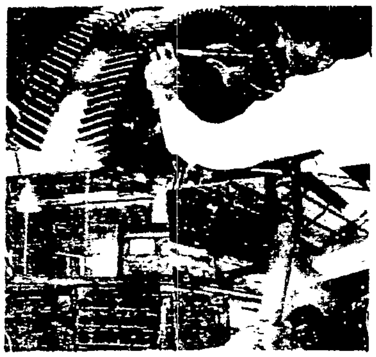
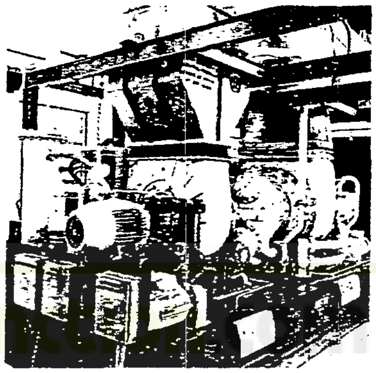
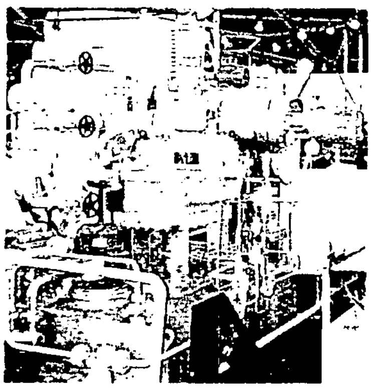




Triveni

ENGINEERING & INDUSTRIES LTD.

12th ANNUAL REPORT 1996-97



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CHAIRMAN & MANAGING DIRECTOR
Mr. Dhruv M. Sawhney

BOARD OF DIRECTORS
Mr. F.C. Kohli
Lt. Gen. K.K. Hazari (Retd.)
Mr. M.K. Daga
Mr. M.V. Subbiah
Mr. R.C. Sharma
Mr. Rajive Sawhney
Mr. S.K. Seth
Mr. M.M. Haque (IDBI Nominee)

ADVISORS
Mr. Devi Chand Sawhney
Mr. Dharma Vira

GROUP GENERAL MANAGER (LEGAL) & COMPANY SECRETARY
Mr. V.P. Ghuliani

BANKERS
Central Bank of India
Punjab National Bank
Oriental Bank of Commerce
Union Bank of India
Standard Chartered Bank
State Bank of Travancore
Canara Bank

LEGAL ADVISORS
M/s R. Sawhney & Associates

AUDITORS
M/s J.C. Bhalla & Co.

BRANCH AUDITORS
M/s R.S. Gupta & Co.
M/s S.P. Marwaha & Co.

REGISTERED OFFICE
Khatauli
District Muzaffarnagar,
Uttar Pradesh 251 201

Notice

NOTICE is hereby given that the **Twelfth Annual General Meeting** of the members of **Triveni Engineering & Industries Ltd.** will be held on Tuesday, the 17th March, 1998 at 11.45 A.M. at TEIL Welfare Club, Jansath Road, Khatauli, District Muzaffarnagar, Uttar Pradesh-251201 to transact the following business:-

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 30th September, 1997, the Profit & Loss Account for the year ended on that date and the Reports of the Directors' and Auditors' thereon.
2. To declare dividend on the Equity Share Capital for the year ended 30th September, 1997, subject to approval of the Financial Institutions.
3. To appoint a Director in place of Mr. Rajive Sawhney, who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. M.V. Subbiah, who retires by rotation and, being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Mr F.C. Kohli, who retires by rotation and, being eligible, offers himself for re-appointment.
6. To appoint Statutory and Branch Auditors who shall hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to authorise the Board of Directors to fix their remuneration. M/s J.C. Bhalla & Co. retiring Statutory Auditors and M/s R.S. Gupta & Co. and M/s S.P. Marwaha & Co., retiring Branch Auditors are eligible and offer themselves for re-appointment.

SPECIAL BUSINESS

To consider and, if thought fit, to pass with or without modification(s), the following resolutions :

7. **As an Ordinary Resolution**

RESOLVED that subject to approval of the Central Government under section 372(4) of the Companies Act, 1956, and of the Financial Institutions and such other permissions as may be necessary and subject to such conditions and modifications as may be required which the Board of Directors be and are hereby authorised to accept, sanction of the Company be and is hereby accorded to the Board of Directors to purchase upto 1,49,920 Equity Shares of Rs.10/- each of the aggregate value not exceeding Rs. 14,99,200 of Triveni SRI Ltd (TSL) from the Company's joint venture partner, Sugar Research Ltd. (SRI), Australia at a price not exceeding Rs.10/- per share notwithstanding that such investment together with the Company's existing investments in all other bodies corporate shall be in excess of any or all the percentages as also notwithstanding that the investment proposed to be made shall be in excess of the prescribed percentages of the subscribed equity share capital, or the aggregate of the paid up equity capital and preference share capital of the other body corporate i.e. TSL.

FURTHER RESOLVED that the Board of Directors of the Company be and are hereby authorised to finalise the terms of investment and to determine the time and manner of such investment and to generally deal with and decide all or any of the matters arising out of and incidental to the said investment.

8. **As a Special Resolution**

RESOLVED that in accordance with the provisions of Sections 81, 81(1A) and all other applicable provisions, if any , of the Companies Act, 1956, (including any statutory modifications or re-enactment thereof, for the time being in force), and the enabling provisions in the Memorandum and Articles of Association of the Company and subject to the approval of all other concerned authorities, if any, and to the extent necessary and subject to such conditions and modifications as may be prescribed or imposed by any of them while granting such approvals, permissions and sanctions, which may be agreed to and accepted by the Board of Directors of the Company and/or a duly authorised Committee thereof for the time being exercising the powers conferred by the Board (hereinafter referred to as the "Board"), consent of the Company be and is hereby accorded to the Board to issue / offer upto 20,00,000 (Twenty Lacs) Preference Shares of the face value of Rs.100/- each of an aggregate amount not exceeding Rs.20,00,00,000/- (Rupees Twenty Crores) as the Board, at its sole discretion may, at any time or times hereafter decide, to the Members, Debentureholders, Employees, Non-Resident Indians, Overseas Corporate Bodies (OCBs), Foreign Institutional Investors (FIIs), Financial Institutions (FIs), Companies, Other entities/ authorities and to any other person(s) whether through public issue, rights issue, private placement, exchange of securities, conversion of loans or otherwise for general corporate purposes including capital expenditure, working capital requirements, strategic investments, as the Board may deem fit and/or by any one or more or a combination of the above modes/ methods or otherwise and in one or more tranches, at such price or prices, and on such terms and conditions including the number of shares to be issued, entitlement ratio, if any, rate of dividend, redemption period, manner of redemption, and all related or incidental matters, as the Board may in its absolute discretion think fit.

RESOLVED FURTHER that for the purpose of giving effect to this resolution, the Board be and is hereby authorised to do all such acts, deeds, matters and things, as it may in its absolute discretion deem necessary, proper or desirable and to settle all questions, difficulties or doubts that may arise in regard to the offer/issue, allotment and utilisation of the proceeds of issue of the Preference Shares and further to do all such acts, deeds, matters and things and to finalise and execute all documents and writings as may be necessary, desirable or expedient as it may deem fit.

By Order of the Board of Directors

V.P. GHULIANI
G.G.M. (Legal)
& Co. Secretary

New Delhi
February 9, 1998

NOTES:

1. An Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956 in respect of item Nos.7 & 8 is annexed hereto.
2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. A PROXY IN ORDER TO BE EFFECTIVE MUST REACH AT THE REGISTERED OFFICE OF THE COMPANY OR AT SHARE DEPARTMENT AT 1107, ANSAL BHAWAN, 16-KASTURBA GANDHI MARG, NEW DELHI - 110 001 AT LEAST FORTY EIGHT (48) HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
3. Members are requested to notify any change in their address quoting their folio number to the Company's Share Department at 1107, Ansal Bhawan, 16-K.G. Marg, New Delhi-110 001.
4. The Register of Members and the Share Transfer Books of the Company will remain closed from Friday, the 13th February, 1998 to Monday, the 16th February, 1998 (both days inclusive).
5. The dividend, if declared at the AGM, will be paid on or after 25th April, 1998, to those members or their mandate(s) whose names appear in the Register of Members of the Company as on 16th February, 1998.
6. **No gift coupons will be distributed at the AGM.**
7. Pursuant to Section 205-A of the Companies Act, 1956, all unclaimed/unpaid final dividends of erstwhile The Triveni Engineering Works Ltd. for the financial year ended 30th September, 1994 will be transferred to the General Revenue Account of the Central Government in the month of May, 1998.

   Members who have so far not claimed or collected the aforesaid dividend may claim their dividend(s) from the Company at the earliest.
8. Transport will be provided to those shareholders who may be interested in attending the AGM. In case of joint

shareholders. only one shareholder will be provided conveyance. Transport will be available from the Company's Corporate Office at 'Kailash', 2nd Floor, 26-K.G. Marg, New Delhi-110 001 to the place of AGM and back to Corporate Office. Buses will leave the Corporate Office sharp at 8.00 A.M. on 17th, March 1998. Members who may be interested in attending the AGM are requested to give their request in writing giving their names, folio number, number of shares held by them to the Share Department at 1107, Ansal Bhawan, 16-K.G. Marg, New Delhi latest by 7th, March 1998. Requests received after 7th, March 1998 will not be entertained.

9. **Members who have not yet surrendered share certificates of Triveni Pool Intairdril Limited/Triveni Oilfield Services Limited and/or the erstwhile The Triveni Engineering Works Limited for exchange with the new share certificates of the Company are requested to send their respective share certificates immediately to the Share Department of the Company at 1107, Ansal Bhawan, 16-K.G. Marg, New Delhi - 110 001.**

10. Any querry relating to Accounts must be sent to the Company's Registered Office at Khatauli or at its Corporate office at New Delhi at least 7 days before the date of the meeting.

11. With a view to serve the Members better and for administrative convenience, an attempt has been made to consolidate the multiple folios. Members, who are still holding shares in identical names in more than one folio are requested to write to the company to enable the Company to consolidate their holdings in one folio.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

ITEM NO.7

Under the Shareholders' Agreement entered into between this Company and Sugar Research Ltd. (SRI), Australia, a Joint Venture Company with the name of Triveni SRI Ltd. (TSL) was incorporated in the year 1995. Both the partners have equity participation on 50:50 basis. SRI the other Joint Venture partner has requested the Company for transformation of Shareholders' Agreement into a Licence Agreement between SRI and TSL. Under the new Licence Agreement, SRI shall provide technology for sugar Industry to TSL who shall design and supply necessary equipments for the Indian Sugar Industry.

In view of the transformation of Shareholder's Agreement into Licence Agreement, this company will be required to purchase 1,49,920 equity shares of Rs.10/- each held by SRI, Australia in the equity capital of TSL at a price not exceeding Rs. 10/- per share subject to approval of Reserve Bank of India and other concerned authorities, if any.

Under Section 372 of the Companies Act, 1956 a company whether by itself or together with its subsidiaries shall be entitled to acquire, by way of subscription, purchase or otherwise, the shares of any other body corporate upto 30% of the subscribed equity share capital or the aggregate of the paid up equity and preference share capital of such other body corporate, which ever is less. The company can make further investments in excess of percentages prescribed above if the investment is sanctioned by a resolution of the investing company in general meeting and previously approved by the Central Govt.

The Company with the sanction of the shareholders and approval of the Central Govt. is already holding 50% of paid up capital in TSL. Therefore, it shall require the approval of shareholders and sanction of Central Govt. before making any further investment. After the proposed investment, TSL will become a subsidiary of this Company. Keeping in view the future plans of TSL, the proposed investment shall be in the interest of the Company.

The Board therefore, commends the passing of resolution at item No.7 of the Notice.

None of the Directors of the Company except Mr D.M. Sawhney who is also a Director of TSL is interested or concerned in this resolution.

ITEM NO.8

With the grant of Income-tax exemption on Dividend Income in the hands of the receipent preference shares have become an effective instrument for raising medium to long term funds. The Company would like to use this route for meeting its working capital requirements from time to time depending upon the attractiveness of the rates on such preference shares taking into consideration the tax impact thereon.

The present Authorised Capital of the Company is Rs. 40 Crores, which consists of 2,00,00,000 Equity Shares of Rs.10 each amounting to Rs.20,00,00,000/- and 20,00,000 Preference Shares of Rs.100 each amounting to Rs.20,00,00,000/-. Hence the Company can raise funds by issuing preference shares for an amount not exceeding Rs.20 Crores without any increase in the Authorised Capital.

Under the provisions of Section 81, 81(1A) of the Companies Act, 1956, the Company cannot increase its subscribed captial by the issue of preference shares otherwise than on rights basis unless the same is approved by the shareholders of the Company at a general meeting by a special resolution. It is, therefore, considered advisable to pass an enabling resolution for the issue of preference shares as and when deemed appropriate by the Board of Directors in accordance with the provisions of the resolution and Memorandum and Articles of Association of the Company.

The Board commends the passing of resolution as set out in Item No.8 of the Notice.

None of the Directors of the Company is interested or concerned in this resolution except to the extent they or any of them may subscribe to the preference share capital as and when the same is issued.

By Order of the Board of Directors

New Delhi
February 9, 1998

V.P. GHULIANI
G.G.M. (Legal)
& Co. Secretary

Regd. Office:
Khatauli Distt. Muzaffarnagar (U.P.) 251 201

REPORT OF THE DIRECTORS

Your Directors have pleasure in presenting the Twelfth Annual Report with the Auditors' Report thereon for the year ended 30th September, 1997.

FINANCIAL RESULTS

(Rs. in Lacs)

	1997	1996
Total Income	34186	29018
Gross Profit before interest, depreciation and tax	4877	3882
Depreciation	772	925
Interest	2821	2052
Tax	300	-
Other Provisions	21	-
Net Profit after tax	963	905
Earnings per share (in Rs.)	10.01	9.41
Net Worth	17558	16885

Your Directors are pleased to recommend a dividend of 22% for the year 1996-97 against a dividend of 20% last year. The dividend outgo comes to Rs 212 lacs. After appropriating an amount of Rs 458 lacs to debenture redemption reserve, Rs 660 lacs was transferred to general reserve and the balance Rs 664 lacs has been carried forward as surplus in the profit and loss account.

OPERATIONS

All India production of sugar in the sugar season 1996-97 was 12.9 million tonnes versus 16.5 million tonnes in 1995-96. Stocks at the beginning of the current sugar year were 6.5 million tonnes versus 7.9 million tonnes previously. The current year's sugar production is forecast at 12.2 million tonnes, and we expect closing stock as a percentage of consumption to come down to a more reasonable level of 35%. We would, therefore, get a more realistic sugar price for the year 1997-98, and achieve good profitability for our sugar unit. Crushing operations started on 28th October, and the crush per day is better than last year. With the decrease in sugar stocks, and the lowering of interest rates, financing expenses will come down, and we are also using all available resources to retire short-term and other expensive debt. Factory efficiencies have improved by about 10% over last year. These measures and the more favourable external environment will ensure a good year for our sugar unit in 1997-98, and in 1998-99 as well.

During the year, we sold our 49% stake in GEC Alsthom Triveni Ltd, to GEC Alsthom (Holdings) India Ltd. and GEC Alsthom Mauritius Ltd. The total market for small steam turbines came down by almost 50% in 1996-97. In the last budget, the government added the petroleum refining and production sectors, to the fertiliser sector, where imports already have a zero import duty. As against imports, our turbines have to incur various duties and costs associated with government policies, totalling almost 15% of our sale price. This large negative protection was responsible for the rise in the import of turbines into India. Reduction in government spending on infrastructure, and the inability of private entrepreneurs to raise resources on the stock markets, effected new projects and expansions across the board, and was also responsible for this sharp and sudden drop in the small turbine market. This declining trend is continuing in 1997-98, and we do not expect any increase in the market in the current year, or in the foreseeable future, and we have therefore been forced to take steps to preserve our viability.

As you are aware, the company has been manufacturing turbines in Bangalore and in Naini, Allahabad. Some years ago, the company invested about Rs 900 lacs at the Bangalore unit to upgrade their facilities. In view of the very adverse changes in the market, continuation of both units became totally unviable. As a first attempt towards protecting the company from substantial losses on account of these developments, the company proposed to reduce manpower at both the units at Bangalore and Naini. Accordingly, separate Voluntary Retirement Schemes (VRS) were proposed at both the units in an attempt to reduce the work force at Bangalore from 277 (including supervisors) to 232, and at Naini from 210 to 80. At Bangalore the desired number of acceptable workmen accepted the VRS, but at Naini there was a very poor response which compelled the Management to take a decision to close the Unit from 27.11.1997. Attempts were made to save the unit from permanent closure, but the workers did not accept the terms.

When the Eighth Plan was formulated, the Ministry of Petroleum forecast the land drilling requirement in 1994-95 at 171 rig years, and a progressive increase thereafter. This has now been reduced to 63 rig years in 1999-2000. ONGC and Oil India now have enough rigs of their own to satisfy this requirement, and as such, do not really need the services of any foreign or domestic land drilling contractor. Owing to this total lack of activity, we have been constrained to look for disposing our rigs in the international market, as prices overseas are good. Substantial manpower has already been retrenched, and once we have sold most or all of these rigs, we will have effectively closed down this division.

We are an active and a major player in the surface pollution sector, and are currently executing three waste water treatment plants for the city of Delhi. Last year, we commissioned a modern water treatment plant for the city of Agra. With the turnaround in the sugar industry, the machinery market for milling tandems, and the sophisticated equipment which we are producing under licence from SRI International of Australia, will start picking up from the middle of next year. In the micro hydel area, we are completing a number of projects in the states of Punjab and Himachal Pradesh in 1998. In closing some of our old projects we have had to incur certain extra-ordinary expenses, which have been incorporated in the accounts under review.

DEPOSITS

As on September 30, 1997, deposits amounting to Rs 18.24 lacs remained unclaimed of which a sum of Rs 5.98 lacs has since been renewed or repaid.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO.

As required under Section 217 (1) (e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules. 1988, information regarding Conservation of Energy, Technology Absorption and Foreign Exchange Earnings & Outgo are given in the Annexure to this report.

DIRECTORS

Mr. Rajive Sawhney, Mr. M. V. Subbiah, and Mr. F. C. Kohli, Directors, retire at the forthcoming Annual General Meeting, and being eligible, offer themselves for reappointment.

During the year under report, IDBI withdrew the nomination of Mr. M. P. Desai from the Board of this Company and in his place appointed Mr. M. M. Haque as its Nominee Director with effect from 27th June, 1997. The Board places on record its appreciation for the valuable guidance and advice given by Mr. Desai during his tenure as a Nominee Director.

AUDITORS

M/s J. C. Bhalla & Co., Chartered Accountants, Auditors of the Company as well as Branch Auditors M/s S. P. Marwaha & Co., and M/s R.S. Gupta & Co., retire and offer themselves for reappointment. They have confirmed that they are willing and eligible under Sec. 224 (1) (B) of the Companies Act, 1956 for reappointment.

PARTICULARS OF EMPLOYEES

Information as required under Section 217 (2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules 1975 as amended is annexed and forms an integral part of this report.

ACKNOWLEDGEMENT

Your Directors gratefully acknowledge the support given by the financial institutions, banks, shareholders, officers, staff and workers of the company and look forward to their continued active involvement.

For and on behalf of the Board of Directors

New Delhi
December 23, 1997.

DHRUV M SAWHNEY
Chairman & Managing Director

Annexure to the Report of the Directors

(A) CONSERVATION OF ENERGY

(a) ENERGY CONSERVATION MEASURES TAKEN

We are instituting a long term plan which provides for increased instrumentation and automation to decrease energy consumption and improve operational efficiencies.

(b) ADDITIONAL INVESTMENTS AND PROPOSALS FOR REDUCING OF ENERGY CONSUMPTION.

Modification of cooling tower: We are modifying the installed "Cell Cooling Tower" to cool the vapour condensate water and to reduce power consumption.

(c) IMPACT OF ABOVE MEASURES.

With the above measures we are saving steam and more bagasse is being sold, which is adding to the viability of the unit. The operational efficiency of the plant has also increased.

(d) TOTAL ENERGY CONSUMPTION PER UNIT OF PRODUCTION :

FORM A

A. POWER AND FUEL CONSUMPTION

		CURRENT* YEAR 1996-97	PREVIOUS* YEAR 1995-96
1	**Electricity**		
a)	**Purchased**		
	Units	1958705	1264044
	Total Amount (Rs)	8295153	5343316
	Rate (Rs/Unit)	4.24	4.23
b)	**Own generation**		
i)	Through Diesel Generators Units (KWH)	1211707	1067704
	Unit per litre of Diesel Oil	2.95	2.61
	Cost/Unit (Rs)	2.95	3.04
ii)	Through Steam Turbine Unit (KWH)	27782737	45603817
	Unit per KG Bagasse	6 Kg/Unit	6 Kg/Unit
	Cost/Unit (Notional)	1.5	1.5
2	**Coal (Specify Quality & Where Used)**		
	Qty. (Tonnes)		
	Total Cost	NOT IN USE	NOT IN USE
	Average Rate (Tonnes)		
3	**Furnace Oil**		
	Quantity (K Ltrs)	260	233.26
	Total Amount (Rs)	1889336	1605311
	Average rate (Rs/K Ltrs)	7266.68	6882.07
4	**Fire Wood**		
	Quantity (MT)	118.86	691.44
	Total Amount (Rs)	135780	740821
	Rate/Unit Rs/MT	1142.35	1071.42

* Excluding figures from Naini Unit.

B. CONSUMPTION PER UNIT OF PRODUCTION

	STANDARD IF ANY	CURRENT YEAR (PER MT)	PREVIOUS YEAR (PER MT)
PRODUCTION (SUGAR)			
ELECTRICITY (KWH) MT	No	225.88	298.07
FURNACE OIL (LTR) MT	Fixed	0.53	0.08
BAGASSE (MT)/ MT	Standard	1.27	1.74
FIRE WOOD (MT)/MT		0.01	0.01

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

(B) TECHNOLOGY ABSORPTION

FORM B

RESEARCH AND DEVELOPMENT (R&D)

1. **Specific areas in which R & D was carried out by the company :**

Continuing development of more efficient nozzles and blades, for the high pressure section of Frame-2 and Frame-13 models of steam turbines, with the help of Research Institute and R & D Centres.

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

(a) Meeting customers' requirements for stability, reliability, ease of operation and safety.

(b) Reduction of steam consumption and customer complaints, and increased output, leading to a better competitive position versus other domestic and foreign turbine manufacturers.