

ANNUAL REPORT 2012 - 14
(18 MONTHS)



Actions for a better Tomorrow

Forward looking statement

This report contains forward-looking statements, which may be identified by their use of words like 'plans', 'expects', 'will', 'anticipates', 'believes', 'intends', 'projects', 'estimates' or other words of similar meaning. All statements that address expectations of projections about the future, including but not limited to statements about the Company's strategy for growth, product development, market position, expenditures and financial results, are forward-looking statements. Forward-looking statements are based on certain assumptions and expectations of future events. The Company cannot guarantee that these assumptions and expectations are accurate or will be realised.

The Company's actual results, performance or achievements could thus differ materially from those projected in any such forward-looking statements. The Company assumes no responsibility to publicly amend, modify or revise any forward looking statements, on the basis of any subsequent developments, information or events.

The Company has sourced the industry information from the publicly available resources and has not verified those information independently.

CONTENTS

COMPANY OVERVIEW

Actions for a better tomorrow	01
Corporate Identity	06
Business Locations	07

MANAGEMENT STATEMENTS

Message from the Chairman	08
Q&A with the Vice Chairman & Managing Director	10

BUSINESS REVIEW

Management Discussion & Analysis	12
Financial Review	29
Risk Review	34

MANAGEMENT REPORTS

Directors' Report	37
Corporate Governance Report	46

FINANCIAL STATEMENTS

Standalone Financials	61
Consolidated Financials	109



Actions for a better Tomorrow

The period under review witnessed an extremely challenging business environment which impacted the growth and profitability of the entire sugar industry. Most of the companies in the sugar industry posted substantial losses owing to high sugarcane cost and declining domestic sugar prices.

In April 2013, the Cabinet Committee on Economic Affairs (CCEA) has partially accepted Dr. Rangarajan Committee's recommendations on decontrol of sugar Industry and removed major output controls while decision on other key recommendations like linking of sugarcane pricing with prices of sugar and saleable primary by-products have been left to the State Governments.

The capital goods and infrastructure sectors, which are catered to by the Company's Engineering Businesses, have been witnessing considerable slowdown in India due to factors such as land acquisition, environment clearances, fuel linkage policy, high inflation and interest rates.

With the new government in place, it is expected that the policy stagnation will cease thereby propelling growth in the user industries which in turn shall augment demand for the capital goods sector including Triveni's Engineering Businesses.

At Triveni, we believe that the inflection point has arrived – both in the Engineering Businesses and in the Sugar Business. This may well be the beginning of a new era. We are optimistic that the overdue reforms in the sugar industry will be well addressed by the Government so that the industry remains viable. Improvement of the business climate through positive governance may catalyse growth in the capital goods and infrastructure segments. We have a robust business mix and all our businesses have enormous potential, if not constrained by policy conundrum and economic slowdown. All indications suggest that a better tomorrow is around the corner.



Sustainable sugar industry



Despite being the world's second largest producer and largest consumer of sugar, it is quite an irony that country's sugar industry has been fighting for its commercial viability. The industry is confronted with multiple challenges which include lack of a viable mechanism for sugarcane pricing, uncertainties emanating from climatic factors on cane yields and recovery, inadequate propagation of modern cultivation and harvesting techniques, and financial constraints and erosion of net worth of sugar mills. These factors are collectively impacting the sustainability and viability of the Indian Sugar industry.

In order to revive the sugar industry, as per the recommendations of Dr. Rangarajan Committee Report, the Government has partially decontrolled the industry by removing levy sugar obligations and abolishing the monthly release mechanism of selling non-levy sugar. Further, to tide over immediate payment crisis of cane arrears and to correct surplus sugar stocks in the country, it provided interest free loans to sugar millers and allowed export subsidy. The Central Government has left decisions on some of the other key recommendations of the said committee to the State Governments which include linking sugarcane pricing with that of sugar, minimum distance between factories and reservation of area for factories from a medium term perspective and we believe the linking of sugarcane price with sugar price will happen in the coming years.

The Government, through the Ethanol Blending Program (EBP) has made it mandatory to blend 5% ethanol in petrol to contain fossil fuel imports and reduce current account and fiscal deficit. The improved tender prices of ethanol benefit sugar mills having captive distillery operations while offering significant cost reduction to OMCs. We expect that higher demand for ethanol will improve the overall realisations of all variants of distillery products, which will help cash-strapped sugar mills to boost their revenues.

We are optimistic that these policy reforms would continue to move in the right direction and create a viable and sustainable ecosystem in which the sugar millers, farmers and their other user industries will thrive together.





Sustained economic growth



The capital goods sector, which contributes around 12% to the total manufacturing activity of India (about 15% of the GDP), plays a vital role in the development of the country. The growth of the capital goods industry has a multiplier effect in the growth of the economy. During the last three years, the growth of the Indian capital goods sector has been sluggish owing to weak domestic demand, higher interest rates, low business sentiments, policy conundrum, delay in project execution and the slowdown in the global economy.

The year 2013-14 has seen decline in the macro-economic conditions of the country. With the new Government in place, the country is expected to witness fast-tracking of structural reforms aimed at supporting investment, removing inordinate delays in implementation of projects, improving policy framework and encouraging private & public investment. All of this shall improve the business and investment

sentiments, which in turn should drive demand growth for the capital goods sector.

With complete readiness to participate in the growth phase, our Gears and Water Business shall improve their revenue growth and regain their profitability levels of earlier years.





Corporate Identity

With annualised turnover of over ₹ 2100 crore, we are a conglomerate having core competencies in the areas of Sugar and Engineering. We have business presence in sugar, power generation, distillery, gears & gearboxes and water & wastewater treatment.

OUR BUSINESSES

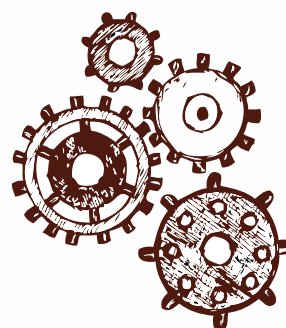
Sugar Business

- We are one of the largest sugar manufacturers in India with seven sugar mills. Our three units at Khatauli, Deoband, Sabitgarh are in western UP, three at Chandanpur, Rani Nangal and Milak Narayanpur fall in central UP and one unit at Ramkola is located in eastern UP. We have converted two of our units, Khatauli and Sabitgarh, into refineries. This has helped us increase the share of refined sugar to 40% in our total production.
- We currently operate grid connected three co-generation plants and two incidental co-generation plants located across our four sugar units.
- We operate one of the largest single stream molasses based distilleries at Muzaffarnagar. Flexible manufacturing process allows us to produce Extra Neutral Alcohol (ENA), Rectified Spirit (RS), Special Denatured Spirit (SDS) & Ethanol.



Gears Business

- We are in the business of design, manufacture and marketing of customised Gears and Gearboxes (both high speed and niche low speed gears). Our state-of-the-art design and manufacturing facility at Mysore conforms to international standards.
- We have approximately 70% market share in high speed gear market. We manufacture high speed gears and gearboxes up to 70 MW capacity and speed of 70,000 rpm.
- Our strong in-house R&D team is constantly working towards developing new products.



Water Business

- We are a leading player in the high technology Water and Wastewater management business in India, having our manufacturing facility at Noida.
- We provide a wide range of products and offer end-to-end services in the technology spectrum of Water and Wastewater treatment.
- We have technology association with world's leading technology providers for various products, process and solutions.



Information on Company's business locations

REGISTERED OFFICE

Deoband, District-Saharanpur
Uttar Pradesh-247 554
STD Code: 01336
Phone: 222497, 222185
Fax: 222220
CIN- L15421UP1932PLC022174

CORPORATE OFFICE

'Express Trade Towers', 8th Floor
15-16, Sector- 16A
Noida 201 301(U.P.)
STD Code: 0120
Phone: 4308000
Fax: 4311010-11

SHARE DEPARTMENT/INVESTORS' GRIEVANCES

'Express Trade Towers', 8th Floor
15-16, Sector- 16A
Noida 201 301(U.P.)
STD Code: 0120
Phone: 4308000
Fax: 4311010-11
Email: shares@trivenigroup.com

REGISTRAR AND SHARE TRANSFER AGENTS

For Equity shares held in physical and electronic mode
(Correspondence Address)
M/s Karvy Computershare Pvt. Ltd.,
Unit: Triveni Engineering & Industries Limited
Plot No. 17 to 24, Vittal Rao Nagar, Madhapur
Hyderabad-500 081.
Tel. 040-23420815-825,
Fax 040-23420814
Email: einward.ris@karvy.com

FIXED DEPOSIT SECTION

ACCOUNTS DEPARTMENT

'Express Trade Towers', 8th Floor
15-16, Sector- 16A
Noida 201 301(U.P.)
STD Code: 0120
Phone: 4308000
Fax: 4311010-11
Email: hoaccts@trivenigroup.com

GEARS BUSINESS GROUP

1,2,3 Belagola Industrial Area,
Metagalli Post, K.R.S. Road,
Mysore-570 016
STD Code: 0821
Phone: 4280501, 4280502
Fax: 2582694

WATER BUSINESS GROUP

Plot No.44, Block-A, Phase II Extension,
Hosiery Complex, Noida,
District Gautam Budh Nagar, U.P.
STD Code: 0120
Phone: 4748000
Fax: 4243049
Email: wbg@projects.trivenigroup.com

KHATAULI SUGAR UNIT

Khatauli, District- Muzaffarnagar,
Uttar Pradesh-251 201
STD Code: 01396
Phone: 272561, 272562
Fax: 272309

DEOBAND SUGAR UNIT

Deoband, District-Saharanpur
Uttar Pradesh-247 554
STD Code: 01336
Phone: 222497, 222185, 222866
Fax: 222220

RAMKOLA SUGAR UNIT

Ramkola, District-Kushinagar
Uttar Pradesh-247 305
STD Code: 05567
Phone: 256021, 256071-2, 256182
Fax: 256248

SABITGARH SUGAR UNIT

P.O. Karora, Tehsil Khurja
District-Bulandshahar,
Uttar Pradesh
STD Code: 05738
Phone: 228894
Fax: 228893

RANI NANGAL SUGAR UNIT

Rani Nangal, Thakurdwara
District- Moradabad
Uttar Pradesh
STD Code: 0595
Phone: 2564350, 2564627
Fax: 2565002

MILAK NARAYANPUR SUGAR UNIT

Milak Narayanpur, P.O. Dadiyal
District-Rampur
Uttar Pradesh- 244 925
STD Code: 0595
Phone: 2564350, 2564627, 2564215
Fax: 2565002

CHANDANPUR SUGAR UNIT

P.O. Chapna, Tehsil-Hasanpur,
District- Amroha
Uttar Pradesh-244255
STD Code: 05924
Phone: 267002
Fax: 267001

CO-GENERATION KHATAULI

Khatauli, District-Muzaffarnagar,
Uttar Pradesh-251 201
STD Code: 01396
Phone: 272561, 272562
Fax: 272309

CO-GENERATION DEOBAND

Deoband, District-Saharanpur
Uttar Pradesh-247 554
STD Code: 01336
Phone: 222497, 222185, 222866
Fax: 222220

DISTILLERY UNIT

Village Bhikki Bilaspur,
Jolly Road, District-Muzaffarnagar,
Uttar Pradesh-251 001
STD Code: 0131
Phone: 2600659, 2600684
Fax: 2600569

BRANDED DIVISION

'Express Trade Towers', 8th Floor
15-16, Sector- 16A
Noida 201 301(U.P.)
STD Code: 0120
Phone: 4308000
Fax: 4311010-11

SUBSIDIARY COMPANIES

TRIVENI ENGINEERING LIMITED

'Express Trade Towers', 8th Floor
15-16, Sector- 16A
Noida 201 301(U.P.)
STD Code: 0120
Phone: 4308000
Fax: 4311010-11

TRIVENI ENERGY SYSTEMS LIMITED

'Express Trade Towers', 8th Floor
15-16, Sector- 16A
Noida 201 301(U.P.)
STD Code: 0120
Phone: 4308000
Fax: 4311010-11

TRIVENI ENTERTAINMENT LIMITED

Grand Plaza, 104, 1st Floor,
99, Old Rajinder Nagar Market,
New Delhi-110060
STD Code: 011
Phone: 25810660

BHUDEVA PROJECTS LIMITED

Plot No.44, Block-A, Phase II Extension,
Hosiery Complex, Noida,
District Gautam Budh Nagar, U.P.
STD Code: 0120
Phone: 4748000, Fax: 4243049

SVASTIDA PROJECTS LIMITED

Plot No.44, Block-A, Phase II Extension,
Hosiery Complex, Noida,
District Gautam Budh Nagar, U.P.
STD Code: 0120
Phone: 4748000
Fax: 4243049

CORPORATE INFORMATION

CHAIRMAN AND MANAGING DIRECTOR

Mr. Dhruv M. Sawhney (DIN-00102999)

VICE CHAIRMAN & MANAGING DIRECTOR

Mr. Tarun Sawhney (DIN-00382878)

DIRECTORS

Mr. Nikhil Sawhney (DIN-00029028)

Dr. F.C. Kohli (DIN-00102878)

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

(DIN-00090909)

Mr. M.K. Daga (DIN-00062503)

Mr. Shekhar Datta (DIN-00045591)

Ms. H.A. Daruwalla (DIN-00365880)

Mr. Santosh Pande (DIN-01070414)

GROUP CHIEF FINANCIAL OFFICER

Mr. Suresh Taneja

GROUP GENERAL MANAGER & COMPANY SECRETARY

Ms. Geeta Bhalla

BANKERS

Axis Bank Ltd.
Canara Bank
Central Bank of India
IDBI Bank Ltd.
Indusind Bank Ltd.
Oriental Bank of Commerce
Punjab National Bank
State Bank of India
State Bank of Patiala
Yes Bank Ltd

AUDITORS

M/s J.C. Bhalla & Co.

BRANCH AUDITORS

M/s Virmani & Associates

TRIVENI GROUP WEBSITE

www.trivenigroup.com



Message from the Chairman

Dear Shareholders,

We witnessed one of the most challenging business environments of recent times during the period under review (October 2012 – March 2014). We utilised this phase in bringing about wholesome internal strengthening of our organisation, its business processes and prospects. We stayed focused in making ourselves more robust and less prone to external volatilities. We continue to remain optimistic and agile. With expected return of the growth momentum in the short to medium term, we will be in a good position to deliver positive results.

Sugar Business

The Indian sugar industry has been a victim of lack of vision and inappropriate policies. The potential is enormous in terms of its significance in world sugar trade, generation of clean power from renewable energy sources, substituting fossil fuel by Ethanol and improving agricultural productivity and augmenting the income of farmers. The worst sufferers are the sugar manufacturers operating out of UP. The rising input cost, moderate recoveries and falling sugar prices have all led to a significant weakening of their financial conditions. Owing to various factors including lower production in UP, delay in commencement of crushing, uncertainty of sugar pricing, lower sugarcane yields and higher diversion of sugarcane to alternate sweetener manufacturers, the industry has posted its worst performance in many years.

