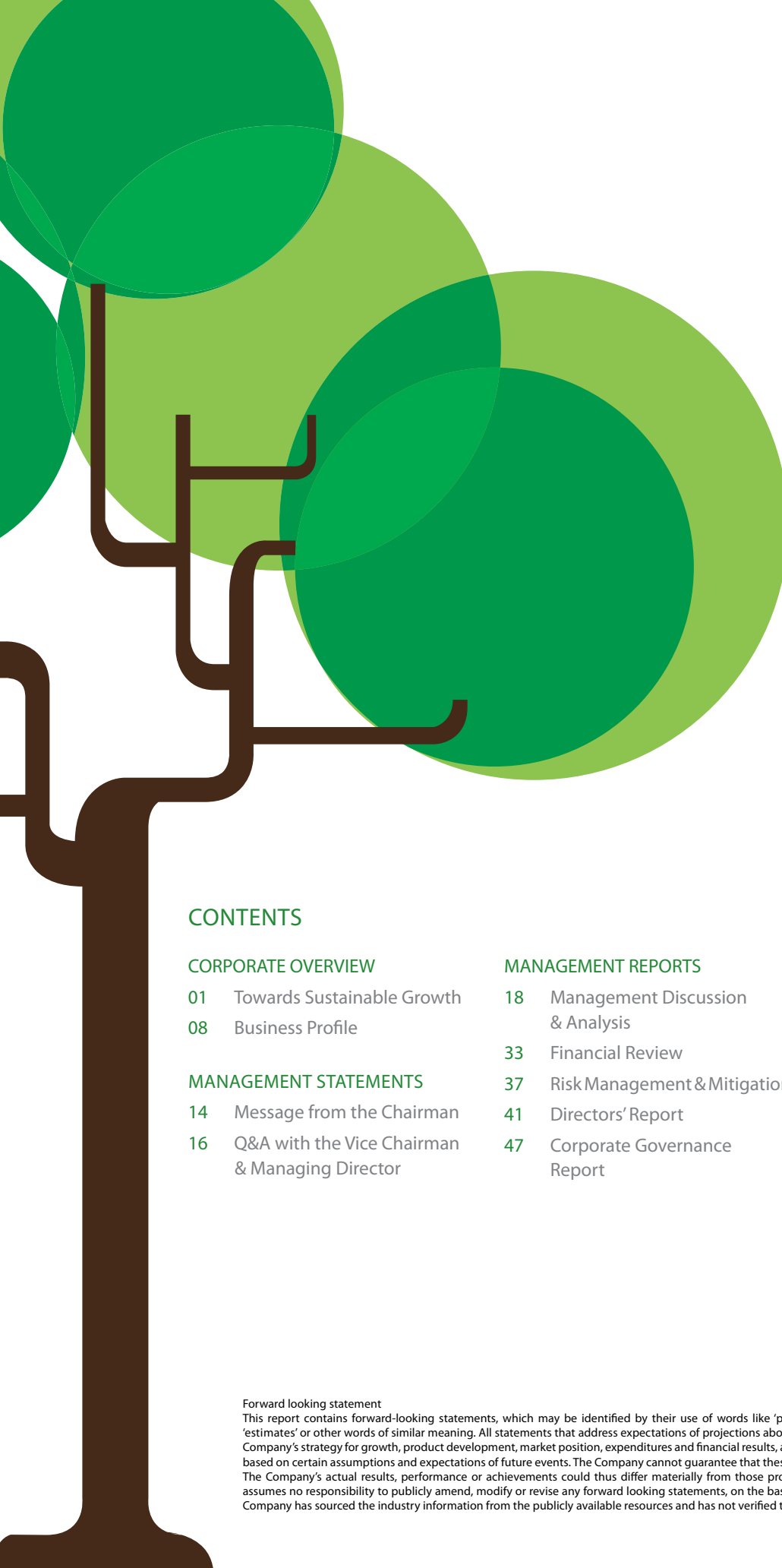




Towards Sustainable Growth

Annual Report 2015-16



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Forward looking statement

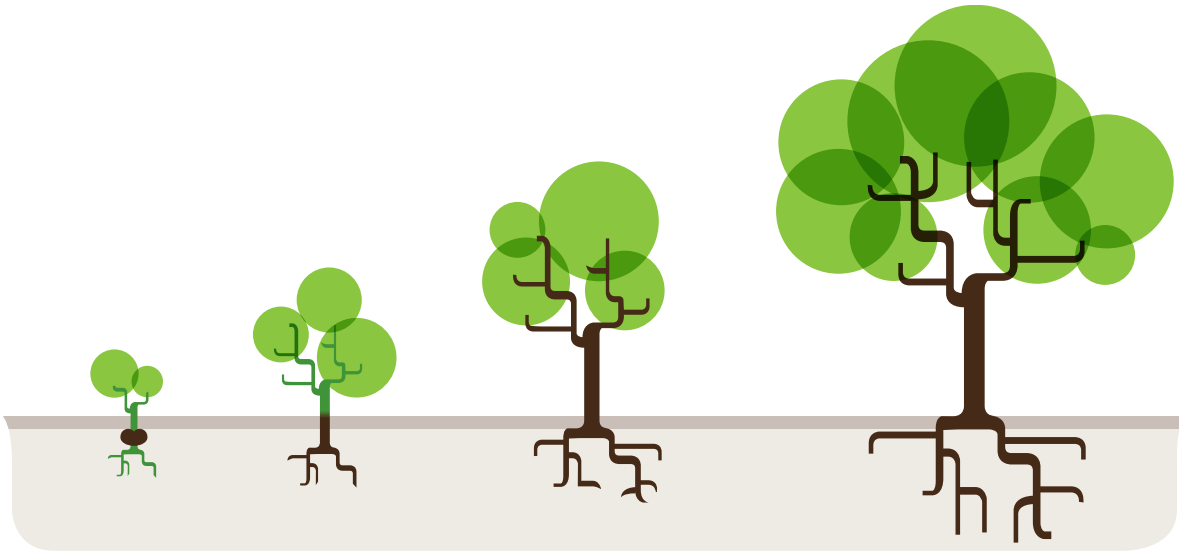
This report contains forward-looking statements, which may be identified by their use of words like 'plans', 'expects', 'will', 'anticipates', 'believes', 'intends', 'projects', 'estimates' or other words of similar meaning. All statements that address expectations of projections about the future, including 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.

Towards Sustainable Growth

The key edifice of our business strategy is sustainable growth which requires a strategic vision, strong organisational alignment and a readiness to capture growth opportunities. We have built our core competencies across the Company's business verticals that are primed to deliver steady business growth. We are pursuing opportunities across our businesses to improve profitability and strengthen our leadership position. In order to build further growth momentum in the business, we are now realigning our sugar and engineering businesses. This new structure allows each of the businesses to focus on the priorities in their respective business environments and will enable us to further strengthen our core for sustainable growth going forward.



Gaining Sustainable Momentum Leveraging Growth Opportunities



The global shortages have turned favourable leading to a steady increase in sugar prices. With the Central Government's initiatives such as 'Make in India' the future growth prospects have significantly increased for the Gears business. Also river rejuvenation and Clean India drive has increased the growth opportunities for the Water business.



SUGAR BUSINESS

The performance of the sugar industry, over the past few years, was impacted by the excess sugar production than consumption, resulting in a mismatch between input and output prices which had an adverse impact on financial performance. However, now the global shortages have turned favourable leading to a steady increase in sugar prices. India is also witnessing lower domestic production due to two consecutive years of deficient monsoon, which led to a steady increase in realisation. One big positive for the sugar industry in this scenario is the Government's shift towards more conducive regulatory policies.



Various support mechanisms like improved cane pricing mechanism, the mandatory sugar exports, subsidy schemes, and the Ethanol Blending program, etc., launched by the State and Central Governments have instilled more hope and confidence in the future of the sugar sector.

ENGINEERING BUSINESS

Over the last few years, the engineering industry in India has been almost dormant due to the scarcity of capital expenditure. With the economic activities expected to pick up through various initiatives of the Government, the

industry is witnessing a gradual recovery. With the Central Government's push towards increasing manufacturing activities and making India a manufacturing hub, through its 'Make in India' initiative, the future growth prospects have significantly increased for the Gears business. The Government's impetus towards river rejuvenation and Clean India drive has also increased the growth opportunities for the Water business and we are now witnessing a greater degree of enquiry generation. This is expected to ultimately lead to better order finalisations.



Sustainable Growth Powered by Organisational Capabilities

Our keen focus on the Cane Development Initiatives across our seven sugar units has led to a substantial improvement in the cane quality. In our Gears business, even in the current challenging macro environment for the capital goods industry, we have maintained our leadership position in the high speed gears and gearboxes segment.

Even though the macro environment has been challenging over the last few years, we have been steadfast in enhancing our internal capabilities. We have taken many definitive actions to move forward despite the difficult economic and business scenarios. Our keen focus on the Cane Development Initiatives across our seven sugar units has led to a substantial improvement in the cane quality. Under this initiative, through a close collaboration with farmers, we have worked towards protecting the crop, enhancing yield per hectare and increasing recoveries by using higher sugared varieties of cane. These initiatives along with favourable climatic conditions have resulted in a substantial increase in average recovery for 2015-16 season.

Our product strategy, including changing of the product mix as per the market requirements, has helped us to earn a premium for our products: the production of around 40% refined sugar and 87% ethanol in the sales mix has helped us to achieve better price realisations. Augmenting power generation through three incidental co-generation power plants over the past years at competitive capital cost, has also generated additional revenue through increased volume of power export to the grid.

Even in the current challenging macro environment for the capital goods industry, we have maintained our leadership position in the high speed gears and gearboxes segment. In the Gears business, our long association with GE Lufkin has armed us with a technical edge over the competition and has helped



us to make steady inroads into the regional market. In the Water business, we have significantly enhanced our focus towards improving our operating efficiency by reducing delivery time. The order intake in the year FY 16 has witnessed a robust growth of 92% over FY 15 which has secured a strong revenue growth going forward. All these efforts further fortify our Engineering business.



The Engineering business, though relatively small presently, has a huge potential in both the segments – High Speed Gears and Water & Wastewater Management – and requires undiluted focus and orientation to realise their growth potential.



Strategic Realignment for Sustainable Growth

We currently operate in two broad business segments - Sugar and Engineering - which are completely different in terms of risk profile, functionalities and management expertise. The Engineering business, though relatively small presently, has a huge potential in both the segments - High Speed Gears and Water & Waste Water Management - and requires undiluted focus and orientation to realise their growth potential. With this approach, we have decided, subject to the requisite approvals, to segregate the two businesses. The entire Sugar business will be de-merged into a separate Company which will be listed in the stock exchanges, while the Engineering business, consisting of Gears and Water businesses will continue under this Company. This would ensure that each business remains focused on leveraging their respective growth opportunities.



Our Business Profile

TRIVENI SUGAR

Integrated. Sustainable. Quality Product.

Triveni is one of the largest integrated sugar players in India, with seven sugar mills strategically located across the western, central and eastern parts of the cane rich areas of Uttar Pradesh (U.P.), India's largest sugarcane producing state.

Integrated Operations

Our Khatauli, Deoband and Sabitgarh units are in western UP, Rani Nangal, Chandanpur and Milak Narayanpur units are in central UP and the Ramkola unit is in eastern UP. Integrated with co-generation and distillery businesses, our sugar operations are optimised for value addition. Two of our facilities, viz., Khatauli and Sabitgarh produce refined sugar,

while the other five units manufacture white sulphitation sugar.

Triveni presently operates grid connected three co-generation plants and three incidental co-generation plants located across five sugar units which facilitate the export of surplus power to Uttar Pradesh Power Corporation Limited (UPPCL).

We have one of the largest and most efficient single stream molasses based distillery in the country, located at Muzaffarnagar, which procures captive raw material from two of our largest sugar units viz. Khatauli and Deoband.

