



Triveni

ENGINEERING & INDUSTRIES LIMITED

**Sixty Seventh
Annual Report
2001-2002**



INFORMATION ON COMPANY'S BUSINESS LOCATIONS

REGISTERED OFFICE

Deoband, District Saharanpur,
Uttar Pradesh - 247 554
STD Code : 01226
Phone : 22497, 22185, 23791
Fax : 22220

CORPORATE OFFICE

"Kailash", 2nd Floor,
26, Kasturba Gandhi Marg,
New Delhi - 110 001
STD Code : 011
Phone : 3310021(4 Lines),
3714460 (3 Lines)
Fax : 3310117

**SHARE DEPARTMENT/
INVESTORS' GRIEVANCES**

Jeevan Tara Building,
Gate No. 4, 1st Floor,
5, Parliament Street, New Delhi - 110 001
STD Code : 011
Phone : 3362522 (7 Lines)
Fax : 3362525

Registrar and Share Transfer Agents

For Shares held in Physical Mode
Triveni Engineering & Industries Ltd.
Share Department
Jeevan Tara Building,
1st Floor, Gate No.4,
5, Parliament Street, New Delhi - 110 001
STD Code : 011
Phone : 3362522 (7 Lines)
Fax : 3362525
Email: shares@trivenigroup.com

For Shares held in Electronic Mode

M/s. Alankit Assignments Ltd.,
205-208, Anarkali Market,
Jhandewalan Extension,
New Delhi - 110 055
STD Code : 011
Phone : 3610220-24, 3546001
Fax : 3552001
Email: alankit@alankit.net

TURBINE BUSINESS GROUP

12-A, Peenya Industrial Area,
Peenya, Bangalore - 560 058
STD Code : 080
Phone : 8394721 (4 Lines), 8394843,
8394771, 8395276
Fax : 8395211

GEARS DIVISION

1,2,3 Belagola Indl. Area,
Metagalli, K.R.S. Road,
Mysore - 570 016
STD Code : 0821
Phone : 582807, 582148
Fax : 582694

FIXED DEPOSIT SECTION

Accounts Department,
Jeevan Tara Building,
Gate No. 4, 1st Floor,
5, Parliament Street,
New Delhi - 110 001
STD Code : 011
Phone : 3362522 (7 Lines)
Fax : 3362525

PROJECTS & ENGG. BUSINESS GROUP

D-196, Okhla Industrial Area, Phase-1,
New Delhi - 110020
STD Code : 011
Phone : 6811878, 6819015,
6812930, 6811895
Fax : 6812280, 6818216

KHATAULI SUGAR UNIT

Khatauli, Distt. Muzaffarnagar,
U.P. - 251 201
STD Code : 01396
Phone : 72561, 72562
Fax : 72543

DEOBAND SUGAR UNIT

Deoband
Distt. Saharanpur, U.P. -247 554
STD Code : 01336
Phone : 22497, 22185, 22866, 23791
Fax : 22220

RAMKOLA SUGAR UNIT

Ramkola
Distt. Kushinagar, U.P. - 274 305
STD Code : 05567
Phone : 22218, 26021, 26071, 26072, 26243
Fax : 26248

SUBSIDIARY COMPANY TRIVENI SRI LIMITED

"Kailash", 2nd floor,
26, Kasturba Gandhi Marg,
New Delhi - 110001
STD Code : 011
Phone : 3310021 (4 Lines)
3714460 (3 Lines)
Fax : 3310117

TRIVENI GROUP WEBSITE : www.trivenigroup.com

CHAIRMAN & MANAGING DIRECTOR

Mr. Dhruv M. Sawhney

BOARD OF DIRECTORS

Mr. F. C. Kohli

Mr. M. V. Subbiah

Mr. S. K. Seth

Mr. J. B. Dadachanji

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

Mr. M. K. Daga

Mr. R. C. Sharma

Mr. V. Venkateswarlu (IDBI Nominee)

**GROUP GENERAL MANAGER (LEGAL) &
COMPANY SECRETARY**

Mr. V. P. Ghuliani

BANKERS

Punjab National Bank

Central Bank of India

Canara Bank

Oriental Bank of Commerce

Union Bank of India

Standard Chartered Bank

State Bank of Travancore

AUDITORS

M/s J. C. Bhalla & Co.

BRANCH AUDITORS

M/s Virmani & Associates

M/s R.S. Gupta & Co.

REGISTERED OFFICE

Deoband

District Saharanpur

Uttar Pradesh 247 554

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CHAIRMAN'S MESSAGE

With a heavy heart and profound sense of sorrow the Triveni family received the sad news of the passing away of Lala Devi Chand Ji Sawhney at Bangalore in the early hours of February 14, 2002. He was one of the promoters of Upper India Sugar Mills Ltd., which had its sugar factory at Khatauli, and The Triveni Engineering Works Ltd. He led Upper India from 1956 and Triveni from its inception, and was responsible for their successful merger in 1971. He was at the helm of affairs at Triveni till June 1982, and thereafter remained as an Advisor to the Board of Directors. During the 1970's Lala Devi Chand Ji expanded the company's operations, and the sugar machinery and steam turbine business grew by leaps and bounds. He set up the Bangalore, Mathura and Mysore engineering units, and diversified the company's operations into filtration, mineral beneficiation and high speed gears.

His vision and leadership have guided us all these years, and his compassion will be remembered by one and all. Old shareholders will remember with fondness their interactions with him, and the care he showed to all shareholders of Triveni. We will miss him greatly and condole his sad demise. May God in His mercy, grant peace to the departed soul.

DHRUV M. SAWHNEY
Chairman & Managing Director



Report of the Directors

TO THE MEMBERS

Your Directors have pleasure in presenting the 67th Annual Report on the business and operations of your Company and the Audited Financial Statement for the financial year ended 31st March'2002. Information on subsidiary companies required u/s 212 of the Companies Act, 1956 is given in the Annexure to this Report.

FINANCIAL RESULTS

	Rupees in Crores	
	2001-02	2000-01
Sales & Other Income	622.72	527.23
Profit before interest, depreciation, tax & extraordinary items	94.06	64.25
Interest & other financial charges	49.91	47.14
Depreciation	10.30	9.95
Profit before tax & extraordinary items	33.85	7.16
Provision for taxation		
Normal tax liability	0.55	0.75
Net deferred tax charge	1.61	—
Extra-ordinary items	4.83	0.05
Net Profit	26.86	6.36
Surplus Brought Forward	4.74	0.03
Transfer from Debenture Redemption Reserve	5.00	5.39
Transfer from Molasses Storage Fund Reserve	—	0.03
Available for appropriation	36.60	11.81

APPROPRIATIONS

Dividend proposed including Dividend Tax	2.70	2.03
Transfer to Molasses Storage Fund Reserve	0.05	0.04
Transfer to General Reserve	25.00	5.00
Surplus Carried Forward	8.85	4.74
Earnings per share - basic(Rs.)	21.86	5.18

During the current year the company changed the accounting policy of valuation of sugar inventories

based on the opinion of the Expert Advisory Committee of ICAI and accordingly, an amount of Rs.24.38 crores has been withdrawn from the General Reserves to set off the effect of the interest in opening sugar inventories and deferred off season expenses, as on 31st March'01. Further in accordance with the Accounting Standard on 'Taxation on Income' (AS-22), net deferred tax liability of Rs.24.59 crores as on 31st March'01 has been adjusted from the general reserves. Extraordinary items comprise impact of change in accounting policy during the year under review (Rs 4.62 crores), and net prior period charges (Rs 0.21 crores).

DIVIDEND

Your Directors recommend a dividend of Rs.2.20 (22%) per equity share involving an outgo of Rs.2.70 crores for the financial year ended 31st March'2002, which if approved at the forthcoming Annual General Meeting, will be paid to :

- those equity shareholders whose names appear on the Register of Members of the Company as on 7th August, 2002 after giving effect to all valid share transfers in physical form lodged with the Company on or before 31st July '2002 and
- those shareholders whose names appear as beneficial owners as at the end of business on 7th August' 2002 as per lists to be furnished by the depositories viz. NSDL/CDSL.

PERFORMANCE

Sales and Profits for your Company are an all time record even after considering the combined operations of your company and the erstwhile Triveni Engineering & Industries Ltd. prior to amalgamation. Our performance has been better than was considered at the time of amalgamation.

Sales & Other Income increased by 18% to Rs.622.72 crores, for the year ended 31st March'2002 against Rs.527.23 crores for the previous year. Operating Profit during the year increased by 46% to Rs.94.06 crores, and Net Profit by 322% to Rs.26.86 crores versus Rs.6.36 crores in the previous year. Before accounting for extraordinary items and tax, the increase in profit was even higher at 373%.

Report of the Directors (Contd.)

Other income increased substantially by virtue of the sale of our shareholding in Triveni Flexibox Ltd. and drilling equipment in the closed Oil & Gas Division. Operating margins improved in the sugar division and remained stable in the turbine business group. A substantial amount of long & short term debt has been repaid, and if we exclude cash credit borrowings which are mainly against sugar stocks, indebtedness has reduced by Rs.24 crores or 18% over the previous year.

Segment Reporting about the various businesses of the Group for the year ended 31st March '02 are given in Schedule of the notes to consolidated financial statements. Detailed comments on the performance of the various divisions is given in the management discussions and analysis Annexure-D to this report.

INFORMATION TECHNOLOGY

Enterprise Resource Planning (ERP) software from SAP of Germany, which is being implemented by Tata Consultancy Services, will be in full operation in the current year at the Bangalore steam turbine unit. A custom built ERP Package will also be in operation at Mysore gear unit. In the current year, we will be starting the implementation of ERP packages at Khatauli & Deoband sugar units. Our efforts in information technology have helped in improving costs and delivery times, improving efficiency, and most importantly, will provide a platform for better services to our customers. We are considering a Customer Relationship Management (CRM) Package at the Bangalore unit and the remote monitoring of turbines at select customer sites in 2003-2004.

HUMAN RESOURCES

Employee relations continue to be cordial. A long term settlement was arrived at for unionized employees at the Bangalore works. As our sugar units were set up over 50 years ago, their strength is much higher than those of recently installed sugar factories. In order to make our costs comparable, we are encouraging employees to take early

retirement, but we recognize that in the State of UP, this is perforce a gradual process. Over 1,50,000 farmers supply cane to your 3 sugar units. Preserving good relations with our farmers is of utmost priority, and we are expending time and money in training our employees to fulfill their needs and aspirations.

Intimation as required under Section 217(2A) of the Companies Act, 1956, read with Companies (particulars of employees) Rules, 1975, as amended is given as Annexure B and forms integral part of this report.

QUALITY & ENVIRONMENT

The best product and service quality and customer satisfaction are an integral part of your Company's vision. Your Bangalore & Mysore units have been re-audited and retain their ISO 9001 (2001 standard) certification and the ISO 14001 environmental certification.

CORPORATE GOVERNANCE

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

AUDITORS

M/s J.C. Bhalla & Co., Chartered Accountants, Auditors of the Company who retire at the conclusion of the forthcoming Annual General Meeting, have consented to continue in office, if appointed. They have confirmed that their appointment, if made, will be in accordance with the limits specified in Section 224 (1B) of the Companies Act, 1956.

DIRECTORS RESPONSIBILITY STATEMENT

Pursuant to Section 217 (2AA) of the Companies Act, 1956, your Directors confirm that :-

- 1) in the preparation of the Annual Accounts, the applicable accounting standards have been followed.
- 2) appropriate accounting policies have been



Report of the Directors (Contd.)

selected and applied consistently, and have made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company as on 31st March'2002 and of the profit of the company for the period 1st April'2001 to 31st March'2002.

- 3) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.
- 4) the Annual accounts have been prepared on a going concern basis.

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

The particulars required under Section 217(1) (e) of the Companies Act, 1956, read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, are given in the Annexure-A to this Report.

DIRECTORS

Mr. F.C. Kohli, Mr. M.K. Daga & Mr. M.V. Subbiah retire by rotation and being eligible offer themselves for reappointment.

DEPOSITS

As on 31st March'2002 deposits amounting to Rs.31.31 lacs remained unclaimed of which Rs.17.44 lacs have since been repaid or renewed.

APPRECIATION

Your Directors gratefully acknowledge the support given by the Central, U.P. and Karnataka Governments, financial institutions and banks, shareholders, farmers, employees and all other stakeholders, and we look forward to their continued support and involvement.

For and on behalf of the Board of Directors

Place : Bangalore
Date : June 22, 2002

Dhruv M. Sawhney
Chairman &
Managing Director

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7th Floor ENGINEERING & INDUSTRIES LIMITED

Annexure to the Report of the Directors

ANNEXURE - A

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

(A) CONSERVATION OF ENERGY

(a) ENERGY CONSERVATION MEASURES

During the year, at our Sugar units the following measures have been taken to conserve energy.

- I. Installation of an auto imbibition system at the old milling tandem and closed loop condensate system on H.P. boilers, resulting in increase in efficiency of boilers and saving of bagasse at Khatauli.
- II. Condensate recovery from exhaust bank drains at Khatauli.
- III. Installation of 1000 KVR static capacitor to improve the system power factor and improved design condensers at Deoband.
- IV. Installation of a high capacity DC drive centrifugal machine and closed loop pressurized system of condensate water at Ramkola.

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

- I. Replacement of gilled tube economizer with bare tube economizer and modification of the I.D. Fans of the high pressure boilers at Khatauli.
- II. Upgrading the automatic cane feeding system at the mills to conserve energy, installing an Auto Imbibition system, and replacement of low pressure boilers with high pressure boilers at Deoband.
- III. One more high capacity DC Drive centrifugal machine at Ramkola.

(c) IMPACT OF ABOVE MEASURES.

With the above measures, steam & bagasse savings are expected to increase with the same maceration levels so that there is no increase in sugar losses.

(d) TOTAL ENERGY CONSUMPTION PER UNIT OF PRODUCTION :-

FORM A

I. POWER AND FUEL CONSUMPTION

	2001-02	2000-01
1 Electricity		
a) Purchased		
Units (000's KWH)	3083	3084
Total Amount (Rs. in lakhs)	163.57	161.94
Rate (Rs/Unit)	5.31	5.25
b) Own generation		
i) Through Diesel Generators		
Units (000's KWH)	2001	1948
Unit per litre of Diesel Oil	2.54	2.63
Cost/Unit (Rs)	6.81	5.66
ii) Through Steam Turbine/ Generator		
Steam produced (000's of Units by use of our own bagasse)	78757	70589
Bagasse bought (qtls.)	2883	Nil
2 Furnace Oil		
Quantity (K Ltrs)	168	156
Total Amount (Rs./lakhs)	19.70	19.60
Rate (Rs/K Ltrs)	11720	12556
3 Fire Wood		
Quantity (MT)	85	50
Total Amount (Rs./lakhs)	1.76	0.94
Rate/Unit (Rs/MT)	2067	1876

II. CONSUMPTION PER UNIT OF PRODUCTION

	2001 - 02 (PER MT)	2000 - 01 (PER MT)
SUGAR		
Electricity (KWH)/MT	249.59	229.60
Bagasse (MT)/ MT	2.77	2.54
Fire Wood (MT)/MT	0.01	0.01

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



Annexure to the Report of the Directors (Contd.)**(B) TECHNOLOGY ABSORPTION****FORM B****RESEARCH AND DEVELOPMENT (R&D)****1 Specific areas in which R & D was carried out by the company**

- a) Development of more efficient nozzles and blades for our steam turbines through collaboration with M/s Peter Brotherhood, U.K., Indian Institute of Science, Bangalore and our R & D Centre.
- b) Improvement in steam sealings, welded diaphragms, and the incorporation of axial seals to further improve efficiency and performance of the turbines.
- c) Identification and propagation of new high sucrose cane varieties suitable for our factory zones.

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

- a) Meeting customers' requirements for higher ranges of power turbines with increased stability, reliability, ease of operation and safety and thereby reduce customer complaints.
- b) Reduction of steam consumption and increased efficiency.
- c) Improved cane recoveries.

3. Future Plan of action

- a) Development of taper twisted blades for further improvement in the efficiency of turbines upto 20 MW.
- b) Develop new turbine models including the higher range of power turbines.
- c) Achieve cane recoveries which are the best in our zone.

4. Expenditure on R & D

	(Rs. in lacs)
a) Capital	: Nil
b) Recurring	: 232.25
c) Total	: 232.25
d) Total R & D expenditure as a percentage of turnover	: 0.38%

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION**IMPORTED TECHNOLOGY**

Technology Imported	Year of Import	Has Technology been fully absorbed
A) i) Upgradation of Steam Turbines	1989	Yes
ii) Steam turbine models in the higher power range	1999	Majority has been absorbed.
B) Manufacture & System Engineering for Mini & Micro Hydel Turbines.	1989	Yes
C) Manufacture & process engg. for Water & Waste Water equipment and projects.	1988/96	Yes
D) Gears & Gearboxes in the above 7.5MW power range.	1998	Being absorbed.

(C) FOREIGN EXCHANGE EARNINGS AND OUTGO

(Rs. in lacs)

2001 - 02

1. Earnings In Foreign Exchange

Value of exports on F.O.B. basis (including sale of rigs)	3563.18
Others	759.83

2. Foreign Exchange Outgo

488.69

(Includes raw materials, components, spare parts, and other expenditure in foreign currency including royalty).

Annexure to the Report of the Directors (Contd.)

ANNEXURE - B

PARTICULARS OF EMPLOYEES

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

NAME	DESIGNATION	REMUNE RATION (Rs.)	QUALIFICATION	EXPER- IENCE (YEARS)	DATE OF JOINING	AGE (YEARS)	PREVIOUS POST	PREVIOUS EMPLOYMENT
EMPLOYED THROUGHOUT THE YEAR								
D.M. SAWHNEY	CHAIRMAN & MANAGING DIRECTOR	25,71,759	M. ENGG. CAMBRIDGE, M.B.A. (WHARTON), D.M.S.	35	01.04.1974	58	GENERAL MANAGER	MAHALAXMI SUGAR MILLS CO. LTD.
DEVEN KHANNA	VICE PRESIDENT (CORPORATE FINANCE & PLANNING)	24,14,034	B.COM. (HONS.), F.C.A.	17	10.06.1988	41	—	—

Notes :

- 1 Remuneration includes salary, bonus, other allowances, rent paid, medical expenses and Company's contribution to Provident Fund and Pension Fund. Gratuity is considered based on certificate obtained from Actuary.
- 2 The above employees are whole time employees of the Company.
- 3 None of the employees named above are relative to any Director of the Company.

ANNEXURE - C

STATEMENT PURSUANT TO SECTION 212 OF COMPANIES ACT, 1956

SUBSIDIARY COMPANY	TRIVENI SRI LTD.
1. Financial year ended	31st March'2002
2. Extent of holding company's interest at the end of financial year of the subsidiary.	100%
3. The net aggregate amount of the subsidiary's Profit/(Loss), so far as it concerns the members of the holding company and is not dealt with in the holding company's accounts	
a) For the financial years ended 31.03.02 (6 months) & 30.09.01 (12 months) of the subsidiary company.	Rs. 2,54,621
b) For the previous financial years of the subsidiary since it became the holding company's subsidiary.	(Rs.1,03,733)
4. a) The net aggregate amount of the subsidiary's Profit/ (Loss), for the financial year or years of the subsidiary so far as those Profit/(Loss) are dealt within the holding company's accounts.	Rs. NIL
b) The net aggregate amount of the subsidiary's Profit/ (Loss), for the previous financial years of the subsidiary since it became the holding company's subsidiary so far as those Profit/(Loss) are dealt within the holding company's accounts.	Rs. NIL
5. Changes in the holding company's interest in the subsidiary between the end of the financial year of the subsidiary and holding company.	NA*
6. Material changes which have occurred between the end of the subsidiary company's financial year and at the end of the holding company's financial year in respect of :	
i) The subsidiary's fixed assets	NA*
ii) Its investments	NA*
iii) The money lent by it	NA*
iv) The money borrowed by it for any purpose	NA*

* Accounting year of the subsidiary and the holding company ends on 31st March'02.

