society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditors' Report) Order, 2003 are not applicable to the company.
- xiv) In our opinion, the company is not dealing in or trading in shares, securities & other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditors' Report) Order, 2003 are not applicable to the company.
- xv) As per information given by the company, it has not given any guarantees for loans taken by others from banks or financial institutions, as such the provisions of clause 4(xv) of the Companies (Auditors' Report) Order, 2003 are not applicable to the company.
- xvi) Since there are not term loans raised by the company from banks or financial institutions, accordingly the provisions of clause 4(xvi) of the Companies (Auditors' Report) Report, 2003 are not applicable to the company.
- xvii) According to information & explanations given to us, we report that no funds have been raised by the company on short-term basis, which have been used for making long-term investments. It is further stated that no long-term funds have been raised for making short-term investments. Hence, provisions of Clause 4(xvii) of the Companies (Auditors' Report) Order, 2003 are not applicable.
- xviii) As per information and explanations given to us, no preferential allotment of shares has been made to parties and companies covered in the register maintained u/s 301 of the Companies Act, 1956. As such, the provisions of clause 4(xviii) of the Companies (Auditors' Report) Order, 2003 are not applicable to the company.
- xix) As per information & explanations given to us during the year covered by our audit report, the company has not issued any debentures. Accordingly, the provisions of clause 4(xix) of the



Auditors' Report (Contd.)

Companies (Auditors' Report) Order, 2003 are not applicable to the company.

- xx) As per information & explanations given to us, the company did not raise any money by way of public issue as such the verification of end use of money does not arise. Accordingly, the provisions of clause 4(xx) of the Companies (Auditors' Report) Order, 2003 are not applicable to the company.
- xxi) According to information & explanations given to us, no fraud on or by the company has been

noticed or reported during the course of our audit. Accordingly, the provisions of clause 4(xxi) of the Companies (Auditors' Report) Order, 2003 are not applicable to the company.

For R S GUPTA & COMPANY
CHARTERED ACCOUNTANTS

(SK GUPTA)
PARTNER

Place : New Delhi
Date : June 3, 2004

MEMBERSHIP NO. 14287

BALANCE SHEET AS AT 31ST MARCH, 2004

	Schedule No.	31.3.2004 Rs.	31.3.2003 Rs.
SOURCES OF FUNDS			
Authorised			
1,00,00,000 Equity Shares of Rs.10/- each		10,00,00,000	10,00,00,000
		<u>10,00,00,000</u>	<u>10,00,00,000</u>
Issued, Subscribed & Paid-up			
50,000 Equity Shares of Rs.10/- each fully paid-up		5,00,000	5,00,000
UNSECURED LOANS			
from Triveni Engineering & Industries Ltd (Holding Company)		1,65,903	42,839
		<u>6,65,903</u>	<u>5,42,839</u>
APPLICATION OF FUNDS			
INVESTMENTS	1	31,372	31,216
CURRENT ASSETS, LOANS AND ADVANCES			
Cash & Bank Balances			
Balances with Scheduled Bank in Current Account		24,151	29,758
Cash in hand		696	598
		<u>24,847</u>	<u>30,356</u>
LESS: CURRENT LIABILITIES & PROVISIONS			
CURRENT LIABILITIES			
Expenses Payable		4,260	2,100
TDS Payable		712	3,089
		<u>4,972</u>	<u>5,189</u>
NET CURRENT ASSETS		19,875	25,167
PROFIT & LOSS ACCOUNT			
		6,14,656	4,86,456
		<u>6,65,903</u>	<u>5,42,839</u>
As per our report of even date attached			

For and on behalf of

R.S. GUPTA & COMPANY
CHARTERED ACCOUNTANTS

S.K. GUPTA
Partner

Place : New Delhi
Date: June 3, 2004

DEVAN KHANNA
R.L. SAWHNEY
Directors



PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2004

	31.3.2004 Rs.	31.3.2003 Rs.
INCOME		
Other Income	—	—
	<u>—</u>	<u>—</u>
EXPENDITURE		
Loan Application fee	1,20,000	—
Interest Paid	3,476	14,712
Printing & stationery	—	6,312
Postage expenses	55	296
Filing Charges	2,081	4,500
Advertisements-Others	—	8,043
Office Expenses	110	765
Auditors Remuneration	2,160	2,100
Preliminary Expenses Written Off	—	31,854
Bank Charges	318	360
	<u>1,28,200</u>	<u>68,942</u>
Loss for the year	(1,28,200)	(68,942)
Loss brought forward from last year	(4,86,456)	(4,17,514)
Loss Carried over to Balance Sheet	(6,14,656)	(4,86,456)

As per our report of even date attached

For and on behalf of
R.S. GUPTA & COMPANY
CHARTERED ACCOUNTANTS

S.K. GUPTA
Partner

Place : New Delhi
Date: June 3, 2004

D.KHANNA
R.L. SAWHNEY
Directors

Schedules to Accounts

	31.3.2004	31.3.2003
	Rs.	Rs.
1. INVESTMENTS		
LONG TERM UNQUOTED		
12,160 Equity Shares of Rs.100/- each of Techtrade Consultants Ltd	1,216	1,216
1,20,000 Equity Shares of Rs.10/- each fully paid up of United Shippers & Dredgers Ltd	<u>30,156</u>	<u>30,000</u>
	<u>31,372</u>	<u>31,216</u>



SIGNIFICANT ACCOUNTING POLICIES & NOTES TO ACCOUNTS

A) SIGNIFICANT ACCOUNTING POLICIES

1. The accounts of the company are kept on accrual basis.

B) NOTES TO ACCOUNTS

1. Previous year figures have been re-grouped/re-arranged wherever necessary.
2. Auditors Remuneration Rs.2,160/-
3. Any other information required to be given as per part II Schedule VI of the Companies Act,1956 not applicable to the Company has not been given.

For and on behalf of

R.S. GUPTA & COMPANY

CHARTERED ACCOUNTANTS

S.K. GUPTA

Partner

Place : New Delhi

Date: June 3, 2004

D.KHANNA

R.L. SAWHNEY

Directors

Balance Sheet Abstract And Company's General Business profile

I. Registration Details

Registration No.

0	2	5	5	9	2
---	---	---	---	---	---

 Status Code

1	6
---	---

Balance Sheet Date

3	1	0	3	2	0	0	4
---	---	---	---	---	---	---	---

Date Month Year

II. Capital Raised during the year (Amount in Rs.Thousand)

Public Issue

		N	A				
--	--	---	---	--	--	--	--

 Right Issue

			N	A			
--	--	--	---	---	--	--	--

Bonus Issue

		N	A				
--	--	---	---	--	--	--	--

 Private Placement

			N	A			
--	--	--	---	---	--	--	--

III. Position of Mobilisation and Deployment of Fund (Amount in Rs.Thousand)

Total Liabilities

0	0	0	0	6	6	6
---	---	---	---	---	---	---

 Total Assets

0	0	0	0	6	6	6
---	---	---	---	---	---	---

Sources of Funds

Paid Up Capital

0	0	0	0	5	0	0
---	---	---	---	---	---	---

 Reserves & Surplus

		N	I	L		
--	--	---	---	---	--	--

Secured Loans

		N	I	L		
--	--	---	---	---	--	--

 Unsecured Loans

0	0	0	0	1	6	6
---	---	---	---	---	---	---

Application of Funds

Net Fixed Assets

		N	I	L		
--	--	---	---	---	--	--

 Investments

0	0	0	0	0	3	1
---	---	---	---	---	---	---

Net Current Assets

0	0	0	0	0	2	0
---	---	---	---	---	---	---

 Misc. Expenditure

		N	I	L		
--	--	---	---	---	--	--

Accumulated Losses

0	0	0	0	6	1	5
---	---	---	---	---	---	---

IV. Performance of the Company (Amount in Rs.Thousand)

Turnover (including Other Income)

		N	I	L		
--	--	---	---	---	--	--

 Total Expenditure

0	0	0	0	1	2	8
---	---	---	---	---	---	---

Loss Before Tax

0	0	0	0	1	2	8
---	---	---	---	---	---	---

 Loss After Tax

0	0	0	0	1	2	8
---	---	---	---	---	---	---

Earning Per Share In Rs.(-)

2	.	5	6
---	---	---	---

 Dividend Rate %

0	0	0
---	---	---

V. Generic Names of Three Principal Products/Services of Company

Item Code No.

N	.	A	.
---	---	---	---

Product Description

I	N	T	E	N	D	T	O	G	E	N	E	R	A	T	E	A	N	D
D	I	S	T	R	I	B	U	T	E	P	O	W	E	R				

