

# FINANCIAL SECTION

# Auditors' Report

To  
 The Members of  
 Triveni Engineering & Industries Limited

We have audited the attached Balance Sheet of Triveni Engineering & Industries Limited as at 30th September 2007, the Profit and Loss Account and also the Cash Flow Statement for the eighteen months period ended on that date both annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

We report that:

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

- c) The Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of accounts.
- d) The reports of the Engineering Units auditors have been forwarded to us and have been considered in preparing our report.
- e) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
- f) On the basis of the written representations received from the Directors and taken on record by the Board of Directors, we report that none of the Directors of the Company is disqualified as on 30th September 2007 from being appointed as a Director in terms of Clause (g) of sub section (1) of Section 274 of the Companies Act, 1956.

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

- a) In the case of the Balance Sheet, of the state of affairs of the Company as at 30th September, 2007 ;
- b) In the case of the Profit and Loss Account, of the profit for the eighteen months period ended on that date; and
- c) In the case of Cash Flow Statement, of the cash flows for the eighteen months period ended on that date.

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

**Sudhir Mallick**

Partner

Place : Noida (U.P.)

Date : November 14, 2007

Membership No.80051

# Annexure to Auditors' Report

Referred to in Paragraph "1" of our report of even date on the accounts for the Eighteen Months period ended on 30th September, 2007 of Triveni Engineering & Industries Limited.

1. (a) The Company has generally maintained proper records showing full particulars including quantitative details and situation of fixed assets.  
  
(b) Major items of fixed assets have been physically verified by the management during the year as per information given to us. As explained to us, no material discrepancies were noticed on such verification as compared to the available book records. In our opinion the frequency of verification is reasonable having regard to the size of the Company and nature of its activities.  
  
(c) In our opinion, the Company has not disposed 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. In our opinion the frequency of verification is reasonable.  
  
(b) According to information given to us, the procedures for physical verification of the inventories followed by the management are reasonable and adequate in relation to the size of the Company and nature of its business.  
  
(c) The Company is maintaining proper records of inventory. The discrepancies noticed on such verification as compared to the book records were not material having regard to the size and nature of the operations of the Company and have been properly adjusted in the books of account.
3. (a) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms and other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, paragraphs 4(iii)(b), (c) and (d) of the Order are not applicable.  
  
(b) In our opinion and according to the information and explanations given to us, the Company has taken unsecured loan by way of fixed deposit under public fixed deposit scheme of the Company from one party covered in the register maintained under section 301 of the Act. The maximum amount of the loan involved during the year and the year end balance of the loan taken from such party was Rs.0.20 Million.  
  
(c) In our opinion and according to the information and explanations given to us, the rate of interest and other terms and conditions on which loan has been taken from a party covered in the register maintained under section 301 of the Companies Act, 1956 are as applicable to public deposits accepted by the Company and are thus not prima facie, prejudicial to the interest of the Company.  
  
(d) In respect of the loan taken, the Company is repaying the principal amount and is paying the interest as stipulated.
4. According to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for

## Annexure to Auditors' Report (Contd.)

the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system.

5. (a) In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in Section 301 of the Companies Act, 1956 have been entered in the register required to be maintained under that section.

(b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 exceeding the value of Rupees Half Million or more in respect of any party 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, 58AA or any other relevant provisions of Act, and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public. As per the information and explanations given to us, no order under the aforesaid sections has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any court or any other Tribunal on the Company in respect of deposits accepted.

7. In our opinion the Company has an internal audit system commensurate with the size and nature of its business.

8. We have broadly reviewed the books of accounts maintained by the Company in respect of the products where pursuant to the rules made by the Central Government the maintenance of cost records has been prescribed under Section 209(1)(d) of the Companies Act, 1956, and are of the opinion that prima facie the prescribed accounts and records have been maintained. However, we are not required to carry out and have not carried out a detailed examination of the records with a view to determine whether they are accurate or complete.

9. (a) The Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees state insurance, income tax, sales tax, wealth tax, service tax, custom duty, excise duty, cess and other statutory dues applicable to it. According to the information and explanations given to us, no undisputed amounts payable in respect of aforesaid dues were in arrears as at 30th September 2007 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 custom duty, wealth tax, service tax and cess, which have not been deposited on account of any dispute. Disputed income tax, sales tax and excise duty which have not been deposited on account of matters pending before appropriate authorities are as under:

## Annexure to Auditors' Report (Contd.)

Sl. No.	Name of the Statute	Nature of Dues	Forum where Dispute is Pending	Amount * (Rs. in Million)	Year
1.	Income Tax Act, 1961	Income Tax	Commissioner of Income-Tax Appeal	1.57	1995-96 2003-04
2.	Central Sales Tax Act & Sales Tax Acts of various states	Sales Tax	Assessing Officer	14.10	2003-04
			Deputy Commissioner/ Commissioner Appeals	2.30	1977-78, 1991-92, 1993-94, 1994-95, 2004-05
			Appellate Tribunal	15.55	1987-88, 1993-94 1999-2000
			High Court	1.32	1979-80, 1980-81, 1983-84, 1984-85, 1986-87 1994-95 to 1996-97,
3	Excise Act 1944	Excise Duty	Assessing Officer	0.05	1981-82 2005-06
			Deputy Commissioner/ Commissioner Appeals	9.75	1994-95 to 2005-06
			Appellate Tribunal	95.39	1993-94 1995-96 to 2003-04
			High Court	2.94	2002-03 & 2005-06
			Supreme Court	1.70	2000-01 to 2003-04

\*Net of amounts paid under protest or otherwise.

## Annexure to Auditors' Report (Contd.)

10. The Company has no accumulated losses as at 30th September 2007 and has not incurred any cash losses in the financial year covered by our audit and immediately preceding financial year.
11. Based on our audit procedures and according to the information and explanations given to us, we are of the opinion that the Company has not defaulted in repayment of dues to financial institutions, banks or debenture holders during the year.
12. In our opinion and according to the information and explanations given to us, no loans and advances have been granted by the Company on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion, the Company is not a chit fund or a nidhi/mutual benefit fund/ society. Therefore, clause 4(xiii) of the Companies (Auditors' Report) Order, 2003 is not applicable to the Company.
14. In our opinion, the Company is not dealing or trading in shares, securities, debentures and other investments. Accordingly, Clause 4(xiv) of the Companies (Auditors' Report) Order, 2003 is not applicable to the Company.
15. 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 have been used for long term investments, except short term loans specifically raised as bridge finance to fund the capital expenditure programme, out of which loans of Rs.450.00 Million were outstanding as at September 30, 2007.
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 debentures requiring creation of any security or charge.
20. We have verified the end use of money raised by the public issue as declared by the management in the prospectus filed with the The Securities and Exchange Board of India and as appearing in Note No.12 of Schedule 28 Notes to Accounts forming part of financial statements.
21. During the course of our examination of the books of accounts and records carried out in accordance with the generally accepted auditing practice and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year nor have we been informed of such case by the management that causes the financial statements to be materially misstated.

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

**Sudhir Mallick**  
Partner

Place : Noida (U.P.)  
Date : November 14, 2007

Membership No.80051

# Balance Sheet

(Rs. in Million)

As at	Schedules	30.09.2007 (18 Months)	31.03.2006 (12 Months)
<b>SOURCES OF FUNDS</b>			
<b>Shareholders' Funds</b>			
Share Capital	1	257.88	257.88
Reserves & Surplus	2	6,662.54	5,044.49
		<u>6,920.42</u>	<u>5,302.37</u>
<b>Loan Funds</b>			
Secured Loans	3	9,311.32	3,697.95
Unsecured Loans	4	704.22	328.09
		<u>10,015.54</u>	<u>4,026.04</u>
Deferred Tax Liability (Net) (Refer Note - 9 of Schedule 28)		403.08	443.10
<b>Total Funds Employed</b>		<u><b>17,339.04</b></u>	<u><b>9,771.51</b></u>
<b>APPLICATION OF FUNDS</b>			
<b>Fixed Assets</b>			
Gross Block	5	14,823.46	6,877.76
Less : Depreciation		2,189.44	1,397.76
Net Block		<u>12,634.02</u>	<u>5,480.00</u>
Capital Work-in-Progress		211.07	467.42
Intangible Assets	5A	33.35	20.85
Discarded Fixed Assets Pending Disposal/Sale		1.08	0.19
Plant & Machinery acquired under Lease		179.17	202.10
		<u>13,058.69</u>	<u>6,170.56</u>
<b>Investments</b>	6	108.26	18.64
<b>Current Assets, Loans and Advances</b>			
Inventories	7	4,197.18	4,050.06
Sundry Debtors	8	942.77	1,003.44
Cash and Bank Balances	9	254.32	259.19
Other Current Assets	10	116.44	2.74
Loans and Advances	11	3,350.73	870.66
		<u>8,861.44</u>	<u>6,186.09</u>
<b>Less : Current Liabilities and Provisions</b>			
Liabilities	12	4,196.51	2,098.45
Provisions	13	515.25	514.96
		<u>4,711.76</u>	<u>2,613.41</u>
Net Current Assets		4,149.68	3,572.68
<b>Miscellaneous Expenditure</b>	14	22.41	9.63
<b>Total Assets (Net)</b>		<u><b>17,339.04</b></u>	<u><b>9,771.51</b></u>
Notes to Accounts	28		

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

For and on behalf of

**J.C.Bhalla & Company**

Chartered Accountants

**Sudhir Mallick**

Partner

Place : Noida (U.P)

Date : November 14, 2007

**Dhruv M. Sawhney**

Chairman &

Managing Director

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

Director & Chairman

Audit Committee

**V. P. Ghuliani**  
Vice President (Legal) &  
Company Secretary

**Suresh Taneja**

Vice President &

C.F.O.

# Profit and Loss Account

(Rs. in Million)

For the period ended	Schedules	30.09.2007 (18 Months)	31.03.2006 (12 Months)
<b>INCOME</b>			
Gross Sales	15	20,417.77	12,702.96
Less : Excise Duty		1,458.14	782.59
		<u>18,959.63</u>	<u>11,920.37</u>
Carbon Credit Held For Trading		112.80	-
Net Sales		<u>19,072.43</u>	<u>11,920.37</u>
Other Income	16	62.39	63.64
Increase/Decrease in Work-in-Progress/Finished Goods	17	(166.25)	(423.29)
		<u>18,968.57</u>	<u>11,560.72</u>
<b>EXPENDITURE</b>			
Materials	18	13,409.08	7,621.63
Manufacturing/Operating	19	1,332.60	614.70
Personnel	20	1,338.55	676.22
Administration	21	766.36	355.37
Financing	22	730.72	229.96
Selling	23	378.50	156.21
Depreciation *1		812.82	236.38
Amortisation	24	49.88	51.87
Off-season Expenses charged/deferred (Net)	25	(656.54)	6.59
		<u>18,161.97</u>	<u>9,948.93</u>
<b>Profit before Exceptional Items &amp; Taxation</b>		<u>806.60</u>	<u>1,611.79</u>
Exceptional Items	26	21.40	-
<b>Profit before Taxation</b>		<u>785.20</u>	<u>1,611.79</u>
Provision for Taxation	27	30.91	296.83
<b>Profit after Taxation</b>		<u>754.29</u>	<u>1,314.96</u>
Surplus Brought Forward		78.68	82.40
<b>AVAILABLE FOR APPROPRIATION</b>		<u>832.97</u>	<u>1,397.36</u>
<b>APPROPRIATIONS</b>			
Dividend Adjustment of Previous Year		0.01	-
Tax on Distributed Profits (Earlier Years) (Current Period - Rs. 818)		-	0.52
Interim Dividend Paid - Equity Shares		128.95	-
Tax on Distributed Profits of Equity Shares		19.24	-
Final Dividend Proposed on Equity shares		25.79	128.94
Provision for Tax on Dividend on Equity Shares		4.38	18.08
Transfer to Molasses Storage Fund Reserve		2.07	1.27
Transfer to Capital Redemption Reserve		-	19.87
Transfer to General Reserve		560.00	1,150.00
Surplus Carried Forward		92.53	78.68
		<u>832.97</u>	<u>1,397.36</u>
Earning per equity share of Rs. 1/- each (Note - 14 of Schedule - 28)			
- Basic/Diluted (Not Annualised)		2.92	5.88
Notes to Accounts	28		

\*1 Net of Rs.4.87 Million (Rs.3.37 Million) additional depreciation on revalued assets transferred from Revaluation Reserve.

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

**Sudhir Mallick**  
 Partner  
 Place : Noida (U.P.)  
 Date : November 14, 2007

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

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

**V. P. Ghuliani**  
 Vice President (Legal) &  
 Company Secretary

**Suresh Taneja**  
 Vice President &  
 C.F.O.



## Schedules to Accounts

(Rs. in Million)

	30.09.2007 (18 Months)	31.03.2006 (12 Months)
<b>1. SHARE CAPITAL</b>		
<b>Authorised</b>		
500,000,000 Equity Shares of Rs.1/- each	500.00	500.00
20,000,000 Preference Shares of Rs.10/- each	200.00	200.00
	<u>700.00</u>	<u>700.00</u>
<b>Issued</b>		
257,888,150 Equity Shares of Rs.1/- each *1 & *2	257.89	257.89
	<u>257.89</u>	<u>257.89</u>
<b>Subscribed &amp; Paid Up</b>		
257,880,150 Equity Shares of Rs.1/- each *1 & *2	257.88	257.88
Add: Paid up value of 8,000 Equity Shares of Rs.1/- each forfeited Rs. 1,600/- (Rs. 1,600/-)	-	-
	<u>257.88</u>	<u>257.88</u>

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

- 562,315 Equity Shares of Rs.10/-each allotted as fully paid up Bonus Shares by capitalisation of General Reserve and Preference Capital Redemption Reserve.

- 9,390,001 Equity Shares of Rs.10/- each fully paid issued, pursuant to amalgamation, to the Shareholders of erstwhile Triveni Engineering & Industries Ltd.

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

	01.04.2006	Additions	Deductions	30.09.2007
<b>2. RESERVES &amp; SURPLUS</b>				
Capital Reserve	1.29	*2 1,047.00	-	1,048.29
Revaluation Reserve - Fixed Assets	180.83	-	*4 8.93	171.90
Molasses Storage Fund Reserve	7.46	*1 2.07	-	9.53
Share Premium Account	2,653.85	-	-	2,653.85
General Reserve	1,990.00	*3 564.06	-	2,554.06
Surplus	78.68	*1 92.53	*1 78.68	92.53
Capital Redemption Reserve	39.74	-	-	39.74
Amalgamation Reserve	92.64	-	-	92.64
	<u>5,044.49</u>	<u>1,705.66</u>	<u>87.61</u>	<u>6,662.54</u>

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

\*2 Rs.1,047.00 Million Capital Subsidy Recoverable from U.P. Government.

\*3 Includes Rs. 560.00 Million transferred from Profit & Loss Account and Rs. 4.06 Million Write Back of Revaluation Reserve in respect of Assets already disposed off.

\*4 Includes Rs. 4.06 Million transferred to General Reserve and Rs. 4.87 Million transferred to Profit & Loss Account.

## Schedules to Accounts (Contd.)

	(Rs. in Million)	
	30.09.2007 (18 Months)	31.03.2006 (12 Months)
<b>3. SECURED LOANS</b>		
From Banks -		
Cash Credit/WCDL/Overdraft *1	2,649.29	1,837.93
Term Loans *2	5,722.05	1,047.85
From Others *3	938.46	812.17
Interest Accrued & Due	1.52	-
	<u>9,311.32</u>	<u>3,697.95</u>
* 1 Secured by pledge/hypothecation of the stock-in-trade, raw material, stores & spare parts, work-in-progress and receivables and second charge created/to be created on the properties of all the Engineering units and third charge on the properties of Sugar, Cogeneration and Distillery units of the Company on pari passu basis. Include Rs. 1,300.00 Million (Rs. Nil) towards Commercial Paper issued.		
* 2 Includes		
(a) Rs.744.84 Million (Rs.Nil) due to ABN Amro Bank NV, Singapore and BNP Paribas, Singapore, in respect of External Commercial borrowings and secured by First pari-passu charge created/to be created by equitable mortgage on immoveable fixed assets and hypothecation of all moveable fixed assets, both present & future of the Company excluding assets purchased under Vehicle Loan Scheme. Due within one year Rs.163.66 Million (Rs.Nil).		
(b) Rs.4,315.29 Million (Rs.789.20 Million) due to banks and secured by first pari-passu charge created/to be created by equitable mortgage on immoveable assets and hypothecation of all moveable assets, both present and future of the Company subject to bankers prior charges created/to be created on current assets for providing Working Capital facilities and excluding assets purchased under Vehicle Loan Scheme. Due within one year Rs. 306.53 Million (Rs.206.49 Million).		
(c) Rs.650.00 Million (Rs.Nil) due to banks and secured by subservient charge created/to be created over the assets of the Company. Due within one year Rs.168.75 Million (Rs.Nil).		
(d) Rs.11.92 Million (Rs.8.65 Million) due to ICICI Bank Ltd. secured by hypothecation of vehicles acquired under Vehicle Loan Scheme. Due within one year Rs.6.96 Million (Rs.4.25 Million).		
(e) Rs.Nil (Rs.250.00 Million) Short Term Loan due to a bank and secured by floating charge on the moveable assets of the Company subject to Bankers prior charges created/to be created on current assets for providing Working Capital facilities and excluding assets purchased under Vehicle Loan Scheme. Additionally this is guaranteed by the Managing Director in his personal capacity. Due within one year Rs.Nil (Rs.250.00 Million).		
* 3 Includes		
(a) Rs.801.90 Million (Rs.589.40 Million) due to Sugar Development Fund, Government of India, secured by exclusive second charge created over moveable/immoveable assets of Deoband & Khatauli units. Due within one year Rs.44.00 Million (Rs.15.50 Million)		
(b) Rs.2.97 Million (Rs.20.94 Million) 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.2.97 Million (Rs.11.69 Million).		
(c) Rs.0.26 Million (Rs.1.83 Million) due to a Company secured by hypothecation of vehicles acquired under Vehicle Loan Scheme. Due within one year Rs.0.26 Million (Rs.1.05 Million).		
(d) Rs.133.33 Million (Rs.200.00 Million) due to Rabo India Finance Ltd. and secured by First Pari Passu charge created/to be created by equitable mortgage on immoveable assets and hypothecation of all moveable assets, both present & future of the Company subject to bankers prior charges created/to be created on current assets for providing Working Capital facilities and excluding assets purchased under Vehicle Loan Scheme. Due within one year Rs.44.44 Million (Rs.44.44 Million).		
<b>4. UNSECURED LOANS</b>		
Fixed Deposits	105.74	139.47
Short Term Loan :-		
From Banks *1	565.99	150.00
Other Loans & Advances :-		
From Other than Banks *2	7.30	11.30
Interest accrued and due thereon	25.19	27.32
	<u>704.22</u>	<u>328.09</u>

\*1 Due within one year.

\*2 Due within one year Rs. 2.19 Million (Rs.2.19 Million).

## Schedules to Accounts (Contd.)

### 5. FIXED ASSETS

(Rs. in Million)

	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	Cost As at 01.04.2006	Additions	Deduction/ Adjustments	Total As at 30.09.2007	Up to 31.03.2006	During The Period *1	Adjustment/ Sale	To date As at 30.09.2007	As at 30.09.2007	As at 31.03.2006
Land										
- (Free Hold )*2	365.05	166.48	3.54	527.99	-	-	-	-	527.99	365.06
- (Lease Hold)	0.10	-	-	0.10	-	-	-	-	0.10	0.10
Buildings & Roads *3	997.86	1,360.65	1.58	2,356.93	127.05	62.93	0.12	189.86	2,167.07	870.79
Railway Siding	0.02	-	-	0.02	0.02	-	-	0.02	-	-
Plant & Machinery	5,327.41	6,362.25	35.93	11,653.73	1,190.84	717.27	22.25	1,885.86	9,767.87	4,136.58
Furniture & Fixture	72.33	41.62	1.00	112.95	26.04	12.62	0.47	38.19	74.76	46.30
Computers	70.08	43.35	1.32	112.11	39.10	18.16	1.14	56.12	55.99	30.97
Vehicles	44.91	19.84	5.12	59.63	14.71	7.66	2.98	19.39	40.24	30.20
<b>This Period</b>	<b>6,877.76</b>	<b>7,994.19</b>	<b>48.49</b>	<b>14,823.46</b>	<b>1,397.76</b>	<b>818.64</b>	<b>26.96</b>	<b>2,189.44</b>	<b>12,634.02</b>	<b>5,480.00</b>
Previous Year	3,634.33	3,268.37	24.94	6,877.76	1,169.18	240.37	11.79	1,397.76	5,480.00	-
Capital Work in progress*4									211.07	467.42

Includes

\*1 Rs.4.87 Million (Rs.3.37 Million) transferred to Revaluation Reserve & Rs.1.02 Million (Rs. 0.38 Million) capitalised during the period.

\*2 Includes Land valuing Rs.35.51 Million (Rs.4.65 Million) pending transfer in the name of the Company

\*3 Building & Roads includes 'Cane yard outside' not owned by the Company-Costing Rs.3.30 Million ( Rs.1.95 Million)

\*4 Inclusive of pre-operative expenditure pending allocation Rs.Nil (Rs.1.63 Million) and advance against capital expenditure Rs.33.32 Million(Rs.312.28 Million)

**Note:** The Exchange rate difference (gain) amounting to Rs.1.58 Million (Rs.1.02 Million) (Net) in connection with acquiring fixed assets has been adjusted in the carrying amount of relevant fixed assets.

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

	GROSS BLOCK				AMORTISATION				NET BLOCK	
	Cost As at 01.04.2006	Additions	Retirement & Disposal/ Adjustments	Total As at 30.09.2007	Up to 31.03.2006	During the Period	Retirement & Disposal/ Adjustments	Up to 30.09.2007	As at 30.09.2007	As at 31.03.2006
Computer Software	78.40	30.24	-	108.64	68.15	14.23	-	82.38	26.26	10.25
Designs & Drawings	16.81	-	-	16.81	9.25	2.74	-	11.99	4.82	7.56
Technical Know How	3.08	-	-	3.08	0.04	0.77	-	0.81	2.27	3.04
<b>This Period</b>	<b>98.29</b>	<b>30.24</b>		<b>128.53</b>	<b>77.44</b>	<b>17.74</b>		<b>95.18</b>	<b>33.35</b>	<b>20.85</b>
Previous Year	87.73	10.94	0.38	98.29	61.27	16.27	0.10	77.44	20.85	

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

## Schedules to Accounts (Contd.)

(Rs. in Million)

	30.09.2007 (18 Months)	31.03.2006 (12 Months)
<b>6. INVESTMENTS</b>		
<b>LONG TERM</b>		
<b>OTHER THAN TRADE</b>		
Government Securities		
Unquoted		
National Saving Certificates *1	0.01	0.01
Other Securities		
Quoted		
Shares - Fully paid-up		
2,700 Equity shares of Rs.10/- each of Housing Development Finance Corporation Ltd.	0.02	0.02
500 Equity shares of Rs.10/- each of HDFC Bank Ltd.	0.01	0.01
4,835 Equity shares of Rs.10/- each of Punjab National Bank	0.23	0.23
76 (Nil) Equity shares of Rs.10/- each of Central Bank of India	0.01	-
Unquoted		
1,821 Ordinary shares of Rs.10/- each of NBI Industrial Finance Co. Ltd.	0.01	0.01
112,980 (Nil) Equity shares of Rs.10/-each of Saraswati Industrial Syndicate Ltd.	79.11	-
<b>TRADE</b>		
Other Securities		
Unquoted		
Shares - Fully paid-up		
434,730 Equity shares of Rs.10/- each of Triveni Entertainment Ltd.	4.35	4.35
99,993 Equity shares of Rs.10/- each of The Engineering & Technical Services Ltd.	1.00	1.00
400,060 Equity shares of Rs.10/- each of TOFSL Trading & Investments Ltd.	4.00	4.00
500,000 Equity shares of Rs.10/-each of Carvanserai Ltd.	5.00	5.00
Subsidiary Companies (Wholly owned) - Unquoted - Fully paid-up		
299,840 Equity shares of Rs.10/- each of Triveni Retail Ventures Ltd.	3.01	3.01
50,000 Equity shares of Rs.10/- each of Abohar Power Generation Ltd.	0.50	0.50
50,000 Equity shares of Rs.10/- each of Upper Bari Power Generation Ltd	0.50	0.50
500,000 (Nil) Equity shares of Rs.1/-each of Triveni Engineering Ltd.	0.50	-
<b>OTHER THAN TRADE</b>		
Current Investments		
Unquoted		
9,998 Units of Rs.0.001 Million of DSP Merrill Lynch Liquidity Fund - Institutional	10.00	-
	<u>108.26</u>	<u>18.64</u>
Book Value		
Aggregate amount of quoted investments	0.27	0.26
Aggregate amount of unquoted investments	107.99	18.38
	<u>108.26</u>	<u>18.64</u>
Market value of quoted investments	10.18	6.27

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

## Schedules to Accounts (Contd.)

	(Rs. in Million)	
	30.09.2007 (18 Months)	31.03.2006 (12 Months)
<b>7. INVENTORIES</b>		
Patterns	10.14	7.74
Loose Tools, Jigs & Fixtures	13.57	4.71
Stocks *1		
- Stores & Spares	262.81	136.75
- Finished Goods	2,797.87	3,042.82
- Raw Materials & Components *2	511.23	421.00
Less : Provision for obsolescence/slow moving stock	10.89	1.45
	<u>500.34</u>	<u>419.55</u>
- Work-in-Progress	596.26	432.72
- Scrap *3	16.19	5.77
	<u>4,197.18</u>	<u>4,050.06</u>

\*1 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.

\*2 Includes Stock in Transit Rs.3.57 Million (Rs.11.04 Million)

\*3 At estimated realisable value.

## 8. SUNDRY DEBTORS - (Unsecured)

Over Six Months

Considered Good *1	150.92	153.00
Considered Doubtful	31.14	0.75
	<u>182.06</u>	<u>153.75</u>
Less : Provision for doubtful debts	31.14	0.75
	<u>150.92</u>	<u>153.00</u>
Other Debts - Considered Good	791.85	850.44
	<u>942.77</u>	<u>1,003.44</u>

\*1 Due from a Subsidiary Company Rs. 2.96 Million (Rs.11.39 Million)

## Schedules to Accounts (Contd.)

	(Rs. in Million)	
	30.09.2007 (18 Months)	31.03.2006 (12 Months)
<b>9. CASH AND BANK BALANCES</b>		
Cash, Stamps & Cheques in hand *1	104.38	64.44
Balance with Post Office in		
- Saving Account *2	0.08	1.06
Balance with Scheduled Banks in		
- Current Accounts	97.87	124.23
- Savings Accounts	0.13	0.13
- Fixed and Margin Deposits *3	45.24	55.64
Balance with Unscheduled Banks in		
- Current Accounts (Refer Note 23 of Schedule 28)	6.62	13.69
	<u>254.32</u>	<u>259.19</u>

\*1 Includes Cheques in hand of Rs.92.05 Million (Rs.53.61 Million) and Stamps in hand Rs.0.12 Million (Rs.0.04 Million).

\*2 Includes Rs.0.08 Million (Rs.1.06 Million) lying with Government Department as security.

\*3 Includes deposits of Rs. 27.93 Million (Rs.35.71 Million) kept as security with banks/Government against advances and guarantees.

## 10. OTHER CURRENT ASSETS

Income from Carbon Credit Receivable	112.80	-
Interest accrued on deposits and investments	3.64	2.74
	<u>116.44</u>	<u>2.74</u>

## Schedules to Accounts (Contd.)

	(Rs. in Million)	
	30.09.2007 (18 Months)	31.03.2006 (12 Months)
<b>11. LOANS AND ADVANCES</b>		
(Unsecured, Considered Good unless otherwise stated)		
Due from Subsidiary Companies (Wholly Owned)	143.56	0.09
Advances, pre-payments and other recoverable in cash or in kind or for value to be received		
- Considered Good	1,427.98	575.42
- Considered Doubtful	8.65	7.61
	<u>1,436.63</u>	<u>583.03</u>
Less : Provision for doubtful advances	8.65	7.61
	<u>1,427.98</u>	<u>575.42</u>
Balances with Central Excise, Custom etc,	612.40	251.70
Capital Subsidy Recoverable	1,047.00	-
MAT Credit Entitlement	119.79	-
Advance Payment of Tax *1	-	43.45
	<u><u>3,350.73</u></u>	<u><u>870.66</u></u>

\*1 Net after adjustment of Provision for Taxation of Rs.Nil (Rs.438.86 Million)

## 12. LIABILITIES

Trade & Other Creditors *1 & *2	3,058.26	1,230.17
Advance from customers	1,041.88	798.63
Investors Education & Protection Fund shall be credited by the following amounts (not due as at the year end)		
- Unclaimed Dividend	4.05	4.24
- Unclaimed Matured Deposits	7.08	6.30
- Unclaimed Matured Debenture	-	1.04
- Interest Accrued on above	1.59	1.97
- Unclaimed Preference Share Redemption	9.00	9.55
Interest Accrued but Not Due	74.65	46.55
	<u><u>4,196.51</u></u>	<u><u>2,098.45</u></u>

\*1 Includes Due to Directors Rs.0.01 Million (Rs.0.05 Million)

\*2 Includes Due to Small Scale Industrial Undertakings Rs.65.79 Million (Rs.27.79 Million).

## Schedules to Accounts (Contd.)

	(Rs. in Million)	
	30.09.2007 (18 Months)	31.03.2006 (12 Months)
<b>13. PROVISIONS</b>		
Proposed Dividend	25.79	128.94
Income Tax on Distributed Profits	4.38	18.08
Gratuity	139.77	106.40
Leave Encashment	32.03	27.06
Provision for Cost to Completion	-	2.16
Provision for Warranty Cost	48.01	16.82
Provision for Liquidated Damages	77.49	25.20
Provision for Income Tax (Net) *1	1.42	-
Excise Duty on Closing Stock	180.36	190.30
Others	6.00	-
	<u>515.25</u>	<u>514.96</u>

\*1 Net after adjustment of Advance payment of Tax of Rs.620.16 Million (Rs.Nil)

## 14. MISCELLANEOUS EXPENDITURE

(To the extent not written off or adjusted)

Voluntary Retirement Scheme	22.41	9.42
Training Expenses	-	0.21
	<u>22.41</u>	<u>9.63</u>

## 15. GROSS SALES

Sales *1		
- Domestic	19,906.82	12,500.90
- Exports *2	510.95	202.06
	<u>20,417.77</u>	<u>12,702.96</u>

\*1 Inclusive of service charges and contract receipts Rs.204.51 Million (Rs.117.66 Million).

\*2 Inclusive of export incentives.



## Schedules to Accounts (Contd.)

	(Rs. in Million)	
	30.09.2007 (18 Months)	31.03.2006 (12 Months)
<b>16. OTHER INCOME</b>		
Dividend (Gross)		
– Long Term Investments		
– Other than Trade	0.93	0.11
– Trade	-	12.69
– Current Investments		
– Other than Trade	4.83	9.27
Rent	5.76	22.07
Excess Depreciation Written Back Rs. 1,734 (Rs. Nil)	1.48	0.75
Exchange Rate Fluctuation	-	-
Profit on Sale of Investment (Current Investment - Other than Trade)	1.08	0.13
Miscellaneous *1	-	0.08
	54.07	40.61
	<u>62.39</u>	<u>63.64</u>

\*1 Income tax deducted at source Rs.0.04 Million (Rs.0.02 Million).

## 17. INCREASE/DECREASE IN WORK-IN-PROGRESS/FINISHED GOODS

Stock At Commencement		
- Work-In-Progress	432.72	337.51
- Finished Goods	3,026.60	3,618.24
	<u>3,459.32</u>	<u>3,955.75</u>
Add : Value of Stock produced during Trial Run	109.08	-
	<u>3,568.40</u>	<u>3,955.75</u>
Stock At Close		
- Work-In-Progress	596.26	432.72
- Finished Goods	2,795.94	3,026.60
	<u>3,392.20</u>	<u>3,459.32</u>
Add/(Less): Impact of Excise Duty on Finished Goods	9.95	73.14
Net Increase/(Decrease)	<u>(166.25)</u>	<u>(423.29)</u>

## Schedules to Accounts (Contd.)

	30.09.2007 (18 Months)	31.03.2006 (12 Months)
(Rs. in Million)		
<b>18. MATERIALS</b>		
Raw Material & Components		
- Stock at Commencement	421.00	256.04
Purchases	13,845.29	7,738.49
	<u>14,266.29</u>	<u>7,994.53</u>
Less : Amount Capitalised	429.62	80.23
: Stock at Close	511.23	421.00
	<u>13,325.44</u>	<u>7,493.30</u>
Cost of Trading Goods Sold		
- Stock at Commencement	16.22	6.55
Purchases	69.35	138.00
	<u>85.57</u>	<u>144.55</u>
Less : Stock at Close	1.93	16.22
	<u>83.64</u>	<u>128.33</u>
	<u>13,409.08</u>	<u>7,621.63</u>
<b>19. MANUFACTURING / OPERATING</b>		
Stores, Spares & Tools	351.81	161.36
Power & Fuel	170.04	99.05
Machining/Erection Charges	14.10	2.56
Designing & Consultancy	32.43	8.95
Machinery Lease Rent	-	0.31
Cane Development Charges	68.86	36.81
Repairs & Maintenance:		
- Plant & Machinery	332.12	163.50
- Building *1	50.62	20.28
- General	23.51	11.95
Factory/Operational Expenses	122.84	18.03
Packing & Forwarding	303.58	178.81
	<u>1,469.91</u>	<u>701.61</u>
Less : Amount Capitalised	135.15	79.84
Less : Cost of Completion for earlier years adjusted	2.16	7.07
	<u>1,332.60</u>	<u>614.70</u>

\*1 Includes repairs to rented premises.

## Schedules to Accounts (Contd.)

	(Rs. in Million)	
	30.09.2007 (18 Months)	31.03.2006 (12 Months)
<b>20. PERSONNEL</b>		
Salaries, Wages & Bonus	1,188.29	572.75
Gratuity	56.83	38.40
Contribution to Provident & Other Funds	112.55	58.75
Welfare	104.49	52.52
	<u>1,462.16</u>	<u>722.42</u>
Less : Amount Capitalised	123.61	46.20
	<u><u>1,338.55</u></u>	<u><u>676.22</u></u>

## 21. ADMINISTRATION

Travelling & Conveyance *1	194.00	92.37
Rent *2	43.84	29.45
Insurance *3	42.91	21.95
Rates & Taxes *4	19.88	14.66
Directors' Fee	2.19	1.69
Directors' Commission	3.10	-
Bad Debts & Amount Written Off *5	6.80	7.15
Loss on Sale/written off Fixed Assets *6	8.29	2.88
Loss on Sale/written off Stores & Spares *7	9.77	2.15
Provision for Bad & Doubtful Debts/Advances	31.43	-
Provision for Deficiency in Provident Fund Trusts	6.00	-
Provision for Warranty Expenses *8	47.33	16.82
Provision for Liquidated Damages *9	52.30	33.06
Prior Period Adjustments (Net) - Note 7 of Schedule 28	1.29	0.89
Office & Other Administration Expenses *10	398.99	179.06
	<u>868.12</u>	<u>402.13</u>
Less : Amount Capitalised	101.76	46.76
	<u><u>766.36</u></u>	<u><u>355.37</u></u>

\*1 Includes Directors' Travelling Rs.13.43 Million (Rs.4.97 Million).

\*2 Includes Rs 0.82 Million (Rs.0.48 Million) paid to the Managing Director.

\*3 Net off Buffer Stock Subsidy of Rs.5.21 Million (Rs.Nil)

\*4 Includes Rs.2.46 Million (Rs.1.93 Million) towards Excise Duty paid.

\*5 Net off Credit Balances written back of Rs.1.49 Million (Rs.4.09 Million) , Bad Debts Recovered of Rs.4.63 Million (Rs.0.01 Million) and Provision for Doubtful Debts & Advances written back (Net) of Rs.Nil (Rs.6.53 Million)

\*6 Net off Profit on sale of Fixed Assets of Rs.0.51 Million (Rs.0.98 Million).

\*7 Includes Rs.9.43 Million (Rs.0.69 Million) towards provision for non moving/obsolete inventory.

\*8 Net off Provision for Warranty Expenses Written Back of Rs.5.57 Million (Rs.Nil)

\*9 Net off Provision for Liquidated Damages Written Back of Rs.15.37 Million (Rs.Nil)

\*10 Net off Excess provision of expenses written back of Rs.0.91 Million (Rs.2.18 Million) & Includes Rs.10.87 Million (Rs.Nil) Liquidated Damages towards Capital Contracts.

## Schedules to Accounts (Contd.)

	(Rs. in Million)	
	30.09.2007 (18 Months)	31.03.2006 (12 Months)
<b>22. FINANCING</b>		
Interest on		
- Debentures	0.08	2.91
- Fixed Loans	657.63	180.58
- Others	272.39	116.80
Other Finance charges	8.56	3.68
	<u>938.66</u>	<u>303.97</u>
Less : Interest received on deposits and other accounts [Tax deducted at source Rs.1.30 Million (Rs.9.16 Million)]	10.96	42.98
Less : Interest Subsidy on Buffer Stock	33.42	-
Less : Exchange Rate Fluctuation on Foreign Currency Denomination Loan	7.26	1.69
	<u>887.02</u>	<u>259.30</u>
Less : Amount Capitalised	156.30	29.34
	<u><u>730.72</u></u>	<u><u>229.96</u></u>
<b>23. SELLING</b>		
Commission	168.01	74.30
Royalty	21.80	8.17
Packing & Forwarding	76.80	30.77
Rebate & Discount	12.05	7.40
After Sales Expenses & Others	99.84	35.57
	<u>378.50</u>	<u>156.21</u>
<b>24. AMORTISATION</b>		
Voluntary Retirement Scheme	11.15	21.65
Capitalised Lease Assets	20.77	13.30
Intangible Assets	17.74	16.27
Others	0.22	0.69
	<u>49.88</u>	<u>51.91</u>
Less : Amount Capitalised	-	0.04
	<u><u>49.88</u></u>	<u><u>51.87</u></u>

## Schedules to Accounts (Contd.)

	(Rs. in Million)	
	30.09.2007 (18 Months)	31.03.2006 (12 Months)
<b>25. OFF SEASON EXPENSES CHARGED/DEFERRED (NET)</b>		
Opening off - season deferred expenses	36.80	43.39
Closing off - season deferred expenses	693.34	36.80
Net off - season expenses charged/(deferred)	<u>(656.54)</u>	<u>6.59</u>
<b>26. EXCEPTIONAL ITEMS</b>		
GDR Expenses	10.18	-
Levy Claim Price paid for earlier years	11.22	-
	<u>21.40</u>	<u>-</u>
<b>27. PROVISION FOR TAXATION</b>		
For Current Year		
-Current Tax (incl.Wealth Tax Rs.0.75 Million (Previous Year Rs.0.40 Million))	120.54	153.72
-Deferred Tax	(66.20)	131.51
-Fringe Benefit Tax	26.29	12.50
	<u>80.63</u>	<u>297.73</u>
For Earlier Years (Net)		
-Tax (incl.Wealth Tax Rs.Nil (Previous Year (Rs. 0.12 Million)))	37.82	(0.90)
-Deferred Tax	26.18	-
-Fringe Benefit Tax	6.07	-
	<u>70.07</u>	<u>(0.90)</u>
	<u>150.70</u>	<u>296.83</u>
Less:MAT Credit Entitlement	119.79	-
	<u>30.91</u>	<u>296.83</u>

## Schedules to Accounts (Contd.)

### 28. 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 compliance with the applicable Accounting Standard referred in Section 211 (3C) and other requirements of the Companies Act, 1956.

##### b) Fixed Assets

i. Fixed assets are stated at cost of acquisition less accumulated depreciation. Cost includes taxes, duties (excluding excise duty, service tax and VAT for which cenvat claim is available), freight and other incidental expenses relating to acquisition and installation. In respect of new projects, all direct expenses including interest incurred upto the date of commencement of commercial production are capitalized. In the case of existing sugar units, administrative and personnel expenses, estimated at 3% of the cost of machinery/building are capitalised alongwith the cost of equipments and building under installation/construction and/or put to use during the year. Plant & machinery at Deoband unit existing as on 1st November, 1986 are stated at revalued amount less accumulated depreciation thereon. The revaluation of such assets was conducted during financial year 1986-87 by an approved valuer, to reflect the assets at their present values. Further, a property at Delhi, earlier held as stock-in-trade was revalued at estimated market value and converted to fixed assets during the financial year 1999-00. The increase in the value of the assets on such revaluation over their book values have been credited to the revaluation reserve in the respective years and the additional depreciation charge on such increased value over the original cost has been adjusted against the revaluation reserve in each year.

ii. Discarded fixed assets are stated at lower of net book value (at the time of discarding of assets) and net realisable value. Wherever, the net book value of the

assets can not be reasonably determined, it is stated at net realisable value.

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

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

ii. Income from carbon credit is accounted for in respect of projects registered with UNFCCC on an estimated basis after the quantum is verified by an approved third party agency. These are valued based on the prevailing rates or as per the forward contract entered into for the sale of such carbon credits.

iii. Off-season expenses relating to sugar and co-generation units, other than interest, selling and non-operating expenses/income earned during off-season, are deferred and are absorbed over the duration of the ensuing crushing season.

iv. Income/Expenditure relating to prior period and prepaid expenses which do not exceed Rs.0.01 Million in each case, are treated as Income/Expenditure of current year.

##### v. Deferred Revenue Expenditure

a) Front End Fee on loan is amortised over the tenure of the loan.

b) Compensation under Voluntary Retirement Scheme is amortised over 36 months.

c) Technical know-how fee and training expenses of personnel with Foreign Collaborators not qualifying as Intangible assets, incurred prior to 1st April 2003 are amortised over 72 months.

##### d) Foreign Currency Transactions

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

## Schedules to Accounts (Contd.)

- ii. Foreign currency monetary items (including forward contracts) are translated at year end rates. Exchange differences arising on settlement of transactions and translation of monetary items(including forward contracts) are recognised as income or expense in the year in which they arise, except those relating to acquisition of fixed assets from outside India where such exchange difference is adjusted to the carrying amount of the said fixed assets.
- iii. The premium or discount on forward exchange contracts not relating to firm commitments or highly probable forecast transactions and not intended for trading or speculative purpose is amortised as expense or income over the life of the contract.

### e) Inventories

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

#### Raw Materials & Components

Manufacturing units	Basis
Sugar	First in first out
Turbine, Gears, Co-generation & Distillery	Weighted Average
Water Business Group (incl. Projects division)	Specific Cost

#### Stores and Spares

Manufacturing units	Basis
Sugar	Weighted Average
Turbine, Gears, Co-generation & Distillery	Weighted Average
Water Business Group (incl. Projects division)	Specific Cost

- ii. Finished goods and Work-in-progress are valued at lower of cost and net realisable value. The cost of finished goods and work-in-progress include raw material costs, direct cost of conversion and proportionate allocation of indirect costs incurred in bringing the inventories to their present location and condition. Excise duty is included in the value of finished goods.
- iii. Patterns, Loose tools, Jigs and Fixtures are written off equally over three years.
- iv. By-products (including those used as raw materials) 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 16.12.1993 except for the following assets which are depreciated on the straight line basis over their estimated useful economic life as follows :

Rates adopted

- a) Plant & Machinery used in Co-Generation Plants - 6.33%  
(including captive Co-Generation plants) installed after 1.4.2004
- b) Mobile phone costing above Rs.5,000/- - 50%
- ii) Cost of Leasehold Land is amortised over the lease period
- iii) Fixture and Fittings and improvement to Leasehold building not owned by the Company are amortised over the lease period or estimated life which ever is lower.
- iv) The additional depreciation, on increase in cost on account of revaluation is transferred to the Profit & Loss Account from the Revaluation Reserve and is thus not charged to Profit & Loss Account for the year.

### g) Research & Development

Revenue expenditure on research & development is

## Schedules to Accounts (Contd.)

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

### h) Investments

Investments are valued at cost inclusive of expenses incidental to their acquisition. Long term investments are carried at cost and any diminution in value, though material, is not recognized if such diminution in value, in the opinion of the management, is temporary in nature. Current investments are valued at lower of cost or fair value.

### i) Retirement Benefits

Provision is made in the accounts on account of Company's liability in respect of Gratuity and Leave Encashment benefits payable to its employees, on the basis of actuarial valuation of the liability at the end of the financial year. Company's contribution to Provident Fund and Superannuation Scheme, recognized by the Income Tax authorities, is accounted and charged to Profit & Loss Account on accrual basis.

### j) Borrowing costs

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

### k) Government Grants

#### Recognition

Governments grants are recognised where:

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

Presentation in Financial Statements :

- i) Government grants related to specific fixed assets are adjusted with the value of the fixed assets.

- ii) Government grants in the nature of promoters' contribution, i.e. which have reference to the total investment in an undertaking or by way of contribution towards total capital outlay, are credited to capital reserve.

- iii) Government grants related to revenue items are either adjusted with the related expenditure/revenue or shown under "Other Income", in case direct linkage with cost/income is not determinable.

### l) Accounting 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.

### m) Taxes on Income

- i) Tax on income for the current period is determined on the basis of taxable income computed in accordance with the provisions of the Income Tax Act, 1961.

- ii) Deferred tax is recognised on timing differences between the accounting income and the taxable income for the year, and quantified using the tax rates and laws enacted or substantively enacted as on the Balance Sheet date.

- iii) Deferred tax assets are recognised only to the extent that there is reasonable certainty that the assets can be realized in future; however, where there is unabsorbed depreciation or carried forward losses under taxation laws, deferred tax assets are recognized only if there is a virtual certainty of realization of such assets. Deferred tax assets are reviewed at each balance sheet date and written down or written-up to reflect the amount that is reasonably/virtually certain (as the case may be) to be realized.



## Schedules to Accounts (Contd.)

### n) Intangible Assets

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

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

### o) Impairment of Asset

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

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

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

- a) the Company has a present obligation as a result of a past event.

b) a probable outflow of resources is expected to settle the obligation and

c) the amount of the obligation can be reliably estimated. Reimbursement expected in respect of expenditure required to settle a provision is recognised only when it is virtually certain that the reimbursement will be received.

Contingent Liability is disclosed in the case of

a) a present obligation arising from a past event, when it is not probable that an outflow of resources will be required to settle the obligation.

b) a possible obligation, unless the probability of outflow of resources is remote.

Contingent Assets are neither recognised nor disclosed.

### q) Derivative transactions

Transactions covered by derivative contracts are adjusted with variation, if any, from the terms of the derivative contracts. Losses, if any, are recognized on restatement and settlement whereas gains are recognized only on settlement. The premium on derivatives contracts is expensed out over the term of the contract.

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

(a) Guarantees/Surety given on behalf of subsidiary Company Triveni Retail Ventures Ltd (Formerly Triveni SRI Ltd) Rs.0.10 Million (Rs.0.10 Million) and on behalf of other companies Rs. 8.77 Million (Rs.8.77 Million).

(b) Claims against the Company not acknowledged as debts (as certified by the Management)

(Rs. in Million)

	2006-07 (18 Months)	2005-06 (12Months)																
l) Claims which are being contested by the Company and in respect of which the Company has paid amounts aggregating to Rs. 62.41 Million (Rs.40.95 Million) under protest pending final adjudication of the cases:	184.23	140.71																
<table border="1"> <thead> <tr> <th>Sl. No.</th> <th>Particulars</th> <th>Amount of Contingent Liability</th> <th>Amount Paid</th> </tr> </thead> <tbody> <tr> <td>01.</td> <td>Sales Tax</td> <td>51.38 (56.15)</td> <td>37.76 (34.66)</td> </tr> <tr> <td>02.</td> <td>Excise Duty</td> <td>92.74 (40.49)</td> <td>5.84 (2.80)</td> </tr> <tr> <td>03.</td> <td>Others</td> <td>40.11 (44.07)</td> <td>18.81 (3.49)</td> </tr> </tbody> </table>	Sl. No.	Particulars	Amount of Contingent Liability	Amount Paid	01.	Sales Tax	51.38 (56.15)	37.76 (34.66)	02.	Excise Duty	92.74 (40.49)	5.84 (2.80)	03.	Others	40.11 (44.07)	18.81 (3.49)		
Sl. No.	Particulars	Amount of Contingent Liability	Amount Paid															
01.	Sales Tax	51.38 (56.15)	37.76 (34.66)															
02.	Excise Duty	92.74 (40.49)	5.84 (2.80)															
03.	Others	40.11 (44.07)	18.81 (3.49)															
The outflow arising from these claims is uncertain and is after adjusting likelihood reimbursement of Rs.9.08 Million (Rs.9.08 Million) from customers in respect of Central Excise demands on account of denial of benefit under Notification No.6/2000.																		

## Schedules to Accounts (Contd.)

ii) The Company is contingently liable in respect of short provision against disputed income tax liabilities of Rs.21.13 Million (Rs. 19.13 Million). The amounts have not been provided in the accounts in view of reliefs expected in appeals.	21.13	19.13
iii) Excise duty paid by the Company under protest in respect of certificates issued by the Project Implementing Authority (PIA) under Notifications 108/95 CE dated 28.8.1995 (as amended) and 84/97 Cus dated 11.11.1997 (as amended) which were later found to be invalid and based on which, the suppliers had despatched the capital goods to Cogeneration Project at Deoband without payment of duty. The Company is seeking court intervention to direct Ministry of Finance (MOF) to nominate appropriate line ministry so that certified true copies of certificates earlier issued by PIA could be signed by the concerned line ministry to cure the procedural defect and have the exemption restored.	26.67	26.67
iv) In respect of levy price differential claim for 1973-74 including interest.	Nil	13.09
v) Indeterminate liability arising from claims / counter claims/ Interest in arbitration/ Court cases, claims of some employees/ex-employees and in respect of service tax, if any, on certain activities of the Company which are being contested by the Company.		

(c) 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.113.54 Million (Rs.114.27 Million). Pending final decision, the amount of Rs.114.27 Million (Rs.114.27 Million) paid against above (including cheque for Rs.2.00 Million 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.

(d) Rs. 20.03 Million (Rs. 20.03 Million) 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.

### 3. Advances Recoverable In Cash Or In Kind Include

a) Due from the Company Secretary-Rs.0.12 Million (Rs.0.09 Million). Maximum amount due at any time during the year Rs.0.54 Million (Rs.0.49 Million).

b) Rs.0.02 Million (Rs.0.02 Million) and Rs.Nil (Rs.0.34 Million) on account of Security Deposit paid to the Managing Director and Company Secretary respectively against leased property.

4. Outstanding commitments for capital expenditure amounting to Rs.195.79 Million (Rs.1527.49 Million) after adjusting advance amounting to Rs.69.44 Million (Rs.380.50 Million).

5. Information with regard to amount due to SSI units has been determined on the basis of information available with the Company and relied upon by auditors. The Company has not received any intimation from their suppliers regarding their status under the Micro.Small and Medium Enterprises Development Act,2006 and therefore no such disclosure under the said act is considered necessary. Name of the SSI units of whom amount due is for more than 30 days beyond the agreed terms are:-

Allianz Electric & Radio Co, A.N.Instruments Pvt. Limited,Arya Machine Tools, Allied Alloy Products, Atul Electro Formers Pvt. Ltd, Alliance Engg.Co, Balaji Industries, C.A.Polytech Pvt.Limited, Chemical System, Chaudhary Forgings,Dehra Mineral Corporation, Distinct Productivity Solutions, Emvee Machines Pvt. Limited, Gear N Gear, Hitech Forgings Pvt. Limited, Meerut Packing Industries, M.R.Kalia Industries, Modern Engg. Works Pvt. Limited,N.K.Organics & in-organics Limited, Prem Chand Industries, Puri Industries, Precitech, Risansi Industries Ltd, S. J. Industries, Smithsons (India)/ Central Agencies, Sintech Precision Products Limited, Siri Machines Tools,Bangalore, Sujata Hydraulics, Spray Engineering Devices Limited, Shekar Engineering Works, Swathi Engg. & Industries, Uttam Fabricators Limited, Unisons Engineers, Udaya Engineerings, United Industries Limited, Varun Pumps.

## Schedules to Accounts (Contd.)

6. (a) The Company has taken various residential, office and godown premises under operating lease. These are generally not non-cancelable and the unexpired period ranges between 6 months to 6 years and are renewable by mutual consent on mutually agreeable terms. The Company has given refundable interest free security deposits under certain agreements.

(b) Lease payments under operating lease are recognized in

the Profit & Loss Account under "Rent" in Schedule 21.

(c) The future minimum lease payments under non-cancelable operating lease :

- Not later than one year Rs.4.71 Million (Rs.13.08 Million).
- Later than one year and not later than five years Rs.Nil (Rs.9.81 Million).

7. Details of Prior Period Adjustments (Net) In Schedule 21 is as under:

		(Rs. in Million)	
Sl.No.	Particulars	2006-2007 (18 Months)	2005-2006 (12 Months)
<b>A.</b>	<b>EXPENDITURE</b>		
1.	Purchases (Raw Material)	0.11	-
2.	Cane Development Expenses	-	(0.06)
3.	Carriage Inward Expenses	0.12	-
4.	Cane Centre Expenses	0.13	-
5.	Stores, Spares & Tools	-	(1.71)
6.	Repairs & Maintenance – Plant & Machinery	(0.03)	(0.03)
7.	Salaries, Wages & Bonus	0.03	(0.13)
8.	Contribution to Provident Fund & Other Funds	-	0.04
9.	Welfare	-	2.29
10.	Travelling & Conveyance	-	0.03
11.	Rates & Taxes	(0.02)	-
12.	Insurance	-	(0.30)
13.	Rent	(0.01)	(0.01)
14.	Office & Other Administration Expenses	0.65	0.00
15.	Royalty	-	0.05
16.	Packing & Forwarding	0.25	(0.00)
17.	Other Selling Expenses	-	(0.04)
18.	Depreciation	(0.07)	0.25
	<b>TOTAL EXPENDITURE (A)</b>	<b>1.16</b>	<b>0.38</b>
<b>B.</b>	<b>INCOME</b>		
1.	Sales	(0.20)	-
2.	Buffer Stock Subsidy	-	(0.51)
3.	Rent Received	0.07	-
	<b>TOTAL INCOME (B)</b>	<b>(0.13)</b>	<b>(0.51)</b>
	<b>Prior Period Adjustment (Net) (A-B)</b>	<b>1.29</b>	<b>0.89</b>

## Schedules to Accounts (Contd.)

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

(Rs. in Million)					
SL. No.	Particulars	As on 30.09.2007		Maximum amount due During the period	
1.	Loans & Advances to Subsidiaries (Note 1)				
	- Triveni Retail Ventures Ltd	142.01		142.01	
		(Nil)		(2.02)	
	- Abohar Power Generation Ltd	0.06		0.06	
		(0.06)		(0.06)	
2.	Loans & Advances to Associates (Note 1)				
	- TOFSL Trading & Investments Limited	Nil		Nil	
		(Nil)		-	
	- The Engineering & Technical Services Limited	Nil		0.06	
		(Nil)		(0.01)	
3.	Investments by the loanee in the shares of Triveni Engineering & Industries Ltd				
	- TOFSL Trading & Investments Ltd	19.30	19.30	81,92,500	81,92,500
		(19.30)	(24.13)	(81,92,500)	(1,02,42,500)
	- The Engineering & Technical Services Ltd.	10.04	22.38	24,23,750	54,03,750
		(22.38)	(33.05)	(54,03,750)	(79,78,750)
-	Carvanserai Ltd	2.87	4.12	9,22,750	13,22,750
		(4.12)	(14.63)	(13,22,750)	(46,97,750)

- 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. Loans to employees as per Company's policy are not considered.

## Schedules to Accounts (Contd.)

9. In compliance with the Accounting Standard (AS) – 22 Accounting for taxes on Income 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 Million)	
	2006-2007 (18 Months)	2005-2006 (12 Months)
Difference in Net Book Values of Fixed Assets as per accounts & tax	1001.58	516.91
Share Issue Expenses	(24.67)	(32.55)
Expenses deferred in books but Claimed in tax	45.87	12.46
Other Provisions disallowable u/s 43-B	(120.90)	(57.61)
Unabsorbed Depreciation *	(506.78)	–
Others (net)	7.98	3.89
<b>Net deferred tax liability</b>	<b>403.08</b>	<b>443.10</b>

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

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

Sl.No	Description	Purchases		Sales	
		Units	Amount/Million	Units	Amount/Million
1	Birla Sun Life Mutual Fund	62,22,672.098	75.88	62,22,672.098	75.88
2	ICICI Prudential Asset Management Company Limited	67,49,703.013	75.91	67,49,703.013	75.91
3	ING Vyasa Mutual Fund	49,27,661.923	50.56	49,27,661.923	50.56
4	HSBC Mutual Fund	47,39,875.626	50.53	47,39,875.626	50.53
5	Standard Chartered Liquidity fund	1,50,335.659	150.00	1,50,335.659	150.00
6	DSP Merrill Lynch Liquidity fund	9,31,351.309	1,000.00	9,21,353.309	990.00
	<b>Total</b>	<b>2,37,21,599.628</b>	<b>1,402.88</b>	<b>2,37,11,601.628</b>	<b>1,392.88</b>

## Schedules to Accounts (Contd.)

### 11. Disclosures required by Accounting Standard (AS) - 29 "Provisions, Contingent Liabilities and Contingent Assets.

#### i) Movement in provisions:

(Rs. in Million)

Sl. No.	Particulars of disclosure	Nature of Provision	
		Warranty	Liquated Damages
1.	Balance as at April 1, 2006	16.82	25.20
2.	Provision made during the period	52.90	67.67
3.	Provision utilised during the period	16.14	0.01
4.	Provision reversed no longer required	5.57	15.37
5.	<b>Balance as at 30th September,07</b>	<b>48.01</b>	<b>77.49</b>

#### ii) Nature of provisions :

**Warranties:** The Company gives warranties on certain products and services, undertaking to repair the items that fail to perform satisfactorily during warranty period. Provision made as at September 30, 2007 represents the amount of the expected cost of meeting such as obligations of rectification/replacement. The timing of the outflows is expected to be within a period of one to two years.

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

Abohar Power Generation Limited (APGL)

Upper Bari Power Generation Limited (UBPGL)

Triveni Engineering Limited (TEL)

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

##### i) Wholly owned Subsidiaries (Group A)

Triveni Retail Ventures Limited (TRVL)

Abohar Power Generation Limited (APGL)

Upper Bari Power Generation Limited (UBPGL)

Triveni Engineering Limited (TEL)

##### ii) Associates (Group B)

TOFSL Trading & Investments Limited (TOFSL)

The Engineering & Technical Services Limited (ETS)

Triveni Entertainment Limited (TENL)

Carvanserai Limited (CL)

##### iii) Key Management Person (Group C) (KMP)

Mr D M Sawhney, Chairman & Managing Director

##### iv) Key Management person relatives (Group D) (KMPR)

Mrs Rati Sawhney (Wife) (RS)

Mr Tarun Sawhney (Son) (TS)

Mr Nikhil Sawhney (Son) (NS)

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

Kameni Upaskar Limited (KUL)

Tirath Ram Shah Charitable Trust. (TRSCT)

12. During the year 2005-06, the Company raised proceeds of Rs.2,400 Million through public issue of 50 Million equity shares of Rs.1/- each at a premium of Rs.47/- per share. The issue proceeds have been fully utilized for the purposes as stated in the Prospectus.

13. Pursuant to compliance of Accounting Standard (AS) -18 on Related Party disclosures, the relevant information is provided here below :

#### a) Related party where control exists

(i) Mr D.M. Sawhney, Chairman & Managing Director (Key Management person).

(ii) Wholly owned Subsidiaries  
Triveni Retail Ventures Limited (TRVL)

## Schedules to Accounts (Contd.)

13. (c) Details of transactions with the related parties during the 18 months period ended 30.09.2007 :

(Rs. in Million)

SRL No.	NATURE OF TRANSACTION	Group - A				Group - B				Group - C	Group - D			Group - E		TOTAL
		TRVL	APGL	UBPGL	TEL	TOFSL	ETS	TENL	CL	KMP	KMPR			KUL	TRST	
											RS	TS	NS			
1	Sales and Rendering Services	11.93 (9.49)	- (-)	- (-)	- (-)	0.13 (0.08)	0.09 (0.06)	0.09 (0.06)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	12.24 (9.69)
2	Purchases and Receiving Services	47.40 (3.60)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	47.40 (3.60)
3	Purchase of Fixed Assets	116.03 (36.53)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	116.03 (36.53)
4	Sale of Fixed Assets	- (1.79)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (1.79)
5	Rent Paid	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	0.82 (0.48)	- (-)	- (-)	- (-)	2.64 (2.28)	- (-)	3.46 (2.76)
6	Rent & Other Charges Recd.	1.72 (0.26)	- (-)	- (-)	- (-)	- (0.34)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	1.72 (0.60)
7	Amount Advanced / Refunded on expenses incurred (Net)	166.13 (31.72)	- (0.01)	- (0.03)	1.37 (-)	0.63 (0.98)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	168.13 (32.74)
8	Interest Received	4.94 (0.09)	0.00 (0.00)	0.00 (0.00)	0.11 (-)	- (2.19)	- (-)	- (-)	- (36.40)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	5.05 (38.68)
9	Interest Paid	- (-)	- (-)	- (-)	- (-)	- (-)	- (0.00)	0.14 (-)	- (-)	- (-)	0.03 (0.02)	- (-)	- (-)	- (-)	- (-)	0.17 (0.02)
10	Remuneration	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	40.34 (39.54)	- (-)	12.12 (4.51)	10.96 (2.91)	- (-)	- (-)	63.42 (46.96)
11	Investments Redemption of - Preference Share	- (-)	- (-)	- (-)	- (-)	- (86.59)	- (124.91)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (211.50)
12	Dividend on Preference Share	- (-)	- (-)	- (-)	- (-)	- (5.19)	- (7.50)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (12.69)
13	Investment in Shares	- (-)	- (-)	- (0.50)	0.50 (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	0.50 (0.50)
14	Surety Given	- (-)	- (-)	- (-)	- (-)	- (4.00)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (4.00)
15	Charity & Donations	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	8.20 (6.54)	8.20 (6.54)
16	Outstanding balances as on 30.09.2007															
	A. Receivable	144.97 (11.39)	0.06 (0.06)	0.04 (0.03)	1.45 (-)	0.23 (-)	0.03 (-)	0.03 (0.07)	- (-)	0.02 (0.02)	- (-)	- (-)	- (-)	- (0.90)	- (-)	146.83 (12.47)
	B. Payable	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (2.39)	- (-)	0.01 (0.05)	0.20 (0.20)	- (-)	0.01 (-)	- (-)	- (-)	0.22 (2.64)
	C. Guarantees/Surety Outstanding	0.10 (0.10)	- (-)	- (-)	- (-)	4.00 (4.00)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	4.10 (4.10)

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

## Schedules to Accounts (Contd.)

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

		2006-2007 (18 Months)	2005-2006 (12 Months)
1.	Net profit after tax as per Profit & Loss Account -Rs./Million	754.29	1,314.96
2.	No. of Equity Shares of Rs. 1/- during the year (weighted average)	25,78,80,150	22,36,33,575
3.	Earning per equity share of Rs. 1/- each Basic/Diluted (1)/(2)	2.92	5.88

**Note:** EPS for the current financial year is for 18 months and not annualized.

15. Information on Segment Reporting of the Group for the Eighteen Months period ended 30.09.2007

(Rs. in Million)

	Sugar		Steam Turbines		Power (Co-generation)		Other Operations		Eliminations		Total	
	30.09.07 (18M)	31.03.06 (12M)	30.09.07 (18M)	31.03.06 (12M)	30.09.07 (18M)	31.03.06 (12M)	30.09.07 (18M)	31.03.06 (12M)	30.09.07 (18M)	31.03.06 (12M)	30.09.07 (18M)	31.03.06 (12M)
<b>Revenue</b>												
External Sales	10999.98	8782.71	7276.87	2919.68	880.70	295.31	1373.02	705.26	-	-	20530.57	12702.96
Less : Excise Duty	807.08	527.11	620.77	222.44	-	-	180.37	76.42	(150.08)	(43.38)	1458.14	782.59
External Sales (Net)	10192.90	8255.60	6656.10	2697.24	880.70	295.31	1192.65	628.84			19072.43	11920.37
Inter-segment Sales	770.35	393.75	271.57	82.69	646.61	310.19	636.40	244.93	(2,324.93)	(1,031.56)	-	-
Other Income	30.23	20.39	19.69	13.00	0.64	0.02	5.70	3.87			56.26	37.28
<b>Total Revenue</b>	<b>10993.48</b>	<b>8669.74</b>	<b>6947.36</b>	<b>2792.93</b>	<b>1527.95</b>	<b>605.52</b>	<b>1834.75</b>	<b>877.64</b>			<b>19128.69</b>	<b>11957.65</b>
<b>RESULT</b>												
Segment result	(518.13)	1356.56	1538.86	418.44	497.40	164.75	287.40	90.74	(16.56)	(56.91)	1788.97	1973.58
Unallocated expenses (Net)											(278.81)	(153.90)
<b>Operating Profit</b>											<b>1510.16</b>	<b>1819.68</b>
Interest expense											(741.68)	(272.94)
Interest/Dividend Income											16.72	65.05
Income taxes (including deferred tax)											(30.91)	(296.83)
<b>Net Profit</b>											<b>754.29</b>	<b>1314.96</b>
<b>OTHER INFORMATION</b>												
Segment assets	13292.72	7563.73	2359.06	1303.92	2388.99	1916.46	2265.03	726.86			20305.80	11510.97
Unallocated assets											1722.60	864.32
<b>Total assets</b>											<b>22028.40</b>	<b>12375.29</b>
Segment liabilities	2263.04	979.58	1801.24	1211.82	68.69	46.15	451.66	167.49			4584.63	2405.04
Unallocated liabilities											10545.76	4677.51
<b>Total liabilities</b>											<b>15130.39</b>	<b>7082.55</b>
Capital expenditure	5267.86	2226.58	631.06	174.66	643.37	857.71	1210.97	40.36				
Depreciation	526.33	127.75	30.98	10.98	184.21	72.23	57.45	18.07				
Amortisation	30.64	26.34	13.91	20.30	-	-	3.38	3.29				



## Schedules to Accounts (Contd.)

### Notes :

- i) The Company's operation have been categorised into three major business segments in accordance with the Accounting Standard (AS-17) "Segment Reporting" - these constitute 91% (94%) of the total turnover of the Company. These segments are briefly described hereunder :
  - a) Sugar : The Company is a manufacturer of white crystal sugar, having an aggregate manufacturing Capacity of 61,000 TCD (Tonnes crushed per day) spread over seven manufacturing plants situated in Western UP and Eastern UP. Along with sale of bulk sugar, the Company also sells molasses which is produced as by product.
  - b) Steam Turbines : The Company is engaged in the manufacture of Steam Turbines at manufacturing facilities located at Bangalore, Karnataka.
  - c) Co-Generation : The business segment, apart from meeting some power and steam requirement of the sugar unit, also exports power to the grid. It has installed capacity of 68 MW spread over Khatauli and Deoband sugar mills.
- ii) The 'other operation' include distillery, mechanical equipments related to Water/Waste Water Treatment , manufacture of High Speed Gear and Trading of Branded Goods.
- iii) There are no geographical segments as the volume of exports is not significant and the major turnover of the group takes place indigenously. There is further no major reliance on few customers or suppliers.
- iv) Inter segment transfers have been priced based on competitive market prices charged to external customers for similar goods. These are then eliminated on consolidation.
- v) 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.

### 16) Amount paid/payable to Auditors

(a) Included under Office and other administration expenses in Schedule 21 :

(Rs. in Million)

	Statutory Auditors		Branch Auditors		Cost Auditors	
	2006-2007 (18M)	2005-2006 (12M)	2006-2007 (18M)	2005-2006 (12M)	2006-2007 (18M)	2005-2006 (12M)
Audit Fees	3.05	1.38	0.68	0.42	0.14	0.05
Fees for tax matters including tax audit	1.33	0.47	0.39	0.15	-	-
Management & Other Services	2.54	0.75	0.54	0.32	-	-
Reimbursement of Expenses	0.44	0.13	1.45	0.82		-
<b>TOTAL</b>	<b>7.36</b>	<b>2.73</b>	<b>3.06</b>	<b>1.71</b>	<b>0.14</b>	<b>0.05</b>

(b) Included under Share Issue Expenses (charged to Share Premium Account) Rs. Nil Million (Rs. 1.02 Million).

### 17. (a) Managing Director's Remuneration :

(Rs. in Million)

	2006-2007 (18 Months)	2005-2006 (12 Months)
Salary	22.86	12.03
Performance Bonus/Commission	12.00	23.50
Contribution to PF & Other Funds	2.51	1.62
Gratuity	0.51	0.31
Other Perquisites	2.46	2.08
<b>TOTAL</b>	<b>40.34</b>	<b>39.54</b>

## Schedules to Accounts (Contd.)

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

(Rs. in Million)

	2006-2007 (18 Months)	2005-2006 (12 Months)
Profit before Tax as per Profit & Loss Account	785.20	1611.79
Add		
Remuneration paid/payable to Managing Director & remuneration to other non-executive directors	40.34	39.54
Director's Fees & Commission	5.29	1.69
Loss on sale/write off fixed assets	8.29	2.88
	839.12	1,655.90
Less		
Profit on Sale of Investment	–	0.08
Net Profit as per section 198 of the Companies Act, 1956	839.12	1655.82
- Managing Director		
Maximum permissible remuneration to Managing Director under section 198 of the Companies Act, 1956 @ 5% of the profit computed above	41.96	82.79
Less: Already paid through monthly salary	28.34	16.00
Balance payable as Performance Bonus/Commission	13.62	66.79
Restricted to	12.00	10.00
- Non Executive directors		
Maximum permissible managerial remuneration to non-executive directors under section 198 of the Companies Act, 1956 @ 1% of net profit.	8.39	–
Restricted to	3.10	–

### 18. Derivative Instruments :

a) Derivative contracts entered into by the Company and outstanding as on 30th September, 2007

Sl. No.	Particulars	No. of Contracts		(Rs. in Million)	
		As on 30.09.2007	As on 31.03.2006	As on 30.09.2007	As on 31.03.2006
1	Forward Exchange Contracts	5	1	107.90	4.45
2	Currency cum Interest Rate Swaps	2		263.80	–
3	Options	15		452.20	–

The above contracts have been entered into by the Company to hedge the interest rate and currency risk associate.

The Company does not use these contracts for speculative purposes.

b) The year end foreign currency exposures that have not been hedged by a derivative instrument or otherwise are as under :

Amount Payable : Rs. 94.84 Million (Rs. 26.80 Million)

Amount Receivable : Rs. 130.81 Million (Rs.35.77 Million)

## Schedules to Accounts (Contd.)

19. The Company has changed the accounting policy with regard to accounting of expenses incurred during the off season period in respect of Co-Generation Units. Such expenses, which were being charged to revenue in previous year, are now being deferred and charged pro-rata over the succeeding season. Due to change in the accounting policy, the profit before tax for the year is higher by Rs. 62.64 Million.

20. The Company has accounted for MAT credit entitlement of Rs.119.79 Million in accordance with the guidelines issued by the Institute of Chartered Accountants of India. The Company is hopeful of earning sufficient taxable income in future to enable it to avail the benefit of MAT of Rs.119.79 Million.

21. a) The Company was held eligible under the UP Sugar Industry Promotion Policy, 2004 (Policy) vide State Government's letter dated 31.01.2007. The new State Government has terminated the Policy with effect from June 4, 2007 and has expressed its intent to introduce another policy. The Company has been legally advised that since it has acted on the old Policy, complied with all its terms and invested huge amounts, it continues to be entitled to all the benefits under the said Policy.

In accordance with terms of the Policy, the Company has accounted for capital subsidy of Rs. 1,047.00 Million in respect of which it has filed claims with the Government. Additionally, the Company has also accounted for incentives (reimbursable from the Government) to the extent of Rs.93.24 Million which have been netted from the costs and availed remission of Rs.53.51 Million. These incentives have also been considered for sugar unit at Milak Narainpur which was not specifically notified to the revenue departments as being eligible for subsidy.

b) The financial statements include buffer stock subsidy of Rs.38.63 Million (Previous year Rs. Nil) payable by the Central Government towards reimbursement of certain expenses and has been netted from the related expenses.

22. The Company has incurred an expenditure of Rs.21.99 Million (Previous Year – Rs.12.79 Million) in respect of Research and Development activities in respect of its turbine unit and such expenditure has been expensed under various heads. Additionally, the Company has also incurred cane development expenditure of Rs.68.86 Million (Previous Year – Rs.36.81 Million) in respect of its sugar units.

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

(Rs. in Million)

Name of the banks	Balance as on 30.09.07	Maximum outstanding at any time during the year	Balance as on 31.03.06	Maximum outstanding at any time during the year
Zila Sahakari Bank Ltd	1.27	7.06	1.16	1.15
District Co-operative Bank	1.43	48.57	12.53	24.25
Prathma Bank	3.92	120.10	-	-

## Schedules to Accounts (Contd.)

### 24. Statement of additional information

(Rs. in Million)

	2006-2007 (18 Months)	2005-2006 (12 Months)
<b>a) Value of imports on CIF basis :</b>		
Raw Materials	350.39	149.31
Components & spare parts	4.53	0.32
Capital Goods (includes advance against Capital Goods Rs.Nil (Rs.Nil))	254.56	-
<b>b) Expenditure in foreign currency</b>		
i) Travelling	18.35	8.80
ii) Royalty	21.05	8.17
iii) Technical know-how	0.44	3.56
iv) Others	171.64	8.75
v) Dividend to NRIs		
<b>Preference Dividend on Preference Shares</b>		
Amount remitted Rs. Nil (Rs. 0.02 Lacs)	-	-
No. of shareholders	-	39
No. of shares held	-	2719
Year for Dividend Paid	2006-07	2005-06
vi) Redemption of Preference Shares to NRI		
Amount remitted	-	0.06
No. of shareholders	-	39
No. of shares held	-	2719
Year for Redemption		2005-06
<b>c) Earnings in foreign exchange :</b>		
Exports of goods on F.O.B. basis	489.07	189.57
Service Charges	21.88	9.19
Others (Carbon Credit)	112.80	-

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

	2006-2007 (18 Months)		2005-2006 (12 Months)	
	(Rs. in Million)	%	(Rs. in Million)	%
i) Raw Material				
- Directly imported	370.12	2.78%	149.21	2.00%
- Indigenous	12,955.32	97.22%	7,344.09	98.00%
<b>Total</b>	<b>13,325.44</b>	<b>100.00%</b>	<b>7,493.30</b>	<b>100.00%</b>

## Schedules to Accounts (Contd.)

	2006-2007 (18 Months)		2005-2006 (12 Months)	
	(Rs. in Million)	%	(Rs. in Million)	%
ii) Spare Parts				
- Directly imported	5.43	1.54%	0.32	0.20%
- Indigenous	346.38	98.46%	161.04	99.80%
<b>Total</b>	<b>351.81</b>	<b>100.00%</b>	<b>161.36</b>	<b>100.00%</b>

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

Class of Goods	Units	Licensed Capacity		Installed Capacity *1		Actual Production *2	
		2006-2007 (18 Months)	2005-2006 (12 Months)	2006-2007 (18 Months)	2005-2006 (12 Months)	2006-2007 (18 Months)	2005-2006 (12 Months)
Sugar	MT	NA	NA	61,000 TCD	40,500 TCD	622,713.40	382,131.20
Molasses	MT	NA	NA	NA	NA	342,784.69	207,286.09
Steam Turbines	MW	NA	NA	1000	660	907	425
High Speed Reduction Gears	Nos.	NA	NA	450	450	528	313
Mechanical Equipment - Water/Waste Water *3	Rs.in Million	NA	NA	NA	NA	404.75	142.52
Rectified Spirit+ Special - Denatured Spirit	KL	NA	NA	} 160 KLPD	--	12,779.13	--
Extra Neutral Alcohol	KL	NA	NA		--	1,340.67	--
Technical Alcohol	KL	NA	NA		--	158.85	--
Power (Cogeneration Plant)	000'KWH	NA	NA	68 MW	45 MW	376,783.50	145,964.45

\* On annualised basis.

\*1 As certified by officials of the Company.

\*2 Includes capital/captive production.

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

N.A. - Not Applicable

TCD - Metric Tons of cane crushed per day.

MT - Metric Tons

KWH - Kilo Watt per hour

MW - Mega Watt

KL - Kilo Litre

KLPD- Kilo Litre per day

## Schedules to Accounts (Contd.)

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

#### i) Manufactured Goods

Class of Goods	Units	Year	Opening Stock		Closing Stock		Sales (Gross)	
			Qty	Value (Rs. in Million)	Qty	Value (Rs. in Million)	Qty	Value (Rs. in Million)
		2006-07 ^ 2005-06 \$						
Sugar *1	MT	2006-07 2005-06	173,477.70 252,934.50	2,833.17 3,394.20	186,583.90 173,477.70	2,685.87 2,833.17	609,226.80 461,533.80	10,020.32 8,264.46
Molasses *2	MT	2006-07 2005-06	58,166.32 52,206.44	190.00 209.10	27,245.16 58,166.32	56.60 190.00	339,939.01 200,990.49	985.05 632.86
Steam Turbines *3	MW	2006-07 2005-06	- -	- -	- -	- -	877 416	4,479.60 1,645.40
High Speed Reduction Gears *3	Nos	2006-07 2005-06	- -	- -	- -	- -	343 210	519.58 241.95
Mechanical Equipment - Water/Waste Water	Rs. in Million	2006-07 2005-06	- -	- -	- -	- -	- -	404.75 142.52
Alcohol -Rectified Spirit + SDS*4 -ENA*5 -TA*6	KL	2006-07	- - -	- - -	1,077.67 798.44 158.48	14.00 11.21 2.40	11,671.00 540.00 -	196.94 10.08 -
Power *3 (Cogeneration Plant)	000' KWH	2006-07 2005-06	345.35 -	0.65 -	1,385.31 345.35	2.89 0.65	263,024.56 103,145.45	767.90 295.31
Boughtout, Spares & others *7	Rs. in Million	2006-07 2005-06	- -	2.78 14.94	- -	22.97 2.78	- -	2,956.93 1,332.16
<b>Total</b>		<b>2006-07</b>		<b>3,026.60</b>		<b>2,795.94</b>		<b>20,341.15</b>
		<b>2005-06</b>		<b>3,618.24</b>		<b>3,026.60</b>		<b>12,554.66</b>

\*1 Closing stock of sugar is after adjusting 380.40 MT (54.20 MT) on account of reprocessing loss.

\*2 Closing stock of molasses is after adjusting wastage 5845.93 MT (335.73 MT).

\*2 Excludes 27920.91 MT for captive consumption.

\*3 Excludes 30 MW (9 MW) Steam Turbine ,185 (103) High Speed Reduction Gears & 112718.98 000' KWH (42473.654 000' KWH) Power for captive consumption.

\*4 Wastage of 30.46 KL (net of denature added of 9.23 KL)

\*5 Wastage of 2.22 KL

\*6 Wastage of 0.38 KL

\*7 Product being diverse, is not feasible to give quantitative details.

## Schedules to Accounts (Contd.)

### ii) Trading Goods

Class of Goods	Units	Year	Opening Stock		Purchases		Closing Stock		Sales (Gross)	
			Qty	Value (Rs. in Million)	Qty	Value (Rs. in Million)	Qty	Value (Rs. in Million)	Qty	Value (Rs. in Million)
Sugar	MT	2006-07 ^	750.00	14.97	2,090.00	41.72	-	-	2,840.00	48.52
		2005-06 \$	-	-	750.00	14.97	750.00	14.97	-	-
Fertilizers	MT	2006-07	-	-	-	-	-	-	-	-
		2005-06	11,628.00	3.34	363,259.00	103.53	-	-	374,887.00	109.12
Pesticides	MT	2006-07	-	-	-	-	-	-	-	-
		2005-06	23,697.00	2.18	71,122.00	5.90	-	-	94,819.00	10.65
Others	Nos	2006-07	-	1.25	-	27.63	-	1.93	-	28.10
		2005-06	-	1.03	-	13.61	-	1.25	-	28.53
<b>Total</b>		2006-07		<b>16.22</b>		<b>69.35</b>		<b>1.93</b>		<b>76.62</b>
		2005-06		<b>6.55</b>		<b>138.00</b>		<b>16.22</b>		<b>148.30</b>

^ 18 Months ending 30.09.2007

\$ 12 Months Ending 31.03.2006

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

Class of Goods	Unit	2006-2007 (18 Moths)		2005-2006 (12 Months)	
		Qty.	(Rs.in Million)	Qty.	(Rs. in Million)
Sugar Cane*1	MT	6,315,852	8,517.09	3,937,852	5,268.34
Raw Sugar	MT	-	-	288,954	60.71
Bought outs *2		-	3,829.31		1,504.04
Others *2			979.04		660.21
<b>Total</b>			<b>13,325.44</b>		<b>7,493.30</b>

\*1 The above value does not includes Rs.429.62 Million being Trial run raw material cost capitalised.

\*2 Quantitative data has not been furnished as purchases are made in different Units i.e. weight, number etc.

## Schedules to Accounts (Contd.)

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

26. The Company has extended the financial year under Section 210 of the Companies Act, 1956 by six months upto 30th September, 2007. The Profit & Loss Account has been prepared for the period 1st April, 2006 to 30th September, 2007. Accordingly the figures for the current year are not comparable with those of the previous year.

27. Schedule '1' to '28' form an integral part of the Balance Sheet and Profit & Loss Account

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Place : Noida (U.P.)  
Date : November 14, 2007

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

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

**V. P. Ghuliani**  
Vice President (Legal) &  
Company Secretary

**Suresh Taneja**  
Vice President &  
C.F.O.



# Cash Flow Statement

(Rs. in Million)

For the period ended	30.9.2007 (18 Months)	31.3.2006 (12 Months)
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit Before Tax	785.20	1,611.79
Add : Depreciation	812.75	236.63
: Amortisation		
-- Machinery Lease Rentals	20.77	13.30
-- Intangible Assets	17.74	16.23
-- Miscellaneous Expenditure	11.37	22.34
: Share Issue Expenses	0.94	-
Less : Incomes/Expenses treated separately		
Dividend Income	5.76	22.07
Profit/(Loss) on sale / written off of Fixed Assets	(8.29)	(2.88)
Profit on sale of Investments	-	0.08
Interest Expenses	(741.68)	(272.94)
Interest Income	10.96	42.98
Deferred Revenue Expenditure Incurred	24.14	3.20
<b>Operating Profit before Working Capital changes</b>	<b>2357.88</b>	<b>2,107.78</b>
<b>Changes in Working Capital</b>		
Changes in Inventories	(147.12)	302.71
Changes in Receivables	60.66	(336.95)
Changes in Other Current Assets	(112.80)	-
Changes in Other Trade Receivables	(1,320.62)	(184.06)
Changes in Current Liabilities	2186.81	181.44
Direct Taxes Paid (Net) including wealth tax	(145.86)	(264.43)
<b>Net Changes in Working Capital</b>	<b>521.07</b>	<b>(301.29)</b>
<b>Cash Flow from operating activities</b>	<b>2,878.95</b>	<b>1,806.49</b>
<b>B. CASH FLOW FROM INVESTMENT ACTIVITIES</b>		
Purchase of Fixed/Intangible Assets	(7,767.05)	(3,445.64)
Sale of Fixed/Intangible Assets	12.33	12.49
Purchase of Investments	(0.50)	(0.50)
-- Subsidiary Company		
-- Others	(1,479.12)	(2,259.28)
Sale / Redemption of Investments	1,390.00	2,470.98
Changes in Loans & Advances	0.00	32.56
Interest Income	16.13	49.22
Dividend Income	5.76	22.07
<b>Net Cash Flow in Investment Activities</b>	<b>(7822.45)</b>	<b>(3,118.10)</b>

# Cash Flow Statement (Contd.)

(Rs. in Million)

For the period ended	30.9.2007 (18 Months)	31.3.2006 (12 Months)
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from Public Issue	-	2,400.00
Share Issue Expenses	(0.94)	(160.21)
Increase in Short Term Borrowings (Net)	378.27	122.32
Increase in Long Term Borrowings (Net)	4,800.48	544.39
Increase / Decrease in Cash Credit	811.36	(1,146.07)
Interest Paid	(747.99)	(273.34)
Machinery Lease Rentals	2.16	0.43
Redemption of Preference Shares (including premium)	(0.55)	(79.17)
Dividend Paid (Including Tax on Distributed Profit)	(295.41)	(65.95)
<b>Net Cash Flow used in Financing Activities</b>	<b>4,947.38</b>	<b>1,342.40</b>
<b>Net Increase/Decrease in Cash &amp; Cash Equivalents</b>	<b>3.88</b>	<b>30.79</b>
<b>Opening Cash &amp; Cash Equivalents *</b>	<b>222.42</b>	<b>191.63</b>
<b>Closing Cash &amp; Cash Equivalents *</b>	<b>226.30</b>	<b>222.42</b>

\* Excludes balances with banks on margin account.

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

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

**Sudhir Mallick**  
 Partner

Place : Noida (U.P.)  
 Date : November 14, 2007

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

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

**V. P. Ghuliani**  
 Vice President (Legal) &  
 Company Secretary

**Suresh Taneja**  
 Vice President &  
 C.F.O.

# Balance Sheet Abstract

Balance Sheet Abstract and Company's General Business Profile

## I. Registration Details

Registration No.

State Code

Balance Sheet Date     
Date Month Year

## II. Capital Raised during the year (Rs. in Million)

Public Issue

Rights Issue

Bonus Issue

Private Placement

## III. Position of Mobilisation and Deployment of Funds (Rs. in Million)

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 Company (Rs. in Million)

Turnover  
(Incl. 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. (ITC Code)

N. A.

Product Description

MANUFACTURE OF SUGAR

CO-GENERATION

MANUFACTURE OF STEAM TURBINE

# Auditors' Report

To  
The Board of Directors of  
Triveni Engineering & Industries Limited

We have examined the attached Consolidated Balance Sheet of Triveni Engineering & Industries Limited and its Subsidiaries and Associates as at 30<sup>th</sup> September 2007 and also the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the Eighteen Months period ended on that date, both annexed thereto. These financial statements are the responsibility of Triveni Engineering & Industries Limited management and have been prepared by the management on the basis of separate audited financial statements and other financial information for the year ended 31<sup>st</sup> March, 2007 related to its subsidiaries and associates and unaudited financial statement of the subsidiaries for six months period ended 30<sup>th</sup> September 2007. Our responsibility is to express an opinion on these financial statement 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 subsidiaries, Abohar Power Generation Ltd and Upper Bari Power Generation Ltd which have been audited by the other auditors and whose reports have been forwarded to us and considered by us in preparing our report and our opinion, in so far as it relates to the amounts included in respect of these subsidiaries is based solely on the reports of the other auditors.

We did not audit the financial statements of Indian Associates TOFSL Trading & Investments Ltd, Carvansera Limited and Triveni Entertainment Limited which have been audited by other auditors and whose reports have been furnished to us, and our opinion, in so far as it relates to the amounts included in respect of these associates is based solely on the reports of the other auditors.

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 statement and on the basis of the separate audited financial statements of the Company for the eighteen months ended 30<sup>th</sup> September 2007 and its subsidiaries and associates for the year ended 31<sup>st</sup> March 2007 and unaudited results of the subsidiaries for the six months ended 30<sup>th</sup> September 2007 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, in our opinion, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India;

- (a) in the case of the Consolidated Balance Sheet, of the consolidated state of affairs of the Company and its subsidiaries as at 30<sup>th</sup> September 2007, and its interest in associates as at 31<sup>st</sup> March, 2007;
- (b) in the case of the Consolidated Profit and Loss Account, of the consolidated results of operations of the Company and its subsidiaries for the eighteen months ended 30<sup>th</sup> September 2007, and its interest in associates for the twelve months ended 31<sup>st</sup> March 2007 and
- (c) in the case of the Consolidated Cash Flow Statement, of the consolidated cash flows of the Company and its subsidiaries for the eighteen months ended 30<sup>th</sup> September 2007, and its interest in associates for the twelve months ended 31<sup>st</sup> March 2007.

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

**Sudhir Mallick**

Partner

Membership No.80051

Place : Noida (U.P.)

Date : November 14, 2007

Consolidated Financial Statements of Triveni Engineering & Industries Limited and its Subsidiary Companies  
**Consolidated Balance Sheet**

(Rs. in Million)

As at	30.09.2007 (18 Months)	31.03.2006 (12 Months)
<b>SOURCES OF FUNDS</b>		
<b>Shareholders' Funds</b>		
Share Capital	257.88	257.88
Reserves & Surplus	6,818.64	5,265.87
	<u>7,076.52</u>	<u>5,523.75</u>
<b>Loan Funds</b>		
Secured Loans	9,312.33	3,697.95
Unsecured Loans	704.23	328.09
	<u>10,016.56</u>	<u>4,026.04</u>
Deferred Tax Liability (Net)	402.30	443.06
<b>Total Funds Employed</b>	<b><u>17,495.38</u></b>	<b><u>9,992.85</u></b>
<b>APPLICATION OF FUNDS</b>		
<b>Fixed Assets</b>		
Gross Block	14,838.30	6,872.94
Less : Depreciation	2,192.26	1,398.01
Net Block	<u>12,646.04</u>	<u>5,474.93</u>
Capital Work-in-Progress	211.07	467.42
Intangible Assets	34.18	22.02
Discarded Fixed Assets Pending Disposal/Sale	1.08	0.19
Plant & Machinery acquired under Lease	179.17	202.10
Goodwill	0.01	0.01
	<u>13,071.55</u>	<u>6,166.67</u>
<b>Long Term Investments</b>		
In Associates		
- Equity Shares at original cost (including Rs.5.19 Million (Previous Year	14.35	
Rs.5.19 Million) of Goodwill (Net of Capital Reserve) arising on		
acquisition of associates as per equity method)		
Add/(Less) : Accumulated Income/(Loss) from Associates	<u>227.51</u>	241.86
Others		89.40
		<u>331.26</u>
		<u>244.72</u>
<b>Current Assets, Loans And Advances</b>		
Inventories	4,254.22	4,061.77
Sundry Debtors	940.71	995.33
Cash and Bank Balances	265.51	264.95
Other Current Assets	116.49	2.76
Loans and Advances	<u>3,208.41</u>	<u>873.13</u>
	8,785.34	6,197.94
<b>Less : Current Liabilities And Provisions</b>		
Liabilities	4,199.59	2,111.10
Provisions	<u>515.59</u>	<u>515.04</u>
	<u>4,715.18</u>	<u>2,626.14</u>
Net Current Assets	4,070.16	3,571.80
<b>Miscellaneous Expenditure</b>	<u>22.41</u>	<u>9.66</u>
<b>Total Assets (Net)</b>	<b><u>17,495.38</u></b>	<b><u>9,992.85</u></b>

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

**Sudhir Mallick**  
Partner  
Place : Noida (U.P.)  
Date : November 14, 2007

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

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

**V. P. Ghuliani**  
Vice President (Legal) &  
Company Secretary

**Suresh Taneja**  
Vice President &  
C.F.O.

## Consolidated Financial Statements of Triveni Engineering & Industries Limited and Its Subsidiary Companies

### Consolidated Profit and Loss Account

	(Rs. in Million)	
For the period ended	30.09.2007 (18 Months)	31.03.2006 (12 Months)
<b>INCOME</b>	-	-
Gross Sales	20,622.94	12,702.41
Less : Excise Duty	1,458.14	782.59
	19,164.80	11,919.82
Carbon Credit Held For Trading	112.80	-
Net Sales	19,277.60	11,919.82
Other Income	61.70	62.82
Increase/Decrease in Work-in-Progress/Finished Goods	(166.59)	(422.98)
Income from Associates	-	240.83
	19,172.71	11,800.49
<b>EXPENDITURE</b>		
Materials	13,656.42	7,620.70
Manufacturing/Operating	1,287.68	614.70
Personnel	1,370.77	678.05
Administration	794.76	357.56
Financing	735.54	230.02
Selling	381.43	157.68
Depreciation	815.31	236.49
Amortisation	51.72	51.95
Off-season Expenses charged/deferred (Net)	(656.54)	6.59
Loss from Associates	2.58	-
	18,439.67	9,953.74
<b>Profit before Exceptional Items &amp; Taxation</b>	733.04	1,846.75
Exceptional Items	21.40	-
<b>Profit before Taxation</b>	711.64	1,846.75
Provision for Taxation	30.72	298.11
<b>Profit after Taxation</b>	680.92	1,548.64
Surplus Brought Forward	301.76	71.80
<b>AVAILABLE FOR APPROPRIATION</b>	<b>982.68</b>	<b>1,620.44</b>
<b>APPROPRIATIONS</b>		
Dividend Adjustment of Previous Year	0.01	-
Tax on Distributed Profits (Earlier Years) (Current Period Rs. 818)	-	0.52
Interim Dividend Paid - Equity Shares	128.95	-
Tax on Distributed Profits of Equity Shares	19.23	-
Final Dividend Proposed on Equity Shares	25.79	128.94
Provision for Tax on Dividend on Equity Shares	4.38	18.08
Transfer to Molasses Storage Fund Reserve	2.07	1.27
Transfer to Capital Redemption Reserve	-	19.87
Transfer to General Reserve	560.00	1,150.00
Surplus Carried Forward	242.25	301.76
	<b>982.68</b>	<b>1,620.44</b>
Earning per equity share of Rs.1/- each - Basic/Diluted (Not Annualised)	2.64	6.92

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

**Sudhir Mallick**

Partner  
Place : Noida (U.P.)  
Date : November 14, 2007

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

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

**V. P. Ghuliani**  
Vice President (Legal) &  
Company Secretary

**Suresh Taneja**  
Vice President &  
C.F.O.

Consolidated Financial Statements of Triveni Engineering & Industries Limited and its Subsidiary Companies

**Consolidated Cash Flow Statement**

(Rs. in Million)

For the period ended	30.9.2007 (18 Months)	31.3.2006 (12 Months)
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before Tax	711.64	1,846.75
Add : Depreciation	815.32	236.83
: Amortisation		
– Machinery Lease Rentals	20.77	13.30
– Intangible Assets	18.92	16.92
– Miscellaneous Expenditure	12.76	22.35
: Share Issue Expenses	0.94	-
Less : Incomes/(Losses) from Associates	(2.58)	240.83
Less : Incomes/Expenses treated separately		
Dividend Income	5.76	22.07
Profit/(Loss) on sale of assets	(8.29)	(2.88)
Profit on sale of Investments	-	0.08
Interest Expenses	(741.85)	(272.94)
Interest Income	6.00	42.92
Deferred Revenue Expenditure Incurred	25.51	3.23
<b>Operating Profit before Working Capital changes</b>	<b>2,295.80</b>	<b>2,102.84</b>
<b>Changes in Working Capital</b>		
Changes in Inventories	(192.45)	292.81
Changes in Receivables	60.09	(321.70)
Changes in Other Current Assets	(112.80)	-
Changes in Other Trade Receivables	(1,176.04)	(186.90)
Changes in Current Liabilities	2,172.13	184.32
Direct Taxes Paid (Net) including wealth tax	(146.29)	(264.53)
<b>Net Changes in Working Capital</b>	<b>604.64</b>	<b>(296.00)</b>
<b>Cash Flow from operating activities</b>	<b>2,900.44</b>	<b>1,806.84</b>
<b>B. CASH FLOW FROM INVESTMENT ACTIVITIES</b>		
Purchase of Fixed/Intangible Assets	(7,779.45)	(3,441.26)
Sale of Fixed/Intangible Assets	12.33	12.49
Purchase of Investments – Others	(1,479.12)	(2,259.28)
Sale / Redemption of Investments	1,390.00	2,471.01
Changes in Loans & Advances	-	32.46
Interest Income	11.02	49.16
Dividend Income	5.76	22.07
<b>Net Cash Flow in Investment Activities</b>	<b>(7,839.46)</b>	<b>(3,113.35)</b>

## Consolidated Cash Flow Statement (Contd.)

(Rs. in Million)

For the period ended	30.9.2007 (18 Months)	31.3.2006 (12 Months)
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from Public Issue	-	2,400.00
Share Issue expenses	(0.94)	(160.21)
Increase/Decrease in Short Term Borrowings (Net)	378.27	122.45
Increase/Decrease in Long Term Borrowings (Net)	4,801.50	544.39
Increase/Decrease in Cash Credit	811.36	(1,146.07)
Interest Paid	(748.05)	(273.34)
Machinery Lease Rentals	2.16	0.43
Redemption of Preference Shares (including premium)	(0.55)	(79.17)
Dividend Paid (Including Tax on Distributed Profit)	(295.41)	(65.95)
<b>Net Cash Flow used in Financing Activities</b>	<b>4,948.34</b>	<b>1,342.53</b>
<b>Net Increase in Cash &amp; Cash Equivalents</b>	<b>9.32</b>	<b>36.02</b>
Opening Cash & Cash Equivalents *	228.18	192.16
<b>Closing Cash &amp; Cash Equivalents *</b>	<b>237.50</b>	<b>228.18</b>

\* Excludes balances with banks on margin account.

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

**Sudhir Mallick**  
 Partner

Place : Noida (U.P.)  
 Date : November 14, 2007

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

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

**V. P. Ghuliani**  
 Vice President (Legal) &  
 Company Secretary

**Suresh Taneja**  
 Vice President &  
 C.F.O.



## 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 have been prepared in accordance with Accounting Standard (AS) – 21 on Consolidated Financial Statements, Accounting Standard (AS) – 23 on Accounting for Investments in Associates and Accounting Standard (AS) – 3 on Cash Flow Statements.
- (b) The consolidated financial statements comprise the financial statements of Triveni Engineering & Industries Ltd. (Holding Company) incorporated in India, its 100% subsidiaries Triveni Retail Ventures Ltd., Abohar Power Generation Ltd, Upper Bari Power Generation Ltd and Triveni Engineering Ltd, all incorporated in India. As the financial year of the aforesaid subsidiaries ends on 31<sup>st</sup> March of each year, the consolidated financial statements incorporate the audited financial statements for the year ended March 31, 2007 and the unaudited financial statements for the six months period ended September 30, 2007, for each of the aforementioned subsidiaries. The consolidated financial statements also incorporate proportionate accumulated income/(expenses) of Associates TOFSL Trading & Investments Ltd, The Engineering & Technical Services Ltd, Triveni Entertainment Ltd and Carvanserai Ltd., based on their respective audited financial statements for the year ended March 31, 2007.
- (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 (AS) – 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.

- The contingent liabilities of the group are predominantly that of the parent Company. There are no contingent liabilities of the subsidiaries. The group, besides the contingent liabilities of the parent, is also contingently liable for Rs.1.42 Million (Rs.0.38 Million) in respect of Associates, pro-rata to the investments in Associates, excluding the cases where the amount is not quantifiable.
- The Company has changed the accounting policy with regard to accounting of expenses incurred during the off season period in respect of Co-Generation Units. Such expenses, which were being charged to revenue in previous year, are now being deferred and charged pro-rata over the succeeding season. Due to change in the accounting policy, the profit before tax for the year is higher by Rs.62.64 Million.

4. Pursuant to compliance of Accounting Standard (AS) – 20 on Earning per Share, the relevant information is provided here below:

	2006-2007 (18 Months)	2005-2006 (12 Months)
1. Net Profit after tax and Preference Dividend (Rs. in Million)	680.92	1548.64
2. No. of Equity Shares of Rs. 1/- during the year (weighted average)	25,78,80,150	22,36,33,575
3. Earning per equity share of Rs. 1/- each Basic/Diluted (1)/(2)	2.64	6.92

## Notes to the Consolidated Financial Statements (Contd.)

### 5. Segment Reporting

#### (a) Segment accounting policies

Segment accounting policies are in line with the accounting policies of the Company. In addition, the following specific accounting policies have been followed for segment reporting.

- i) Segment revenue includes sales and other income directly identifiable with/allocable to the segment including inter-segment revenue.
- ii) Expenses that are directly identifiable with/allocable to segments are considered for determining the segment result. Expenses net of expenses and income which relate to the Company as a whole and not allocable to segments are included under "Unallocated Expenditure".
- iii) Segment result includes margins on inter-segment capital jobs, which are reduced in arriving at the profit before tax of the Company.
- iv) Segment assets and liabilities include those directly identifiable with the respective segments. Unallocable corporate assets and liabilities represent the assets and liabilities that relate to the Company as a whole and not allocable to any segment.

(b) Pursuant to compliance of Accounting Standard (AS)-17 regarding Segment Reporting the relevant information is provided here below:

(Rs. in Million)

	Sugar		Steam Turbines		Power (Co-generation)		Other Operations		Eliminations		Consolidated Total	
	30.9.07	31.3.06	30.9.07	31.3.06	30.9.07	31.3.06	30.9.07	31.3.06	30.9.07	31.3.06	30.9.07	31.3.06
	18M	12M	18M	12M	18M	12M	18M	12M	18M	12M	18M	12M
<b>Revenue</b>												
External Sales	10993.44	8773.79	7276.87	2919.68	880.70	295.31	1584.73	713.63			20735.74	12702.41
Less : Excise Duty	807.08	527.11	620.77	222.44			180.37	76.42	(150.08)	(43.38)	1458.14	782.59
External Sales (Net)	10186.36	8246.68	6656.10	2697.24	880.70	295.31	1404.36	637.21			19277.60	11919.82
Inter-segment Sales	776.89	402.67	271.57	82.69	646.61	310.19	805.22	281.16	(2500.29)	(1076.71)	-	-
Income/(Loss) from Associates	-	-	-	-	-	-	-	-	-	-	(2.58)	240.83
Other Income	29.83	21.59	19.69	13.00	0.64	0.02	5.40	1.84			55.56	36.45
Total Revenue	10993.08	8670.94	6947.36	2792.93	1527.95	605.52	2214.98	920.21			19330.58	12197.10
<b>Result</b>												
Segment result	(518.12)	1356.56	1538.86	418.44	497.40	164.75	234.67	93.02	(30.00)	(65.00)	1722.81	1967.77
Unallocated expenses (Net)											(281.39)	86.93
Operating profit											1441.42	2054.70
Interest expense											(741.54)	(272.94)
Interest/Dividend Income											11.76	64.99
Income taxes (including deferred tax)											(30.72)	(298.11)
Profit from ordinary activities											680.92	1548.64
Extraordinary charge :												
Consolidated Financial Statements	-	-	-	-	-	-	-	-	-	-		
Net profit											680.92	1548.64
<b>Other Information</b>												
Segment assets	13292.72	7551.59	2359.06	1303.92	2388.99	1916.46	2361.85	717.25			20402.63	11489.22
Unallocated assets											1785.53	1120.11
Total assets											22188.16	12609.33
Segment liabilities	2263.04	979.58	1801.24	1211.83	68.69	46.15	458.16	180.22			4591.13	2417.78
Unallocated liabilities											10542.92	4677.46
Total liabilities											15134.05	7095.24
Capital expenditure	5267.86	2226.58	631.06	174.66	643.37	857.71	1236.81	44.57				
Depreciation	526.33	127.75	30.98	10.98	184.21	72.23	59.94	18.18				
Amortisation	30.64	26.34	13.91	20.30	-	-	5.23	3.36				

## Notes to the Consolidated Financial Statements (Contd.)

### Notes:

- (j) The Group's operations have been categorised into three major business segments in accordance with the Accounting Standard (AS) -17 "Segment Reporting" - these constitute 89.72% (93.69%) of the total turnover of the group. These segments are briefly described hereunder:
- a) Sugar: The Group is a manufacturer of white crystal sugar, having an aggregate manufacturing capacity of 61,000 TCD (Tonnes crushed per day) spread over seven manufacturing plants situated in Western UP and Eastern UP. Along with sale of bulk sugar, the Company also sells molasses which is produced as by-product.
  - b) Steam Turbines: The Group is engaged in the manufacture of Steam turbines at manufacturing facilities located at Bangalore, Karnataka.
  - c) Co-generation : The business segment, apart from meeting some power and steam requirement of the sugar unit, also exports power to the grid. It has installed capacity of 68 MW spread over Khatauli and Deoband sugar mills.
- ii) The 'Other operation' include distillery, mechanical equipments related to Water/Waste Water Treatment, manufacture of High Speed Gear, Trading of Branded Goods and Agri-Retail services specialized technological products and services which are pursued by Triveni Retail Ventures Limited, a wholly owned subsidiary. Other subsidiaries Abohar Power Generation Limited, Upper Bari Power Generation Limited and Triveni Engineering Limited have not yet commenced business.
- iii) There are no geographical segments as the volume of exports is not significant and the major turnover of the group takes place indigenously. There is further no major reliance on few customers or suppliers.
- iv) Inter segment transfers have been priced based on competitive market prices charged to external customers for similar goods. These are then eliminated on consolidation.
- v) 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.
6. Pursuant to compliance of Accounting Standard (AS) – 18 on Related Party disclosures, the relevant information is provided here below :
- a) Related party where control exists:
    - Mr. D.M. Sawhney, Chairman & Managing Director (Key Management Person).
  - b) The details of related parties with whom transactions have taken place during the year :
    - i) Associates (Group A):
      - TOFSL Trading & Investments Limited (TOFSL)
      - The Engineering & Technical Services Limited (ETS)
      - Triveni Entertainment Limited (TENL)
      - Carvanserai Limited (CL)
    - ii) Key Management Person (Group B) (KMP)
      - Mr D M Sawhney, Chairman & Managing Director
    - iii) Key Management Person Relatives (Group C) (KMPR)
      - Mrs Rati Sawhney (Wife) (RS)
      - Mr Tarun Sawhney (Son) (TS)
      - Mr Nikhil Sawhney (Son) (NS)
    - iv) Companies/Parties in which key management person or his relatives have substantial interest/significant influence (Group D)
      - Kameni Upaskar Limited (KUL)
      - Tirath Ram Shah Charitable Trust (TRSCCT)

## Notes to the Consolidated Financial Statements (Contd.)

6. c) Details of transactions with the related parties during the 18 months period ended 30.09.2007 :

(Rs. in Million)

SRL. No.	NATURE OF TRANSACTION	Group - A				Group - B	Group - C			Group - D		TOTAL
		TOFSL	ETS	TENL	CL	KMP	KMPR			KUL	TRSC	
							RS	TS	NS			
1	Sales and Rendering Services	0.13 (0.08)	0.09 (0.06)	0.09 (0.06)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	0.31 (0.20)
2	Rent Paid	- (-)	- (-)	- (-)	- (-)	0.82 (0.48)	- (-)	- (-)	- (-)	2.64 (2.28)	- (-)	3.46 (2.76)
3	Rent & Other Charges Recd.	- (0.34)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (0.34)
4	Amount Advanced/Refunded on expenses incurred (Net)	0.63 (0.98)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	0.63 (0.98)
5	Interest Received	- (2.19)	- (-)	- (-)	- (36.40)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (38.59)
6	Interest Paid	- (-)	- (0.00)	0.14 (-)	- (-)	- (-)	0.03 (0.02)	- (-)	- (-)	- (-)	- (-)	0.17 (0.02)
7	Remuneration	- (-)	- (-)	- (-)	- (-)	40.33 (39.54)	- (-)	12.12 (4.51)	10.96 (2.91)	- (-)	- (-)	63.41 (46.96)
8	Investments Redemption of - Preference Share	- (86.58)	- (124.92)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (211.50)
9	Dividend on Preference Share	- (5.20)	- (7.49)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (12.69)
10	Surety Given	- (4.00)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (4.00)
11	Charity & Donations	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	8.20 (6.54)	8.20 (6.54)
12	Outstanding balances as on 30.09.07											
	A Receivable	0.23 (-)	0.03 (-)	0.03 (0.07)	- (-)	0.02 (0.02)	- (-)	- (-)	- (-)	- (0.90)	- (-)	0.31 (0.99)
	B. Payable	- (-)	- (-)	- (2.39)	- (-)	0.00 (0.05)	0.20 (0.20)	- (-)	0.01 (-)	- (-)	- (-)	0.21 (2.64)
	C. Guarantees / Surety Outstanding	4.00 (4.00)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	4.00 (4.00)

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.)

7. Pursuant to compliance of AS-23 on Accounting for "Investments in Associates in Consolidated Financial Statements" the Company has accounted investments in Associates under the equity method. The relevant information of the investment in Associates is provided here below :-

(Rs. in Million)					
Name of the Associate Companies	Country of Incorporation	Ownership Interest and Voting Power	Original cost of Investments	Amount of Goodwill/ (Capital Reserve) included in original cost	Accumulated Income /(Loss) at the year end
1	2	3	4	5	6
TOFSL Trading & Investments Ltd.	India	49.38%	4.00	*1 0.18	59.95
The Engineering & Technical Services Ltd	India	47.60%	1.00	*1 (0.43)	74.60
Triveni Entertainment Ltd	India	49.97%	4.35	*1 0.44	(2.05)
Carvenserai Ltd	India	49.48%	5.00	*2 5.00	95.01
<b>Total</b>			<b>14.35</b>	<b>5.19</b>	<b>227.51</b>

\*1 As on the date on which these Companies became Associates on the merger of erstwhile Triveni Engineering & Industries Limited with this Company.

\*2 As on the date on which it ceased to be the subsidiary of the Company.

8 The Company has accounted for MAT credit entitlement of Rs.119.8 Million in accordance with the guidelines issued by the Institute of Chartered Accountants of India. The Company is hopeful of earning sufficient taxable income in future to enable it to avail the benefit of MAT of Rs. 119.8 Million.

9 a) The Company was held eligible under the UP Sugar Industry Promotion Policy, 2004 (Policy) vide State Government's letter dated 31.01.2007. The new State Government has terminated the Policy with effect from June 4, 2007 and has expressed its intent to introduce another policy. The Company has been legally advised that since it has acted on the old Policy, complied with all its terms and invested huge amounts, it continues to be entitled to all the benefits under the said Policy.

In accordance with terms of the Policy, the Company has accounted for capital subsidy of Rs.1047 Million in respect of which it has filed claims with the Government. Additionally, the Company has also accounted for incentives (reimbursable from the Government) to the extent of Rs.93.24 Million which

have been netted from the costs and availed remission of Rs.53.51 Million. These incentives have also been considered for sugar unit at Milak Narainpur which was not specifically notified to the revenue departments as being eligible for subsidy.

b) The financial statements include buffer stock subsidy of Rs.38.63 Million (Previous year – Nil) payable by the Central Government towards reimbursement of certain expenses and has been netted from the related expenses.

10) The Company has extended the financial year under Section 210 of the Companies Act, 1956 by six months upto 30th September, 2007. The Profit & Loss Account has been prepared for the period 1st April, 2006 to 30th September, 2007. Accordingly the figures for the current year are not comparable with those of the previous year.

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

# Report of the Directors

Your Directors have pleasure in presenting the Twelfth Annual Report and Audited Accounts of the Company for the year ended 31st March, 2007.

During the year under review, the name of the Company was changed from Triveni SRI Limited to Triveni Retail Ventures Limited with the approval of the shareholders and of the Central Government. The fresh certificate of Incorporation consequent upon change of name was issued by the Registrar of Companies NCT of Delhi & Haryana on 19.1.2007.

## Financial Results and Operations

During the year under review, the Company has registered a turnover of Rs.231.65 million, resulting in a loss of Rs. 20.01 million for the year. After providing for Income tax, deferred tax charge, fringe benefit tax and prior period adjustments, there is a net loss of Rs. 20.20 million. After considering brought forward losses of the earlier years, the total accumulated losses stands at Rs. 20.30 million.

Engineering business has achieved substantial increase in turnover at Rs.69.98 million and most of the requirements were in respect of new sugar units which were set up by our holding Company. The engineering business generated operating profit (profit before interest and tax - PBIT) of Rs.13.67 million during the year. The Company is not currently active with the engineering business in view of limited demand and hence, the focus would primarily be on the retail business.

This is the first full year of rural / semi urban retail business which the Company undertook in the middle of last year. At the beginning of the year, the Company was operating 4 stores and during the financial year, the Company has scaled up its operations and is presently operating 40 stores. All the stores are located in the Western UP except 03 stores which are in Uttaranchal. The total revenue from the retail business was at Rs.161.67 million and there was an operating loss (PBIT) of Rs.32.51 million. In this business, it is normal to have some gestation period till the volumes are built up. We plan to increase our coverage by opening additional stores in the semi urban locations and also extend our geographical reach.

In view of the losses incurred by the Company, no dividend is being recommended by the Board.

## Agri-Retail format

Your Company has studied various retailing formats, specifically with regards to semi urban areas and has developed models varying as per specific needs, which have been proved to be commercially viable, economically replicable and financially profitable in a short duration of time. The formats range from self owned; self operated formats with store area of over 12000 square feet to rented self operated formats with store area exceeding 5000 square feet. The stores have been equipped to fulfill the agri as well as non-agri inputs requirements of the semi-urban households. Technical advisory services, financial and insurance services also form a part of the product portfolio. Major emphasis is to be laid on developing non-agri formats so as to cater bigger and larger customer base and this implying shifting focus to more developed townships and C class cities.

## The value proposition

Your Company believes its role in the rural development as a good corporate citizen and time and again has performed its bit in different format. Rural development can not be achieved till we really make an investment in rural areas,

achieve a reasonable level in rural empowerment, create rural infrastructure and offer values to the households. Your Company plans to play a role in Bharat Nirman through organised retailing, creating a strong delivery system and most importantly, generating rural employment.

Organised retailing in rural areas is still a far fetched dream, which is still dominated by the middle men and intermediaries. The Indian retail market is expected to grow at 10-16% per annum. Over the years your Company has achieved an excellent goodwill amongst the rural households in view of the strong delivery system and value for money. Through Triveni Khushali Bazaar (TKB) your Company would touch upon the disposable income of rural households by offering best possible value for the money spent. The Company has made significant number of tie ups with a host of channel partners across private & public sectors to offer quality products at reasonable prices directly to the customers without involvement of intermediaries. Your Company has also entered into a tie up with State Bank of India to offer farm credit at the farmers door step. This scheme has been initiated during the fourth quarter of last fiscal and since then, over 750 farmers have already been enrolled from your Khatauli and Deobond stores. The scheme also boasts of being the only financial product available in rural markets where the farmer does not have to provide any financial guarantee to attain credit.

## Empowering the rural/semi-urban masses

Since its inception 80 years ago, Triveni has been a partner and friend to the farmers in one way or the other. Your Company has now leveraged its learning and understanding of farmer, farm needs and farming process in its area of operations through its initiative "Triveni Khushali Bazaar". Professionally qualified and trained agronomists at Triveni Khushali Bazaar are providing various solutions towards farm needs and advisory services at doorsteps of farmers from weather forecasts, best farming practices, enhancement of farm inputs, Integrated Pest Management & Commodity market information. During the next financial year Triveni Khushali Bazaar plans to reach at least 2 million farmers/customers through its Khushali Bazaar initiative.

## Offerings

Presently your Company is offering nearly 12000 SKU to the customers across 20 product group categories. The product group ranges from various agri-inputs, fuels, cattle feed, cement, plastic furniture, fans, consumer durables, FMCG, groceries, imitation jewelry, toys, apparels, stationery, crockery, cosmetics, white good, ladies Kiosk and gents accessories.

## Information Technology

The IT support for this kind of business is imperative for its success. In view of the size and scale of the business we are planing to enhance our IT capabilities to improve speed of transactions and reporting and to ensure data integrity and other safeguards. We are in process of evaluating different options for an integrated ERP solution and shall be finalizing it shortly.

## Manpower

Your Company believes that the value at the rural/semi-urban level can not be created till adequate service level is provided to the farmers and the households. Your Company has strength of talented, agricultural and dairy graduates / post graduates, who have been trained adequately to provide these services to our patrons.

## Future Initiatives

We are going all out to capture the staple requirement of entire customer base in the region. This includes all households as well as farmers. The categories included would cover the entire canvass of requirement all in focus. This is to plug the customer's basic needs to luxury requirement in totality. The expansion will be based on bigger modules that would have shop-in-shop participation of big and leading brands with customer satisfaction and shopping experience as basic motto.

In a very short span of time, TKBs have become preferred location for farmers as well as other semi-urban households for their daily as well as agricultural needs. Your Company plans to experiment with various business models at its already established stores to gauge customer reaction and feedback before pursuing aggressive growth plan. This expansion will also be achieved by broadening the geographical reach into the neighbouring states Uttaranchal, Haryana and Rajasthan apart from strengthening the base in the current areas of operations. Thus your Company plans to become a market leader in retailing in this part of the country. Your Company also started offering financial and insurance products with number of channel partners. The financial and insurance services would be taken across all stores so as to complete the product portfolio.

## Directors

Mr. Sameer Sinha, retires by rotation at the forthcoming Annual General Meeting and being eligible, offers himself for re-appointment.

Mr. Dhruv M Sawhney resigned from the office of the Director with effect from 19-12-2006, the Board places its appreciation for the valuable guidance rendered by him during his tenure as Director.

## 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 reappointment.

## 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 profit 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, 2007 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 :

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 of our channel partners and appreciate valuable suggestions and feedback given by our esteemed customers to make our retail business a success and useful to the community at large.

For & on behalf of the Board

A. K. Tanwar  
Sameer Sinha  
Directors

Place: Noida (U.P.)  
Date : August 31, 2007

# Annexure to the Directors' Report

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 as we outsource our work or carry out work at client's site. At our retail business, we are deploying CFL bulbs in all our stores, which are energy efficient resulting in minimum energy consumption.

- (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

For & on behalf of the Board

A. K. Tanwar  
Sameer Sinha  
Directors

Place: Noida (U.P.)  
Date : August 31, 2007

# Auditors' Report

## To The Members of Triveni Retail Ventures Limited

We have audited the attached Balance Sheet of Triveni Retail Ventures Limited as at 31<sup>st</sup> March 2007 and also the Profit & Loss Account and Cash Flow statement 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 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.

### We report that:

1. As required by the Companies (Auditor's Report) Order, 2003 issued by the Company Law Board in terms of sub section 227 (4A) of the Companies Act, 1956 and on the basis of such checks of the books and records of the Company as we considered appropriate we give in the Annexure a statement on the matters specified in paragraph 4 & 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 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 dealt with by this report are in agreement with the books of account.
- (d) In our opinion, the Balance Sheet and Profit and Loss Account and cash flow statement 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 and taken on record by the Board of Directors, we report that none of the Director of the Company is disqualified as on 31st March 2007 from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
3. We draw attention to Note No. 14 of Schedule 17 to the financial statements. The Company incurred a net loss of Rs. 202.02 Lakhs during the year ended 31st March 2007. In view of the matters as set forth in the above note these accounts have been prepared on a going concern basis.
4. 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 confirming 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 31<sup>st</sup> March 2007:
  - (b) in the case of the Profit and Loss Account of the Loss for the year ended on that date; and
  - (c) in the case of the Cash Flow Statement of the cash flows for the year ended on that date.

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

**Sudhir Mallick**  
 Partner  
 Membership No.80051

Place : Noida (U.P.)  
 Date : August 31, 2007



# Annexure to Auditors' Report

Referred to in Paragraph "1" of our report of even date on the accounts for the period ended on 31st March 2007 of Triveni Retail Ventures Limited

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. In our opinion the frequency of verification is reasonable.  
(c) The Company has not disposed of any fixed assets 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. In our opinion the frequency of physical verification is reasonable.  
(b) According to information and explanation 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 has maintained proper records of inventories. The discrepancies noticed on physical verification as compared to the book records were not material and have been properly adjusted in the book 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 under Section 301 of the Act. Accordingly clauses 4(iii)(b), 4(iii)(c) and 4(iii)(d) of the companies auditor's report order are not applicable to the Company.  
(b) The Company has taken unsecured loan from the holding Company covered in the register maintained under Section 301 of the Act. The maximum amount involved during the year and outstanding at the end of the year was Rs.797.89 lakhs.  
(c) In our opinion the rate of interest and other terms and conditions on which loan has been taken by the Company are not prima facie, prejudicial to the interest of the Company.
- (d) In respect of loan taken the Company is repaying the principal amount and interest as stipulated.
4. According to the information and explanations given to us, having regard to the explanation that some of the items sold and services rendered are of special nature and suitable alternative sources for the same technology and services rendered 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 and services. During the course of our audit, we have not observed any major weaknesses in internal controls.  
During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system.
5. (a) According to the information and explanations given to us, we are of the opinion that the particulars of contracts and arrangements referred to in Section 301 of the Companies Act, 1956 have been entered in the register required to be maintained under that section.  
(b) In our opinion and having regard to our comments in paragraph (4) above, and according to the information and explanations given to us, the transactions made in pursuance of contracts and arrangements referred to in (a) above and exceeding the value of Rupees five lakhs in respect of such parties 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 or any other relevant provision of the Companies Act, 1956 and the rules framed thereunder.
7. Since the paid up capital and reserve of the Company are not exceeding Rs.50 lakhs 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 Excise Duty, Investor Education & Protection Fund, Wealth Tax & Cess are not applicable. The Company is generally regular in depositing other undisputed Statutory dues including Provident Fund, ESI, Sales Tax, Income Tax & Service Tax with the relevant authorities. There are no undisputed amounts outstanding and payable as at 31st March 2007 for a period of more than six months from the date they become payable except Service Tax of Rs.1.58 lakhs which has since been deposited.  
(b) According to the information and explanations given to us, there are no disputed demand relating to Service Tax, Income Tax, Wealth Tax, Custom Duty, Excise Duty, Sales Tax and Cess which have not been deposited on account of any dispute except Income Tax demand of Rs.2.02 lakhs under the Income Tax Act, 1961 for the assessment year 2003-04 on account of the matter pending before the Commissioner of Income Tax (Appeals).
10. The accumulated losses of the Company at the end of the financial year are more than fifty percent of its net worth. The Company has incurred cash losses in the current year, but not 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 during the year.
12. In our opinion and according to the information and explanations given to us, no loans and advances have been granted by Company on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion, the Company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore, the provisions of clause (xiii) of the Companies (Auditors' Report) Order, 2003 are not applicable to the Company.
14. In our opinion and according to the information and explanations given to us, the Company is not dealing in 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.
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 an overall examination of the Balance Sheet of the Company, we report that no funds raised on short term basis have been used for long term investments.
18. 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 and on behalf of  
**J. C. Bhalla & Co.**  
Chartered Accountants

**Sudhir Mallick**  
Partner  
Membership No.80051

Place : Noida (U.P.)  
Date : August 31, 2007

# Balance Sheet

(Amount in Rs.)

As at 31st March	Schedules	2007	2006
<b>SOURCES OF FUNDS</b>			
Share Holders Funds			
Share Capital	1	2,998,400	2,998,400
		<u>2,998,400</u>	<u>2,998,400</u>
<b>LOAN FUNDS</b>			
	2		
a) Secured Loans		329,794	-
b) Unsecured Loans		79,788,800	-
		<u>83,116,994</u>	<u>2,998,400</u>
<b>APPLICATION OF FUNDS</b>			
<b>Fixed Assets</b>			
	3		
a) Gross Block		24,477,490	3,273,204
b) Less : Depreciation		1,484,604	254,861
c) Net Block		<u>22,992,886</u>	<u>3,018,343</u>
<b>Intangible Assets</b>			
Deferred Tax Assets (Net)	3A	1,150,422	1,172,342
<b>Current Assets, Loans &amp; Advances</b>			
a) Inventories	4	43,827,005	11,708,822
b) Sundry Debtors	5	736,017	3,273,714
c) Cash & Bank Balances	6	18,632,574	5,224,334
d) Loans & Advances	7	6,438,667	2,571,709
		<u>69,634,263</u>	<u>22,778,579</u>
<b>Less : Current Liabilities &amp; Provisions</b>			
	8		
a) Liabilities		31,268,473	23,925,164
b) Provisions		468,192	190,343
<b>Net Current Assets</b>		<u>37,897,598</u>	<u>(1,336,928)</u>
Profit & Loss Account		20,298,274	96,677
		<u>83,116,994</u>	<u>2,998,400</u>
<b>Notes To Accounts</b>	17		

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

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

**Sudhir Mallick**  
Partner

Place: Noida (U.P.)  
Date: August 31, 2007

A. K. Tanwar  
Sameer Sinha  
Directors

# Profit and Loss Account

(Amount in Rs.)

For the year ended 31st March	Schedules	2007	2006
<b>INCOME</b>			
Sales & Services		231,647,453	44,589,889
Other Income	9	294,658	136,016
Increase / Decrease in Inventories	10	(333,673)	(1,401,696)
		<b>231,608,438</b>	<b>43,324,209</b>
<b>EXPENDITURE</b>			
Materials	11	208,250,572	29,540,632
Operating	12	280,051	52,648
Personnel	13	15,556,025	4,863,021
Administration	14	22,185,495	4,149,626
Financing	15	1,835,934	87,290
Selling	16	1,528,868	1,464,104
Depreciation		1,229,743	200,476
Amortization		754,520	684,398
		<b>251,621,208</b>	<b>41,042,195</b>
Profit/(Loss) before prior period adjustments and taxation		(20,012,770)	2,282,014
Prior Period Adjustments		646,465	52,159
<b>Profit/(Loss) Before Taxation</b>		<b>(20,659,235)</b>	<b>2,229,855</b>
Provision for Income Tax			
Current Year			
- Normal Tax		-	442,200
- Deferred Tax		(729,848)	339,534
Adjustment of Earlier Years			
- Normal Tax		34,171	211,884
- Fringe benefit tax		10,861	-
- Deferred Tax		-	159,552
Fringe Benefit Tax		227,178	121,000
Net Profit/(Loss) after Tax		(20,201,597)	955,685
Net Profit / (Loss) Brought Forward		(96,677)	(1,052,362)
Net Profit / (Loss) carried over to Balance Sheet		<b>(20,298,274)</b>	<b>(96,677)</b>
Earning per Share (Basic and diluted)		(67.37)	3.19
<b>Notes To Accounts</b>	17		

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: Noida (U.P.)  
 Date: August 31, 2007

**A. K. Tanwar**  
**Sameer Sinha**  
 Directors

## Schedules to Accounts

(Amount in Rs.)

As at 31st March	2007	2006
<b>1 SHARE CAPITAL</b>		
<b>Authorised</b>		
300000 Equity Shares of Rs. 10/- each	3,000,000	3,000,000
	<u>3,000,000</u>	<u>3,000,000</u>
<b>Issued Subscribed And Paid Up</b>		
299840 Equity Shares of Rs. 10/- each fully paid up (All the Shares are held by Triveni Engg. & Industries Limited, Holding Company)	2,998,400	2,998,400
	<u>2,998,400</u>	<u>2,998,400</u>

<b>2 LOAN FUNDS</b>		
a) Secured Loans *		
Term Loans:		
from Banks	329,794	-
	<u>329,794</u>	<u>-</u>
b) Unsecured Loans		
Other loans and advances:		
from holding Company	78,506,757	-
Interest accrued and due thereon	1,282,043	-
	<u>79,788,800</u>	<u>-</u>
	<u>80,118,594</u>	<u>-</u>

\* Secured by hypothecation of vehicles acquired under Vehicle Loan Scheme. Due within one year Rs. 160,114/-

PARTICULARS	GROSS BLOCK				DEPRECIATION			NET BLOCK	
	COST AS AT 1-04-06	ADDITION DURING THE YEAR	RETIREMENT DURING THE YEAR	COST AS AT 31.03.07	UPTO 31.03.06	FOR THE YEAR	UPTO 31.03.07	AS ON 31.03.07	AS ON 31.03.06
Computer	1,039,722	2,150,922	-	3,190,644	83,724	299,947	383,671	2,806,973	955,998
Office Equipments	83,993	423,560	-	507,553	12,918	156,222	169,140	338,413	71,075
Furniture & Fixture	2,149,489	15,136,499	-	17,285,988	158,219	489,454	647,673	16,638,315	1,991,270
Electrical equipments	-	435,706	-	435,706	-	29,114	29,114	406,592	-
Motor vehicles	-	534,949	-	534,949	-	43,347	43,347	491,602	-
Lease hold property improvement exp.	-	2,522,650	-	2,522,650	-	211,659	211,659	2,310,991	-
<b>THIS YEAR</b>	<b>3,273,204</b>	<b>21,204,286</b>	<b>-</b>	<b>24,477,490</b>	<b>254,861</b>	<b>1,229,743</b>	<b>1,484,604</b>	<b>22,992,886</b>	<b>3,018,343</b>
PREVIOUS YEAR	76,543	3,196,661	-	3,273,204	54,385	200,476	254,861	3,018,343	22,158

<b>3A INTANGIBLE ASSETS (OTHER THAN INTERNALLY GENERATED)</b>										
PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	COST AS AT 1.04.06	ADDITION DURING THE YEAR	RETIREMENT/ DISPOSAL	COST AS AT 31.03.07	UPTO 31.03.06	FOR THE YEAR	ADJUSTMENTS	UPTO 31.03.07	AS ON 31.03.07	AS ON 31.03.06
TECHNICAL KNOWHOW	4,869,580	-	-	4,869,580	4,122,776	483,704	-	4,606,480	263,100	746,804
COMPUTER SOFTWARE	505,875	732,600	-	1,238,475	80,337	270,816	-	351,153	887,322	425,538
<b>THIS YEAR</b>	<b>5,375,455</b>	<b>732,600</b>	<b>-</b>	<b>6,108,055</b>	<b>4,203,113</b>	<b>754,520</b>	<b>-</b>	<b>4,957,633</b>	<b>1,150,422</b>	<b>1,172,342</b>
PREVIOUS YEAR	4,869,580	505,875	-	5,375,455	3,518,715	684,398	-	4,203,113	1,172,342	1,350,865

NOTE :- 1. Intangible Assets have not incurred any impairment loss during the year.

## Schedules to Accounts (Contd.)

(Amount in Rs.)

As at 31st March	2007	2006
<b>4 INVENTORIES *1</b>		
Raw Material	103,489	103,489
Trading Goods	45,498,602	11,271,660
Obsolete Inventory written off	(1,206,003)	
Finished goods	-	333,673
	44,396,088	11,708,822
Provision for damaged,expired and obsolete stock	(569,083)	-
	<b>43,827,005</b>	<b>11,708,822</b>

\*1 As per inventory taken & Certified by the officials of the Company.

### 5 SUNDRY DEBTORS

More than Six Months		
- Considered Good	349,582	2,930,445
- Considered Doubtful	2,960,836	-
	3,310,418	2,930,445
Less: Provision for doubtful debts	2,960,836	-
	349,582	2,930,445
Others Debts - Considered Good	386,435	343,269
	<b>736,017</b>	<b>3,273,714</b>

### 6 CASH & BANK BALANCE

Cash in Hand	1,994,394	216,914
Cheques in Hand	3,799,000	-
With Scheduled Banks in Current Account	12,839,180	5,007,420
	<b>18,632,574</b>	<b>5,224,334</b>

### 7 LOANS & ADVANCES

(Unsecured, Considered Good)

Advance Recoverable in Cash or in Kind	6,201,149	2,344,842
Advance Tax Paid *	237,518	226,867
	<b>6,438,667</b>	<b>2,571,709</b>

\*Net of provision for taxation Rs. 905129/- (previous year Rs. 764780/-)

## Schedules to Accounts (Contd.)

(Amount in Rs.)

As at 31st March	2007	2006
<b>8   CURRENT LIABILITIES &amp; PROVISIONS</b>		
<b>A) Current Liabilities</b>		
Trade & Other Creditors		
- Due to small scale undertakings	821,692	1,182,316
- Others *	30,117,250	22,441,469
Advances from Customers	329,531	301,379
	<b>31,268,473</b>	<b>23,925,164</b>
* Includes payable to holding Company Rs.10,443,587 (Rs.11,387,547)		
<b>B) Provisions</b>		
Cost to Completion	90,000	90,000
Gratuity	156,433	30,703
Leave Encashment	221,759	69,640
	<b>468,192</b>	<b>190,343</b>
<b>For the year ended 31st March</b>		
<b>9   OTHER INCOME</b>		
Excess Provision Written Back	49,937	50,535
Provision for slow moving inventory written back	-	51,000
Excess Cess Provision Written Back	-	18,847
Interest earned (Gross) TDS Rs. 6,427/-, (Previous Year Rs. NIL)	19,170	15,634
Misc. Income	147,352	-
Balance Written Back	78,199	-
	<b>294,658</b>	<b>136,016</b>
<b>10   INCREASE/ DECREASE IN INVENTORIES</b>		
Stock at commencement		
-Contract Work in Progress at commencement	-	1,735,369
- Manufactured finished goods	333,673	-
	<b>333,673</b>	<b>1,735,369</b>
Stock at close		
-Contract Work in Progress at commencement	-	-
- Manufactured finished goods	-	333,673
	<b>-</b>	<b>333,673</b>
Increase / (Decrease)	<b>(333,673)</b>	<b>(1,401,696)</b>

## Schedules to Accounts (Contd.)

(Amount in Rs.)

For the year ended 31st March	2007	2006
<b>11 MATERIALS</b>		
Raw Material & Components		
Stock at commencement	103,489	161,464
Purchases	51,138,710	16,019,241
	51,242,199	16,180,705
Less: Stock at close	103,489	103,489
	51,138,710	16,077,216
Cost of Trading Goods sold		
Stock at commencement	11,271,660	-
Purchases	191,338,804	24,735,076
	202,610,464	24,735,076
Less: Stock at close	45,498,602	11,271,660
	157,111,862	13,463,416
	<b>208,250,572</b>	<b>29,540,632</b>

**12 OPERATING**

Consultancy & Other Expenses	-	49,548
Fabrication & Erection Expenses	-	1,365
Repair & Maintenance	280,051	1,735
	<b>280,051</b>	<b>52,648</b>

**13 PERSONNEL**

Salary, Wages & Bonus	13,476,399	4,569,857
Contribution to Provident & Other Fund	800,026	88,261
Gratuity	125,730	30,703
Welfare	1,153,870	174,200
	<b>15,556,025</b>	<b>4,863,021</b>

**14 ADMINISTRATION**

Travelling & Conveyance	3,832,531	1,395,583
Rent	4,659,308	432,090
Insurance	107,679	23,999
Rates & Taxes	-	3,002
Office and Other Administrative Expenses	4,076,915	962,388
Auditors Remuneration	186,658	89,571
Amounts written off	10,535	362,683
Obsolete Inventory Written off	1,206,003	51,000



## Schedules to Accounts (Contd.)

(Amount in Rs.)

For the year ended 31st March	2007	2006
Preliminary Expenses Written off	-	2,632
Provision for doubtful debts	2,960,836	-
Provision for obsolete & expired inventories	569,083	-
Bank Charges	364,710	44,713
Stores operational expenses	918,630	-
Stores renovation Expenses	763,505	378,985
Security Services Charges	1,882,597	302,159
Exchange Fluctuation	13,466	522
DG Set expenses	633,039	100,299
	<u>22,185,495</u>	<u>4,149,626</u>

### 15 FINANCING

Interest:

Fixed Loans	44,069	-
Others	1,791,865	87,290
	<u>1,835,934</u>	<u>87,290</u>

### 16 SELLING

Royalty	-	1,281,910
Advertisement	1,070,268	134,344
Sales Promotion	458,600	47,850
	<u>1,528,868</u>	<u>1,464,104</u>

### 17 SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

#### 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 less accumulated depreciation. Cost includes taxes, duties (excluding excise duty for which cenvat claim is available), freight and other incidental expenses relating to acquisition and installation.

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

i. In respect of trading goods :

## Schedules to Accounts (Contd.)

Sale of products and services are recognised on despatch of goods or when the services are rendered. Gross Sales are stated at contractual realisable values and are net of sales tax and trade discounts.

### II. In respect of Engineering Contracts :

#### 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.

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

IV. Sales are exclusive of Sale Tax

### (d) Foreign Currency Transactions

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

ii. Foreign currency monetary items (including forward contracts) are translated at year end rates. Exchange differences arising on settlement of transactions and translation of monetary items (including forward contracts) are recognised as income or expense in the year in which they arise, except those relating to acquisition of fixed assets from outside India where such exchange difference is adjusted to the carrying amount of the said fixed assets.

iii. The premium or discount on forward exchange contracts not relating to firm commitments or highly probable

forecast transactions and not intended for trading or speculative purpose is amortised as expense or income over the life of the contract.

### (e) Inventories

i) Inventories of stores, spares, raw materials, components and stock in trade is valued at lower of cost and net realisable value. Cost for the purpose of valuation of inventories is considered on following basis :

Engineering Business	Specific cost basis
Retail Agri-business	Weighted average basis

ii) Finished goods are valued at lower of cost and net realisable value. The cost of finished goods (manufactured) include raw material costs, direct cost of conversion and proportionate allocation of indirect costs incurred in bringing the inventories to their present location and condition. The cost of finished goods is considered on First In First Out basis.

iii) Patterns, Loose tools, Jigs & Fixtures are written off equally over three years.

iv) Scrap is stated at estimated net realisable value.

### f) Depreciation

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 16.12.1993 except for the Mobile Phones costing above Rs. 5000/- which are depreciated on straight line basis @ 50% p.a.

Lease-hold property improvement expenses are capitalised and depreciated on straight line basis on minimum lock-in period of lease.

### g) Retirement Benefits

Contribution made to provident fund during the year is charged to the profit and loss account.

Provision is made in the accounts on account of Company's liability in respect of Gratuity and Leave Encashment benefits payable to its employees, on the basis of actuarial valuation of the liability at the end of the financial year.

## Schedules to Accounts (Contd.)

### 17 SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

#### h) Borrowing costs

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

#### l) Taxes on Income

- i) Tax on income for the current period is determined on the basis of taxable income computed in accordance with the provisions of the Income Tax Act, 1961.
- ii) Deferred tax is recognised on timing differences between the accounting income and the taxable income for the year, and quantified using the tax rates and laws enacted or substantively enacted as on the Balance Sheet date.
- iii) Deferred tax assets are recognised only to the extent that there is reasonable certainty that the assets can be realized in future; however, where there is unabsorbed depreciation or carried forward losses under taxation laws, deferred tax assets are recognized only if there is a virtual certainty of realization of such assets. Deffered tax assets are reviewed at each balance sheet date and written down or written-up to reflect the amount that is reasonably/virtually certain(as the case may be) to be realized.

#### j) Intangible Assets

Intangible assets are recognised as per the criteria specified in Accounting Standard (AS) 26 "Intangible Assets" issued by the Institute of Chartered Accountants of India and are amortised as follows :

	Period of amortisation
Computer Software	36 months
Technical Know-how	72 months

#### k) Impairment of Assets

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

this regard by the Institute of Chartered Accountants of India.

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

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

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

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

Contingent Liability is disclosed in the case of

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

Contingent Assets are neither recognised nor disclosed.

#### B. NOTES TO ACCOUNTS

1. a) Name of Small Scale Industrial Undertaking where the amount is outstanding for more than 30 days as at 31st March 2007 is Uttam Fabricators.
- b) Amount due as at 31st March 2007, to Micro, Small and Medium Enterprises on account of principal amount together with interest, aggregate to Rs Nil (Previous Year Rs Nil)

**Note:** The above information and that given in Schedule – 8A "Current Liabilities and Provision" regarding Small Scale industrial undertaking and Micro , Small and Medium Enterprises has been determined to the extent such parties have been identified on the basis of information available with the Company. This has been relied upon by the Auditors.

## Schedules to Accounts (Contd.)

**17 SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS**

2. Wherever confirmations have not been received from the parties, the book balances have been considered.
3. In respect of engineering contracts entered into after 1.4.2003, the Company has followed Revised AS-7 on Construction contracts as follows. The amounts to be disclosed as per the standard are as follows:

(Amount in Rs.)

Particulars	31.03.07	31.03.06
Contract revenue recognized as revenue in the year	Nil	19,849,132
Contracts costs incurred and recognized profits (less recognized losses)	Nil	19,849,132
Advances received	Nil	Nil
Retentions	Nil	1,260,000
Gross Amounts due from customers for contract work as an asset	Nil	Nil
Gross Amounts due to customers for contract work as a liability	19,849,132	19,849,132
Contingencies	Nil	Nil

**Note:** The Company has not carried any construction activities within the meaning of Revised AS-7 during the year.

4. Personnel cost amounting to Rs 565,892 (Rs.2,487,142) are reimbursed to holding Company for availing services of their employees.
5. Auditor Remuneration represent amount paid/payable to Statutory Auditor on account of:

(Amount in Rs.)

	2006-07	2005-06
1. Audit Fee	112,360	67,152
2. Tax Audit Fee	66,844*	19,112
3. Certification charges/Other matters	7,454	3,307
<b>Total</b>	<b>186,658</b>	<b>89,571</b>

\* Includes Rs. 10,663 as prior period.

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

- a) Related party where control exists  
Triveni Engineering & Industries Ltd. – Holding Company
- b) The details of related party with whom transactions have taken place during the year:  
Holding Company (Group A)

Triveni Engineering &amp; Industries Limited

Details of transactions with related party

(Amount in Rs.)

Sl. Particulars	31.03.07	31.03.06
1 Sales & rendering of Services (net)	137,753,048	40,129,052
2 Purchase and receiving of Services	6,247,484	9,543,799
3 Amount Advanced/Refunded or expenses incurred (Net)	146,930,799	33,670,105
4 Purchase of Fixed Assets	-	1,793,869
5 Interest Paid	1,791,865	85,092
6 Rent Paid	1,418,304	261,290
7 Outstanding Balances Credit balance	90,232,387	11,387,547

**7. Prior period expenses**

(Amount in Rs.)

	31.3.2007	31.3.2006
Purchase of material	23,107	-
Cost of Royalty	-	52,159
Cost of material (Sales Tax)	621,496	-
Salary & wages	1,862	-
<b>Total</b>	<b>646,465</b>	<b>52,159</b>

8. a) The Company has taken various premises under operating lease. Some of these are not non-cancelable leases of 11 months and some are non-cancelable lease with a lock-in period of six years. All are renewable by mutual consent on mutually agreeable terms. The Company has given adjustable interest free advances under certain agreements.

## Schedules to Accounts (Contd.)

### 17 SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

- b) Lease payments under operating lease are recognized in the Profit and Loss Account under "Rent" in Schedule 14.
- c) The total of future minimum lease payment for non-cancelable operating lease as under:

(Amount in Rs.)

	31.3.2007	31.3.2006
a. Not later than one year	5,876,748	Nil
b. Later than one year and not later than five years	24,941,308	Nil
c. Later than five years	3,615,792	Nil

9. The break-up of net deferred tax asset (net) as on 31-03-2007 is provided below –

(Amount in Rs.)

Particulars	Deferred tax liability (deferred tax assets)	
	31.3.2007	31.3.2006
Difference in Net Book Values of fixed assets as per accounts and tax	650,051	(3,315)
Disallowance under section 43 (B)	(197,455)	-
Others	(1,230,410)	(44,651)
Net Deferred Tax Liability/(Asset)	(777,814)	(47,966)

11. c) (i) Engineering business

(Amount in Rs.)

Sl.	Class of Goods	Sales		Purchases	
		Nos	Amount	Nos	Amount
1	CV Pan	3	37,846,367	3	23,513,775
		(2)	(550,260)	(Nil)	(Nil)
2	Centre Shaft	1	277,411	1	175,411
		(Nil)	(Nil)	(Nil)	(Nil)
3	Syrup Clarification System	Nil	Nil	Nil	Nil
		(Nil)	(Nil)	(Nil)	(Nil)
4	Juice Clarifiers	4	31,858,167	4	27,145,023
		(3)	(19,849,132)	(3)	(17,338,712)
5	Spares		Nil		304,500
			(406,856)		(401,746)
6	Misc Services		Nil		Nil
			(10,000,000)		(Nil)
	<b>Total</b>		<b>69,981,945</b>		<b>51,138,709</b>
			<b>(30,806,247)</b>		<b>(17,740,458)*</b>

\* As per AS-7.

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

(Amount in Rs.)

Particulars	31.3.2007	31.3.2006
Net profit/(loss) after tax as per Profit & Loss A/c (In Rupees)	(20,201,597)	955,685
No. of Equity Shares of Rs. 10/- each (Weighted Average)	299,840	299,840
Earning per equity share of Rs. 10/- each (Rs.)	(67.37)	3.19

11. Additional Information required Paragraph 3 and 4D Part II of Schedule VI to the Companies Act, 1956.

(Amount in Rs.)

- |   | 31.03.07 | 31.3.2006 |
|---|----------|-----------|
| a) Expenditure in Foreign Currency - Royalty (On accrual basis) : | Nil      | 1,281,910 |
| b) Earning in Foreign Currency :                                  | Nil      | Nil       |
| c) Quantitative Information                                       |          |           |

## Schedules to Accounts (Contd.)

## 17 SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

## 11. c) (ii) Retail business

## A. Break-up of items purchased:

Class of Goods	Unit	Purchases (2006-2007)		Purchases (2005-2006)	
		Qty.	In Rupees	Qty.	In Rupees
Fertilizers	Nos. (Bags)	246513	66,265,134	29253	4,867,003
Pesticides	Nos. (Packet/Bottles)	188184	21,571,454	44157	4,816,783
Cement	Nos. (Bags)	332456	68,395,000	45362	7,977,948
Others		-	35,107,216	-	6,671,596
<b>Total</b>			<b>191,338,804</b>		<b>24,333,330</b>

## B. Licensed and installed capacities &amp; actual production:

N. A.

## C. Opening Stock, Closing Stock &amp; Sales:

(Financial Year 2006-2007)

Class of Goods	Unit	Opening Stock		Sales		Closing Stock	
		Qty.	In Rupees	Qty.	In Rupees	Qty.	In Rupees
Fertilizers	Nos.(Bags)	12313	3,597,867	192576	52,490,354	66250	17,093,883
Pesticides	Nos.(Packet/Bottles)	36484	3,788,080	137360	15,477,921	87308	11,334,014
Cement	Nos.(Bags)	2554	578,709	326801	69,787,687	8209	1,800,047
Others		-	3,640,677*	-	23,909,546	-	14,064,655
<b>Total</b>			<b>11,605,333</b>		<b>161,665,508</b>		<b>44,292,599</b>

(Financial Year 2005-2006)

Class of Goods	Unit	Opening Stock		Sales		Closing Stock	
		Qty.	In Rupees	Qty.	In Rupees	Qty.	In Rupees
Fertilizers	Nos.(Bags)	-	-	7940	1,641,863	12313	3,597,867
Pesticides	Nos.(Packet/Bottles)	-	-	7673	985,156	36484	3,788,080
Cement	Nos.(Bags)	-	-	42808	7,756,780	2554	578,709
Others		-	-		3,399,843	-	3,640,677*
<b>Total</b>		-	-		<b>13,783,642</b>		<b>11,605,333</b>

\* Includes inventory of manufactured goods worth Rs. 333,673.

## Schedules to Accounts (Contd.)

### 17 SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

#### 12. Information on Segment Reporting of the Company for the year ended 31.3.2007

(Amount in Rs.)

	Engineering		Retail		Eliminations		Total	
	2007	2006	2007	2006	2007	2006	2007	2006
<b>REVENUE</b>								
Sales	69,981,945	30,806,247	161,665,508	13,783,642	-	-	231,647,453	44,589,889
Other Income	128,138	120,383	147,350	-	-	-	275,488	120,383
Total Revenue	70,110,083	30,926,630	161,812,858	13,783,642	-	-	231,922,941	44,710,272
Less: Inter Segment Revenue							-	-
<b>Net Segment Revenue</b>	<b>70,110,083</b>	<b>30,926,630</b>	<b>161,812,858</b>	<b>13,783,642</b>	<b>-</b>	<b>-</b>	<b>231,922,941</b>	<b>44,710,272</b>
<b>Segment Results</b>								
Operating Profit/(loss)	13,669,950	6,810,924	(32,512,421)	(4,509,412)	-	-	(18,842,471)	2,301,511
Interest Expenses	-	-	-	-	-	-	1,835,934	87,290
Interest Income	-	-	-	-	-	-	19,170	15,634
Income Tax (including deferred tax)	-	-	-	-	-	-	(457,638)	1,274,170
<b>Net Profit/(loss)</b>							<b>(20,201,597)</b>	<b>955,685</b>
<b>OTHER INFORMATION</b>								
Segment Assets	24,677,120	14,935,221	85,722,333	22,892,099	16,859,400	11,084,923	93,540,053	26,742,397
Unallocated Assets	-	-	-	-			1,015,332	274,833
<b>Total Assets</b>							<b>94,555,385</b>	<b>27,017,230</b>
Segment Liabilities	4,996,483	8,709,298	43,599,582	26,491,132	16,859,400	11,084,923	31,736,665	24,115,507
Unallocated Liabilities							80,118,594	-
<b>Total Liabilities</b>							<b>111,855,259</b>	<b>24,115,507</b>
Capital Expenditure	-	449,948	21,936,886	3,252,588	-	-	21,936,886	3,702,536
Depreciation	54,150	90,890	1,175,593	109,586	-	-	1,229,743	200,476
Amortisation	513,454	624,356	241,066	60,042	-	-	754,520	684,398

## Schedules to Accounts (Contd.)

### 17 SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

- a) The Company's operations have been categorised into two business segments in accordance with the Accounting Standard (AS-17) "Segment Reporting" – these constitute 100% of the total turnover of the Company. These segments are briefly described hereunder:
- i) Engineering: The Company is engaged in the business of supply & installation of sugar plant equipments using the technology imported from Sugar Research International, Australia. The facility is located at Deoband, Distt. Saharanpur.
  - ii) Agri-retail: The Company is operating retail stores at various rural and semi urban locations. The product-line includes various Agricultural and Non agricultural products.
  - iii) There are no separate identifiable geographical segments.
- b) Segment revenue includes sales and other income directly identifiable with / allocable to the segment.
- c) Expenses that are directly identifiable with/allocable to segment are considered for determining the segment result. Expenses and income which relates to Company as a whole and not allocable to segments are disclosed separately.
- d) Segment assets and liabilities include those directly identifiable with the respective segments.
13. Name of the Company has been changed from "Triveni SRI Limited" to "Triveni Retail Ventures Limited", with the approval of the Central Government pursuant to the section 23(1) of the Companies Act, 1956 vide SRN: A08290389 dated 19/01/2007.
14. The accumulated losses of the Company as on 31st March 2007 are Rs.20,298,274/- which have exceeded the paid up capital of Rs. 2,998,400/-. The losses are mainly on account of commencement of Retail business undertaken by the Company since last year. According to the management this business has gestation period of 3 to 4 years. The losses and operation have been funded by the holding Company. The management is hopeful that the Company will be able to earn subsequent profits in the future. Accordingly the accounts have been prepared on going concern basis.
15. Figures have been rounded off to the nearest Rupees.
16. Figures for the previous year are re-grouped/re-arranged wherever necessary. Figures in brackets relate to previous year.
17. Schedule "1" to "17" 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: Noida (U.P.)  
 Date: August 31, 2007

**A. K. Tanwar**  
**Sameer Sinha**  
 Directors



# Cash Flow Statement

(Amount in Rs.)

For the period ended 31st March	2007	2006
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit (Loss) before Tax	(20,659,235)	2,229,855
Add: Depreciation	1,229,743	200,476
Miscellaneous Expenditure Written off	-	2,632
Amortization	754,520	684,398
Add/(Less) : Incomes/(Expenses) treated separately		
Interest Expenses	1,835,934	87,290
Interest Income	(19,170)	(15,634)
<b>Operating Profit before Working Capital changes &amp; tax</b>	<b>(16,858,208)</b>	<b>3,189,017</b>
<b>Changes in Working Capital</b>		
Changes in Inventories	(32,118,183)	(9,811,989)
Changes in Receivables	2,537,697	3,866,489
Changes in Other Trade Receivables	(3,856,307)	(2,828,271)
Changes in Current Liabilities	7,621,158	14,171,378
Direct Taxes Paid (Net)	(282,861)	(105,786)
<b>Net Changes in working capital</b>	<b>(26,098,496)</b>	<b>5,291,821</b>
<b>Cash Flow from operating activities</b>	<b>(42,956,704)</b>	<b>8,480,838</b>
<b>B. CASH FLOW FROM INVESTMENT ACTIVITIES</b>		
Purchase of Fixed Assets	(21,936,886)	(3,702,536)
Sale of Fixed Assets	-	-
Interest Income	19,170	15,634
<b>Net Cash Flow used in Investment Activities</b>	<b>(21,917,716)</b>	<b>(3,686,902)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Increase/(Decrease) in Borrowings from Holding Co (Net)	78,506,757	-
Increase/(Decrease) in Long Term Borrowings (Net)	329,794	-
Interest Paid	(553,891)	(87,290)
<b>Net Cash Flow used in Financing Activities</b>	<b>78,282,660</b>	<b>(87,290)</b>

# Cash Flow Statement (Contd.)

(Amount in Rs.)

For the period ended 31st March	2007	2006
Net Increase/(Decrease) in Cash & Cash Equivalents	13,408,240	4,706,646
Opening Cash & Cash Equivalents	5,224,334	517,688
Closing Cash & Cash Equivalents *	18,632,574	5,224,334

\* Includes Cash in hand and balances with banks

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

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

**Sudhir Mallick**  
 Partner

Place: Noida (U.P.)  
 Date: August 31, 2007

A. K. Tanwar  
 Sameer Sinha  
 Directors

# Balance Sheet Abstract

## Balance Sheet Abstract and Company's General Business Profile

### I. Registration Details

Registration No.  State Code

Balance Sheet Date     
Date Month Year

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

Public Issue   
Rights Issue   
Bonus Issue   
Private Placement

### III. Position of Mobilisation and Deployment of Funds (Amount in Rs.)

Total Liabilities  Total Assets

#### Sources of Funds

Paid - up Capital  Reserve & Surplus   
Secured Loans  Unsecured Loans

#### Application of Funds

Net Fixed Assets (Intangible Assets)  Investments   
Net Current Assets  Misc. Expenditure   
Accumulated Losses  Deferred Tax Assets (Net)

### IV. Performance of Company (Amount in Rs.)

Turnover (Incl. Other Income)  Total Expenditure

Profit(+)/Loss(-) Before Tax  Profit(+)/Loss (-)After Tax

Earning(+)/Loss(-)per Share in Rs.  Dividend Rate %

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

Item Code No. (ITC Code)

Product Description MACHINERY FOR SUGAR MANUFACTURE

Item Code No. (ITC Code)

Product Description RETAILING STORE

# Report of the Directors

To  
The Members of  
Triveni Engineering Limited

Your Directors take pleasure in presenting the first statement of Annual Accounts for the period ended 31st March 2007 with the Auditors' Report thereon.

The Company was incorporated on 27th June, 2006 and it received Certificate for Commencement of Business on 23rd February, 2007.

## Financial Highlights

This being the first year of the Company, no business activities were carried out during the period under review. The Company incurred an expenditure amounting to Rs.14.33 lacs including preliminary expenses of Rs.13.67 lacs which have been fully written off which resulted in a loss of Rs.14.33 lacs. Consequently, your directors express their inability to recommend any dividend for the year under report.

## Share Capital

The Company was incorporated as a wholly owned subsidiary of Triveni Engineering & Industries Ltd. (TEIL). During the year under report, the Company issued and allotted 5,00,000 fully paid-up equity shares of Re.1 each aggregating to Rs.5 lacs, out of which 4,99,400 equity shares of Re.1 each were allotted to TEIL, the holding Company and balance 600 equity shares of Re.1 were allotted to TEIL's six nominees.

## Directors

Mr. Dhruv M. Sawhney, Dr. F.C. Kohli and Lt.Gen. K.K. Hazari (Retd.), the first Directors of the Company are required to be re-appointed at the forthcoming Annual General Meeting by virtue of provisions of Section 255 of the Companies Act, 1956. All these directors have expressed their willingness for such 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, 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 provisions 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, 2007, 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

Dhruv M. Sawhney

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

Directors

Place: Noida (U.P.)

Date : September 26, 2007

# Auditors' Report

To the Members of Triveni Engineering Limited

We have audited the attached Balance Sheet of Triveni Engineering Limited as at 31st March 2007 and also the Profit & Loss Account and Cash Flow statement 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 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.

## We report that:

1.As required by the Companies (Auditor's Report) Order, 2003 as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, issued by the Central Govt. of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956 and on the basis of such checks as we considered necessary and according to the information and explanations given to us, we enclose in the Annexure statement on the matters specified in paragraph 4 & 5 of the said order.

2.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 and cash flow statement 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 and cash flow statement 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 2007 and taken on record by the Board of Directors, we report that none of the Director is disqualified as on 31st March 2007 from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
3. 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 confirming 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 2007 and
  - (b) in the case of the Profit and Loss Account of the Loss for the period ended on that date.
  - (c) in the case of the Cash Flow Statement of the cash flows for the period ended on that date.

For **J. C. Bhalla & Co.**  
Chartered Accountants

**Sudhir Mallick**  
Partner

Place : Noida (U.P.)  
Date : September 26, 2007

Membership No.80051

## Annexure to Auditors' Report

Referred to in Paragraph "1" of our report of even date on the accounts for the period ended on 31st March 2007 of Triveni Engineering Limited

- (i) Since the Company does not have any assets, 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) (a) The Company has not granted any loan, secured or unsecured to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly clause 4(iii)(b), 4(iii)(c) and 4(iii)(d) of the companies auditor's report order are not applicable.
- (b) 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 and amount outstanding at the end of the year was Rs.14.14 lacs.

- (c) 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 Act, 1956, are not prima facie, prejudicial to the interest of the Company.
- (d) In respect of the loan taken, the Company is repaying the principal amount and paying the interest as stipulated.
- (iv) According to the information given to us since the Company has not purchased inventory and fixed assets and has not sold any goods and services during the year. Accordingly the provisions of clause 4(iv) of the Companies (Auditors' Report) Order, 2003 are not applicable to the Company.
- (v) (a) In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in Section 301 of the Companies Act, 1956 have been entered in the register required to be maintained under that section.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in the register maintained under Section 301 of the Companies Act, 1956 exceeding the value of Rupees Five Lakh or more in respect of any party have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
- (vi) In our opinion and according to the information and 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 rules framed thereunder. 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 and according to the information given to us, the provision of Clause 4(vii) are not applicable to the Company for the year.
- (viii) As per information & explanations given to us, the Company is not required to maintain cost record under section 209(1)(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) (a) The Company has generally been regular in depositing with appropriate authorities, undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, Income tax, sales tax, wealth tax, service tax, custom duty, excise duty, cess and other material statutory dues to the extent 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 2007 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 were no dues of income tax, wealth tax, sales tax, custom duty, Service tax, excise duty and cess, which have not been deposited on account of any dispute.
- (x) Since the Company is registered for a period less than five years provisions of Clause 4(x) of the order is not applicable.
- (xi) The Company has not borrowed any amount from Financial Institutions, Banks or debenture holder, therefore, the question of default in repayment of the dues does not arise.
- (xii) In our opinion and according to the information and explanations given to us, no loans and advances have been granted by Company on the basis of security by way of pledge of shares, debentures and other securities.
- (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.
- (xvi) No term loans have been raised by the Company from banks or financial institutions, accordingly the provisions of clause 4(xvi) of the Companies (Auditors' Report) Order, 2003 are not applicable to the Company.
- (xvii) According to information & explanations given to us, we report that no funds raised by the Company on short-term basis have been used for making long-term investments.
- (xviii) 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.
- (xix) According to the information and explanations given to us, during the period covered by our audit, the Company has not issued debentures requiring creation of any security or charge.
- (xx) The Company has not raised money by public issues during the year.
- (xxi) 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 & Co.  
Chartered Accountants

Sudhir Mallick  
Partner

Place : Noida (U.P.)  
Date : September 26, 2007

Membership No.80051

# Balance Sheet

(Amount in Rs.)

As at 31st March	Schedules	2007
<b>SOURCES OF FUNDS</b>		
Shareholder's Fund		
Share Capital	1	500,000
Loan Funds		
Unsecured Loans	2	1,413,833
		<u>1,913,833</u>
<b>APPLICATION OF FUNDS</b>		
Current Assets, Loans And Advances		
Current Assets		
Cash & Bank Balances	3	498,980
Less: Current Liabilities & Provisions	4	
Liabilities		<u>18,271</u>
Net Current Assets		480,709
Profit & Loss Account		1,433,124
		<u>1,913,833</u>
Significant Accounting Policies & Notes to Accounts	5	

For and on behalf of

J. C. Bhalla & Company  
Chartered Accountants

SUDHIR MALLICK  
Partner

Place : Noida (U.P.)  
Date : September 26, 2007

Dhruv M. Sawhney  
Lt.Gen. K.K. Hazari (Retd.)  
Directors

# Profit and Loss Account

(Amount in Rs.)

For The Period Ended 31st March	Schedules	2007
<b>INCOME</b>		
Other Income	-	-
<b>EXPENDITURE</b>		
Interest Paid (other than fixed loans)		61,414
Auditors Remuneration		4,490
Bank Charges		20
Preliminary expenses written off		1,367,200
		<u>1,433,124</u>
(Loss) before Taxation		(1,433,124)
Provision for Tax		-
(Loss) carried over to Balance Sheet		<u>(1,433,124)</u>
Significant Accounting Policies & Notes to Accounts	5	
Earning per share (Basic / diluted)		(3.76)

For and on behalf of

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

**SUDHIR MALLICK**  
Partner

Place : Noida (U.P.)

Date : September 26, 2007

**Dhruv M. Sawhney**  
**Lt.Gen. K.K. Hazari (Retd.)**  
Directors



## Schedule to Accounts

(Amount in Rs.)

As at 31st March	Schedules	2007
Share Capital	1	
<b>Authorised</b>		
25,00,00,000 Equity Shares of Rs.1/- each		25,00,00,000
		<u>25,00,00,000</u>
<b>Issued, Subscribed and Paid-up</b>		
5,00,000 Equity Shares of Rs.1/- each fully paid-up (All the shares are held by the holding Company Triveni Engineering & Industries Ltd., & its nominees)		500,000
		<u>500,000</u>
<b>Unsecured Loans</b>	2	
<b>Other loans and advances</b>		
From Holding Company (Triveni Engineering & Industries Ltd.)		1,366,200
Interest accrued & due		47,633
		<u>1,413,833</u>
<b>Current Assets</b>	3	
Balance with Scheduled Bank in Current Account		498,980
		<u>498,980</u>
<b>Current Liabilities</b>	4	
Income Tax Payable		13,781
Expenses Payable		4,490
		<u>18,271</u>

## Schedule to Accounts (Contd.)

### Schedule 5: Significant Accounting Policies & Notes to Accounts

#### A) Significant Accounting Policies

##### 1. Basis of preparation of Financial Statements

(a) 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) Preliminary Expenses are written off fully in the year of commencement of business.

##### (c) Taxes on Income

i) Tax on income for the current period is determined on the basis of taxable income computed in accordance with the provisions of the Income Tax Act, 1961.

ii) Deferred tax recognised on timing differences between the accounting income and the taxable income for the year and quantified using the tax rate and laws enacted or substantially enacted as on the balance sheet date.

iii) Deferred tax assets are recognised only to the extent that there is reasonable certainty that the assets can be realised in future, however, where there is unabsorbed depreciation or carried forward losses under taxation laws, deferred tax are recognised only if there is a virtual certainty of realisation of such assets. Deferred tax assets are reviewed at each balance sheet date and written down or written up to reflect the amount that is reasonably / virtually certain (as the case may be to be realised).

##### (d) Borrowing Costs

Borrowing cost that are attributable to the acquisition of qualifying assets are capitalized up to the period such assets ready for its intended use all other borrowing cost are charged to Profit & Loss account.

##### (e) Provisions, contingent liabilities and contingent assets

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

i) The Company has a present obligation as a result of a past event.

ii) A probable outflow of resources is expected to settle the obligation and

iii) The amount of the obligation can be reliably estimated

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

Contingent liability is disclosed in the case of

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

ii) a possible obligation, unless the probability of outflow of resources is remote.

Contingent assets are neither recognised nor disclosed.

##### (f) Earning per Share

Basic earning per equity share is computed by dividing net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. The diluted earning per share is calculated on the same basis as basic earning per share, after adjusting for the effect of potential dilutive equity shares.

#### B) Notes to Accounts

1. Figures for previous year have not been given as this is the first year of operations.

(Amount in Rs.)

31.03.2007

2. Auditors Remuneration  
Audit Fee

4,490/-

## Schedule to Accounts (Contd.)

3. Following the concept of prudence, the Company has not recognised deferred tax asset in respect of business loss & preliminary expenses, in accordance with Accounting Standard 22 issued by the Institute of Chartered Accountants of India. There are no deferred tax liabilities in the case of the Company.

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

a) Related party where control exists  
Triveni Engineering & Industries Limited-Holding Company

b) Details of related party with whom transactions have taken place during the year:  
Holding Company  
Triveni Engineering & Industries Limited

Details of transactions with related party

(Amount in Rs.)

S.No.	Particulars	31.03.2007
1	Amount Advanced/refunded of expenses incurred (net)	13,66,200
2	Interest Paid	61,414
3	Outstanding Balances	-
	Payable	14,13,833

For and on behalf of

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

**SUDHIR MALLICK**  
Partner

Place : Noida (U.P)

Date : September 26, 2007

5. There is no outstanding dues to the small scale industries and micro, small and medium enterprises at the end of the year.

6. Additional information required paragraph 3 and 4D Part II of Schedule VI to the Companies Act, 1956.

(Amount in Rs.)

S.No.	Particulars	31.03.2007
(a)	Expenditure in foreign currency	Nil
(b)	Earning in foreign currency	Nil

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

(Amount in Rs.)

S.No.	Particulars	2006-2007
1.	Net Loss after tax as per Profit & Loss Account	(14,33,124)
2.	Weighted Average No. of Equity Shares of Rs.1/- outstanding during the period	3,80,822
	Earning per equity share of Rs.1/- each Basic/Diluted (1)/(2)	(3.76)

**Dhruv M. Sawhney**  
**Lt.Gen. K.K. Hazari (Retd.)**  
Directors

# Cash Flow Statement

(Amount in Rs.)

For the period ended 31st March

2007

<b>A.</b>	<b>Cash flow from operating activities</b>	
	Net Profit / (Loss) before tax and extraordinary items	(1,433,124)
	Add: Preliminary expenses	1,367,200
	Add: Interest	61,414
	Less: Preliminary expenses incurred	(1,367,200)
	Operating loss before working capital changes	(1,371,710)
	Add / Less : Working Capital adjustment	
	Increase /(Decrease) in Current Liabilities	18,271
	Cash flow From operating activities	<b>(1,353,439)</b>
<b>B.</b>	<b>Cash flow from Investing activities</b>	-
<b>C.</b>	<b>Cash flow from financing activities</b>	
	Issue of share capital	500,000
	Unsecured loan from holding Company	1,366,200
	Interest (TDS)	(13,781)
	Cash flow from Financing activities	1,852,419
<b>D.</b>	<b>Net Increase/Decrease in Cash &amp; Cash Equivalents</b>	498,980
<b>E.</b>	<b>Cash and cash equivalents at the beginning of the year</b>	-
<b>F.</b>	<b>Cash and cash equivalent at the end of the year</b>	4,98,980

For and on behalf of

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

**SUDHIR MALLICK**  
Partner

Place : Noida (U.P.)

Date : September 26, 2007

**Dhruv M. Sawhney**  
**Lt.Gen. K.K. Hazari (Retd.)**  
Directors

# Balance Sheet Abstract

## Balance Sheet Abstract and Company's General Business Profile

### I. Registration Details

Registration No.

State Code

Balance Sheet Date          
Date Month Year

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

Public Issue

Rights Issue

Bonus Issue

Private Placement

### III. Position of Mobilisation and Deployment of Funds (Amount in Thousand)

Total Liabilities

Total Assets

#### Sources of Funds

Paid - up Capital

Reserve & Surplus

Secured Loans

Unsecured Loans

#### Application of Funds

Net Fixed Assets

Investments

Net Current Assets

Misc. Expenditure

Accumulated Losses

Deferred Tax Liability (Net)

### IV. Performance of Company (Amount in Thousand)

Turnover (Incl. Other Income)

Total Expenditure

Profit/(Loss) Before Tax

Profit/(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

To  
The Members of  
Abohar Power Generation Limited

Your Directors present to you the 14th Annual Report and Audited Accounts for the year ended 31st March, 2007.

## Financial Highlights

During the year under review, the Company has incurred a loss of Rs.11,649/-. The Company has accumulated loss of Rs. 5,35,078/- which has been carried over to the Balance Sheet.

In view of loss incurred by the Company, your directors do not recommend any dividend for the year under review.

## Operations

Punjab Energy Development Agency has accorded its in-principle approval to set up 5 Mini Hydel Projects on Abohar Branch Canal on Built, Own, Operate (BOO) basis, which were originally allotted to Triveni Engineering & Industries Limited (TEIL) through this Company as Special Purpose Vehicle (SPV) with Joint Venture Associates. Accordingly the Company has signed Novation to Implementation agreement with Govt of Punjab and TEIL. The Company has been looking for a Joint Venture Partner to set up the above mentioned Projects.

## Directors

Mr. Nikhil Sawhney 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 31,2007, 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

Place: Noida (UP)  
Date : July 12, 2007

A. K. Tanwar  
Sameer Sinha  
Directors

# Auditors' Report

To  
The Members of  
Abohar Power Generation Limited

1. We have audited the attached Balance Sheet of Abohar Power Generation Limited as at 31st March 2007 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 (Auditor's 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 2007 and taken on record by the Board of Directors, we report that none of the Director is disqualified as on 31st March 2006 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 2007 and
  - (b) in the case of the Profit and Loss Account of the Loss for the year ended on that date.

For **RS Gupta & Co**  
Chartered Accountants

**SK Gupta**  
Partner  
Membership No.14287

Place : Noida (U.P.)  
Date : July 12, 2007

## 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 and explanations given to us, there are adequate internal control procedures commensurate with 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.

## Annexure to Auditors' Report (Contd.)

- (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 and 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 internal audit system to the Company is not applicable.
- (viii) As per information & explanations given to us, the Company is not required to maintain cost record under section 209(l)(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 and Service Tax 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) Since the Company has not completed its five year's period of business activities, as such the provisions of clause 4(x) with Companies (Auditor's Report) order, 2003 are not applicable to the Company.
- (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 no term loans raised by the Company from banks or financial institutions, accordingly the provisions of clause 4(xvi) of the Companies (Auditors' Report) Order, 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 and 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 Companies (Auditors' Report) Order, 2003 are not applicable to the Company.
- (xx) As per information and 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 and 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 **RS Gupta & Co**  
Chartered Accountants

**SK Gupta**

Partner

Membership No. 14287

Place : Noida (U.P)

Date : July 12, 2007



# Balance Sheet

(Amount in Rs.)

As at 31st March	2007	2006
<b>SOURCES OF FUNDS</b>		
<b>Share Capital</b>		
<b>Authorised</b>		
10,000,000 Equity Shares of Rs.10/- each	100,000,000	100,000,000
	<u>100,000,000</u>	<u>100,000,000</u>
<b>Issued, Subscribed &amp; Paid-up</b>		
50,000 Equity Shares of Rs.10/- each fully paid-up	500,000	500,000
<b>Unsecured Loans</b>		
Triveni Engineering & Industries Ltd (Holding Company)	63,323	59,748
	<u>563,323</u>	<u>559,748</u>
<b>APPLICATION OF FUNDS</b>		
<b>Current Assets, Loans And Advances</b>		
<b>Current Assets</b>		
<b>Cash &amp; Bank Balances</b>		
Balances with Scheduled Banks in Current Account	29,794	6,455
Cash/Cheques in hand	696	32,068
	<u>30,490</u>	<u>38,523</u>
<b>Less: Current Liabilities &amp; Provisions</b>		
<b>Current Liabilities</b>		
Expenses Payable	2,245	2,204
	<u>2,245</u>	<u>2,204</u>
<b>Net Current Assets</b>	28,245	36,319
<b>Profit &amp; Loss Account</b>	535,078	523,429
	<u>563,323</u>	<u>559,748</u>

As per our report of even date attached

For and on behalf of

**For R S GUPTA & CO.**

Chartered Accountants

**S K Gupta**

Partner

Place : Noida (U.P.)

Date : July 12, 2007

**A. K. Tanwar**

**Sameer Sinha**

Directors

# Profit And Loss Account

(Amount in Rs.)

For the year ended 31st March

2007

2006

## INCOME

Other Income

-

-

-

-

## EXPENDITURE

Interest Paid

3,575

3,327

Printing &amp; Stationery

-

950

Fees &amp; Registration

3,067

5,083

Legal &amp; Professional

2,200

3,500

Auditors Remuneration

2,446

5,494

Bank Charges

361

80

11,649

18,434

Profit/(Loss) for the year

(11,649)

(18,434)

Loss brought forward from last year

(523,429)

(504,995)

Loss Carried over to Balance Sheet

(535,078)

(523,429)

As per our report of even date attached

For and on behalf of

For R S GUPTA &amp; CO.

Chartered Accountants

S K Gupta

Partner

Place : Noida (U.P.)

Date : July 12, 2007

A. K. Tanwar

Sameer Sinha

Directors

# Schedules to Accounts

## SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

### A) Significant Accounting Policies

- The accounts of the Company are kept on accrual basis. The detailed accounting policies will be formulated upon the Company commencing its business.

### B) Notes to Accounts

- |                         | 31.03.2007 | 31.03.2006 |
|-------------------------|------------|------------|
| 1 Auditors Remuneration | Rs.2,446/- | Rs.5,494/- |
- Following the concept of prudence, the unabsorbed business losses as per Income Tax Act, 1961 have not been recognised as deferred tax assets in accordance with Accounting Standard 22 issued by the Institute of Chartered Accountants of India. There are no deferred tax liabilities in the case of the Company.
  - Pursuant to compliance of AS-18 on Related Party Disclosures, the relevant information is Provided here below:

a) Related parties where control exists

Triveni Engineering & Industries Limited-Holding Company

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

Holding Company (Group A)

Triveni Engineering & Industries Limited

Details of transactions with related parties (Amount in Lacs.)

S.No	Particular	31.03.07
1.	Sales & rendering of services (net)	-
2	Purchase and receiving of services	-
3	Amount Advanced/refunded of expenses incurred (net)	-
4	Purchase of Fixed Assets	-
5	Interest Paid	0.04
6	Rent Paid	-
7	Outstanding Balances	-
	Unsecured Loans	0.63
	Sundry Debtors	-

- The Company has only one business segment, hence the provisions of segment reporting are not applicable.
- Pursuant to compliance of AS-20 on Earning per Share, the relevant information is provided here below : (Amount in Rs.)

	2006-2007	2005-2006
1. Net Loss as per Profit & Loss Account	(11,649)	(18,434)
2. No. of Equity Shares of Rs.10/- during the year	50,000	50,000
Earning per equity share of Rs.10/- each Basic/Diluted (1)/(2)	(0.23)	(0.37)

- 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.
- Figures for the previous year are regrouped or transferred wherever considered necessary

For and on behalf of

For R S GUPTA & CO.

Chartered Accountants

S K Gupta

Partner

Place : Noida (U.P.)

Date : July 12, 2007

A. K. Tanwar

Sameer Sinha

Directors

# Cash Flow Statement

(Amount in Lacs)

For the year ended 31st March	2007	2006
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before Tax	(0.12)	(0.18)
Less : Incomes/Expenses treated separately		
Interest Expenses	(0.04)	(0.03)
Operating Profit before Working Capital changes	(0.08)	(0.15)
Changes in Working Capital		
Changes in Current Liabilities	0.00	(0.01)
Net Changes in Working Capital	0.00	(0.01)
Cash Flow from operating activities	(0.08)	(0.16)
<b>B. CASH FLOW FROM INVESTMENT ACTIVITIES</b>		
Sale of Investments	0.00	0.31
Net Cash Flow in Investment Activities	0.00	0.31
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Increase/Decrease in Long Term Borrowings (Net)	0.03	0.09
Interest Paid	(0.04)	(0.03)
Net Cash Flow used in Financing Activities	(0.01)	0.06
Net Increase in Cash & Cash Equivalents	(0.09)	0.21
Opening Cash & Cash Equivalents *	0.39	0.18
Closing Cash & Cash Equivalents *	0.30	0.39

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

For and on behalf of  
**For R S GUPTA & CO.**  
Chartered Accountants

**S K Gupta**  
Partner

Place : Noida (U.P)  
Date : July 12, 2007

A. K. Tanwar  
Sameer Sinha  
Directors

# Balance Sheet Abstract

Balance Sheet Abstract and Company's General Business Profile

## I. Registration Details

Registration No.

State Code

Balance Sheet Date          
Date Month Year

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

Public Issue

Rights Issue

Bonus Issue

Private Placement

## III. Position of Mobilisation and Deployment of Funds (Amount in Thousand)

Total Liabilities

Total Assets

### Sources of Funds

Paid - up Capital

Reserve & Surplus

Secured Loans

Unsecured Loans

### Application of Funds

Net Fixed Assets

Investments

Net Current Assets

Misc. Expenditure

Accumulated Losses

Deferred Tax Liability (Net)

## IV. Performance of Company (Amount in Thousand)

Turnover (Incl. 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. (ITC Code)

Product Description

# Report of the Directors

To  
The Members of  
Upper Bari Power Generation Limited

Your Directors take pleasure in submitting the Second statement of Annual Accounts for the year ended 31st March 2007 with the Auditors' Report thereon.

## Financial Highlights

During the year under review the Company incurred net loss after tax of Rs 0.24 lacs which after adjustment with earlier profits stood reduced to Rs 0.21 lacs and has been carried over to the Balance Sheet. In view of the loss incurred, your directors do not recommend any dividend for the year under review.

## Operations

Govt of Himachal Pradesh, Deptt of Non Conventional energy sources vide letter dated 20.7.2007 has approved the Company as Special Purpose Vehicle of Triveni Engineering & Industries Limited (TEIL), the holding Company for development of Joiner & Nait mini hydro electric projects allotted to TEIL in Himachal Pradesh.

In accordance with the requirements of the Companies Act, 1956 the Registered office of the Company was shifted from the state of Punjab to the State of Himachal Pradesh w.e.f 14.5.2007. At present it is situated at Chevron Valley View, Badah Road, Kullu Himachal Pradesh -175101.

## Directors

In accordance with the provisions of Companies Act, 1956 Mr. V.P. Ghuliani retires by rotation at the forthcoming Annual General Meeting and being eligible offers himself 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, 2007, 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

Place: Noida (UP)  
Date : September 3, 2007

V. P. Ghuliani  
Suresh Taneja  
Directors

# Auditors' Report

To  
The Members of  
Upper Bari Power Generation Limited

1. We have audited the attached Balance Sheet of Upper Bari Power Generation Limited as at 31st March 2007 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 (Auditor's 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 the 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 & 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 2007 and taken on record by the Board of Directors, we report that none of the Director is disqualified as on 31st March 2007 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 2007 and
  - (b) in the case of the Profit & Loss Account of the Profit for the year ended on that date.

For **R S Gupta & Co**  
Chartered Accountants

**SK Gupta**  
Partner  
Membership No. 14287

Place : Noida (U.P)  
Date : September 3, 2007

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## 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.

## Annexure to Auditors' Report (Contd.)

- (iv) In our opinion and according to information and explanations given to us, there are adequate internal control procedures commensurate with 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 and 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 internal audit system to the Company is not applicable.
- (viii) As per information & explanations given to us, the Company is not required to maintain cost record under section 209(l)(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 and Service Tax 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) Since the Company has not completed its five year's period of business activities, accordingly the provisions of clause 4 (x) of the Companies (Auditors' Report) order, 2003 are not applicable to the Company.
- (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 no term loans raised by the Company from banks or financial institutions, accordingly the provisions of clause 4(xvi) of the Companies (Auditors' Report) Order, 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 and 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 Companies (Auditors' Report) Order, 2003 are not applicable to the Company.
- (xx) As per information and 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 and 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 & Co**  
Chartered Accountants

**SK Gupta**  
Partner

Place : Noida (U.P.)  
Date : September 3, 2007

Membership No. 14287



# Balance Sheet

(Amount in Rs.)

As at 31st March	2007	2006
<b>SOURCES OF FUNDS</b>		
<b>Share Capital</b>		
<b>Authorised</b>		
50,000 Equity Shares of Rs.10/- each	500,000	500,000
	<u>500,000</u>	<u>500,000</u>
<b>Issued, Subscribed &amp; Paid-up</b>		
50,000 Equity Shares of Rs.10/- each fully paid-up	500,000	500,000
<b>Unsecured Loans</b>		
Triveni Engineering & Industries Ltd (Holding Company)	34,718	32,693
<b>Profit &amp; Loss Account</b>		
	(21,593)	2,155
	<u>513,125</u>	<u>534,848</u>
<b>APPLICATION OF FUNDS</b>		
<b>Current Assets, Loans And Advances</b>		
<b>Current Assets</b>		
Interest accrued on Fixed Deposit	18,344	15,342
<b>Loans &amp; Advances</b>		
Advance Tax (Self Assessment tax(A.Y-2006-07)	3,584	-
TDS Certificate Recoverable	7,171	-
<b>Cash &amp; Bank Balances</b>		
<b>Cash at Bank in Current Account with</b>		
UTI Bank Limited	21,324	45,250
Fixed Deposit with Bank	471,781	450,000
	<u>522,204</u>	<u>510,592</u>
<b>Less: Current Liabilities &amp; Provisions</b>		
<b>Current Liabilities</b>		
Expenses Payable	2,245	2,204
Provision for Taxation	6,834	1,500
	<u>9,079</u>	<u>3,704</u>
<b>Net Current Assets</b>	513,125	506,888
Miscellaneous Expenditure to the extent not w/off or adjusted	-	27,960
	<u>513,125</u>	<u>534,848</u>

As per our report of even date attached

For and on behalf of

For R S Gupta & Co.

Chartered Accountants

S K Gupta

Partner

Place : Noida (U.P.)

Date : September 3, 2007

V. P. Ghuliani

Suresh Taneja

Directors

# Profit And Loss Account

(Amount in Rs.)

For the year ended 31st March	2007	2006
<b>INCOME</b>		
Other Income	31,954	15,342
	<u>31,954</u>	<u>15,342</u>
<b>EXPENDITURE</b>		
Interest Paid	1,958	1,673
Advertisements	5,036	-
Auditors Remuneration	2,286	2,204
Out of Pocket expenses	160	-
Fee & Registration	2,277	-
Legal & Professional Charges	10,145	-
Postage & Telegram	179	-
Bank Charges	367	820
Preliminary expenses written off	27,960	6,990
	<u>50,368</u>	<u>11,687</u>
Profit before Taxation	(18,414)	3,655
Less: Provision for Tax	3,250	1,500
Short Provision for I. Tax made for Previous year	2,084	-
Profit/(Loss) brought forward	2,155	-
	<u>(21,593)</u>	<u>2,155</u>
Net profit carried over to Balance Sheet		

As per our report of even date attached

For and on behalf of

For R S Gupta &amp; Co.

Chartered Accountants

S K Gupta

Partner

Place : Noida (U.P.)

Date : September 3, 2007

V. P. Ghuliani

Suresh Taneja

Directors

# Schedules to Accounts

## SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

### A) Significant Accounting Policies

- The accounts of the Company are kept on accrual basis. As the business of the Company is yet to be commenced, no detailed accounting policies have been formulated.

### B) Notes to Accounts

(Amount in Rs.)

31.03.2007      31.03.2006

- Auditors Remuneration      Rs.2,286/-      Rs.2,204/-
- Following the concept of prudence, the unabsorbed business losses as per Income Tax Act, 1961 have not been recognised as deferred tax assets in accordance with Accounting Standard 22 issued by the Institute of Chartered Accountants of India. There are no deferred tax liabilities in the case of the Company.
- Pursuant to compliance of AS-18 on Related Party Disclosures, the relevant information is Provided here below:
  - Related parties where control exists  
Triveni Engineering & Industries Limited-Holding Company
  - The details of related parties with whom transactions have taken place during the year:  
Holding Company (Group A)  
Triveni Engineering & Industries Limited

- The Company has not yet commenced business, hence the provisions of segment reporting are not applicable.

- Pursuant to compliance of AS-20 on Earning per Share, the relevant information is provided here below: (Amount in Rs.)

	2006-2007	2005-2006
1. Net Profit after tax as per Profit & Loss Account	(23,748)	2,155
2. No. of Equity Shares of Rs. 10/- during the year (weighted average)	50,000	46,164
Earning per equity share of Rs. 10/- each Basic/Diluted (1)/(2)	(0.47)	0.05

- 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.
- Figures for the previous year are regrouped or rearranged wherever considered necessary.

For R S Gupta & Co  
Chartered Accountants

SK Gupta  
Partner

V. P. Ghuliani  
Suresh Taneja  
Directors

### Details of transactions with related parties (Amount in Lacs)

S.No	Particular	31.03.07
1.	Sales & rendering of services (net)	-
2	Purchase and receiving of services	-
3	Amount Advanced/refunded of expenses incurred (net)	-
4	Purchase of Fixed Assets	-
5	Interest Paid	0.02
6	Rent Paid	-
7	Outstanding Balances	-
	Unsecured Loans	0.35
	Sundry Debtors	-

Place : Noida (U.P.)  
Date : September 3, 2007

# Cash Flow Statement

(Amount in Lacs)

For the year ended 31st March	2007	2006
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before Tax	(0.18)	0.04
Miscellaneous Expenditure	0.28	0.07
Less : Incomes/Expenses treated separately		
Interest Expenses	(0.02)	(0.02)
Interest Income	0.32	0.15
Deferred Revenue Expenditure Incurred	0.00	0.35
<b>Operating Profit before Working Capital changes</b>	<b>(0.20)</b>	<b>(0.37)</b>
<b>Changes in Working Capital</b>		
Changes in Other Trade Receivables	(0.07)	(0.15)
Changes in Current Liabilities	0.00	0.02
Direct Taxes Paid (Net) including wealth tax	(0.04)	0.00
<b>Net Changes in Working Capital</b>	<b>(0.11)</b>	<b>(0.13)</b>
<b>Cash Flow from operating activities</b>	<b>(0.31)</b>	<b>(0.50)</b>
<b>B. CASH FLOW FROM INVESTMENT ACTIVITIES</b>		
Interest Income	0.29	0.15
<b>Net Cash Flow in Investment Activities</b>	<b>0.29</b>	<b>0.15</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Increase/Decrease in Short Term Borrowings (Net)	0.02	0.32
Interest Paid	(0.02)	(0.02)
Issue of Share Capital	0.00	5.00
<b>Net Cash Flow used in Financing Activities</b>	<b>0.00</b>	<b>5.30</b>
<b>Net Increase in Cash &amp; Cash Equivalents</b>	<b>(0.02)</b>	<b>4.95</b>
Opening Cash & Cash Equivalents *	4.95	0.00
<b>Closing Cash &amp; Cash Equivalents *</b>	<b>4.93</b>	<b>4.95</b>

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

For and on behalf of  
**For R S Gupta & Co.**  
Chartered Accountants

**S K Gupta**  
Partner

Place : Noida (U.P.)  
Date : September 3, 2007

V. P. Ghuliani  
**Suresh Taneja**  
Directors

# Balance Sheet Abstract

Balance Sheet Abstract and Company's General Business Profile

## I. Registration Details

Registration No.       State Code

Balance Sheet Date          
Date Month Year

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

Public Issue        Rights Issue

Bonus Issue        Private Placement

## III. Position of Mobilisation and Deployment of Funds (Amount in Thousand)

Total Liabilities         Total Assets

### Sources of Funds

Paid-up Capital        Reserve & Surplus

Secured Loans        Unsecured Loans

### Application of Funds

Net Fixed Assets        Investments

Net Current Assets        Misc. Expenditure

Accumulated Losses        Deferred Tax Liability (Net)

## IV. Performance of Company (Amount in Thousand)

Turnover (Incl. Other Income)

Profit/(Loss) Before Tax

Earning per Share in Rs.

Total Expenditure

Profit/(Loss) After Tax

Dividend Rate %

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

Item Code No. (ITC Code)

Product Description

