

Annual Report **2017-18**

Triveni
ENGINEERING & INDUSTRIES LTD.

Seeds of Success



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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.



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The background of the slide is a photograph of a sugarcane field at sunset. The sun is a bright white circle on the left, partially obscured by the silhouettes of trees and power lines. The sky is a gradient of orange and yellow. The sugarcane plants are in the foreground, their long leaves creating a textured pattern. On the right side of the image, there is a large, rounded rectangular orange box containing white text.

At Triveni Engineering & Industries Ltd. (Triveni), we measure success not just by a yardstick of numbers, but also by the development of intrinsic strengths that steer our growth strategy. It is our belief that the roots of success are nurtured as much by the seeds sown, as by the external environment in which they flourish.

Led by this belief, we have consistently augmented our core capabilities to drive better-than-industry performance in our Sugar Business, while concurrently strengthening our Engineering platform, to boost profitability and deliver world-class solutions.

The quality of the seeds of our success are manifest in the superior varieties of sugarcane which we are able to procure through hard work in the fields in partnership with our farmers, and also in the record production of sugar in our ultra-modern facilities equipped with the best-in-class machines. It is also evident in the buoyancy in the Engineering business, where the opportunity landscape provides an excellent lever for the Company's growth in both the Gears and the Water segments.

Triveni is one of India's largest integrated sugar manufacturers and a market leader in its Engineering businesses, encompassing high-speed gears, gearboxes, and water and wastewater treatment solutions.

Seeding Success

The Cane Development Programme, nurtured by our strong farmer relations, remains the seed of our success strategy in the Sugar business.

ROOTED IN OPPORTUNITY

We have worked relentlessly to partner with cane farmers to improve cane quality and farm level productivity. The offshoots of our efforts are visible in the phenomenal growth in our Sugar business, which posted record highs on its operational matrices during the year. The strategic roadmap of our Sugar business, which carries on it the stamp of our visionary focus and detailed implementation approach, has been crafted to harness the emerging opportunities along the entire value chain of operations – from Sugar production to Co-generation of power and Distillation.

Increased sugarcane crushing at 8.37 million tonnes in Sugar Season (SS) 2017-18, against 6.40 million tonnes in the previous sugar season, followed by a spurt in recovery to 11.38%, led to record sugar production. A lower finance cost, secured through judicious deployment of internal accruals, further boosted excellence in operational performance and helped in payback of debt.

With the Government intervening to take a series of initiatives to balance the supply-demand pressures and stabilise prices, encouraging and promoting ethanol blending through a friendly policy, the industry macro

1,84,305 Hectares
Area under sugarcane production

8.37 million tonnes
Sugarcane crushed

9,52,100 tonnes
Sugar produced

11.38%
Recovery

7,61,276 tonnes
Sugar Despatches



environment appears to be positive. With our lower-than-average industry production costs giving us a strong competitive advantage, we are well positioned to capitalise on the positivity in the sector.

NURTURING GROWTH

The seeds of success in our Sugar business have also emerged as powerful nurturers of growth in our Co-generation and Distillery businesses. Steered by improved operating efficiencies, our Co-generation plants reported excellent operations, leading to increase in year-on-year profitability.

On the Distillery business, the operations were impacted due to unscheduled closure for over a month, and supplies deferred due to late finalisation of ethanol tenders. Barring the aforesaid, the operations were satisfactory and these would be further benefited on account of low raw material (molasses) prices due to a glut. The prospects for the future, in view of Government policies to encourage ethanol blending, appear to be quite encouraging, and we see our intrinsic strengths and strategic approach propelling growth in our Distillery business.

Engineering Success

Our enhanced focus on sectors showing greater demand potential along with inherent strength of our business model, is driving the growth of our Engineering Businesses.

GEARED FOR GROWTH

With a positive enquiry pipeline materialising into strong order booking, our Gears business has registered robust growth in terms of turnover and profitability. Turnover from OEMs in both domestic and international markets has risen substantially, endorsing the strength of our business model and underscoring our capabilities in the field.

The overall stability in the market, coupled with positive signs of growth in some of our key sectors, has boosted the visibility for the Gears business. This helped us sow the

seeds of higher growth all through FY 18, and for well beyond, when our current orders become executable. Our entry into the Defence sector, where we have strategically forayed on the strength of our expertise and experience, is, in particular, offering significant opportunities for growth. We have enhanced our focus on this and other sectors which are showing greater demand potential.

As new products and geographies are getting added to our portfolio, offering potential growth opportunities, the Gears business is set to achieve higher growth in the coming years.

₹ 187.8 Crore
Order booking

74%
Increased Profitability

READY FOR GERMINATION

The Water segment offers encouraging prospects for growth, which we are capable of harnessing with the strength of our technology, project management skill, strategic thinking and experience. We believe that there is enormous business potential in the Water Business, but somehow the prospects did not materialise due to subdued business conditions, demonetisation and transition to GST. The performance of the business during the year was impacted due to lower than optimal turnover, slow project execution due to reasons attributable to our clients, cost overruns due to delays and resultant provisioning. We, however, witnessed a perceptible change towards the end of the year when traction in order finalisation was clearly visible. We earnestly believe

that, with our competitiveness, we will be able to secure adequate orders to put our Water business on the growth trajectory.

With our inherent strengths to drive our business strategy, we find ourselves well placed to secure some large municipal orders in the coming quarters. We are also focused on leveraging our existing relationships, especially our engineering relationships with industrial sectors, to get more business. Increased Government spending on infrastructure development is also opening up humungous opportunities in large projects especially in sewage treatment, which we are well prepared to harness.



Business Profile

Sugar

Integrated.
Sustainable.
Quality Product.



Triveni is one of the largest integrated sugar manufacturers in India, with seven sugar mills strategically located across the western, central and eastern parts of the sugarcane rich areas of Uttar Pradesh (U.P.) - India's largest sugarcane producing state. Integrated production concept ensures that almost all the raw material is converted into high quality products.





INTEGRATED OPERATIONS

Our Khatauli, Deoband and Sabitgarh units are in Western UP, while 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, Khatauli and Sabitgarh, produce refined sugar,

which accounts for almost 40% of total sugar production, while the other five units manufacture white sulphitation sugar. The Sabitgarh unit also produces different grades of Pharmaceutical sugar that can be customised as per customer's requirements. 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 operates on captive feedstock from our sugar units.



HIGH QUALITY PRODUCTS

Sugar:

We produce premium quality multi-grade plantation white, refined and pharmaceutical sugar. Our Sugar units are FSSC-2000:2010 certified. Our sugar is supplied not only to household consumers but also to bulk consumers. We have supply chain relationships with leading multinational beverage companies, food & FMCG companies, pharmaceutical companies and leading confectionery producers. We also have a strong presence in branded sugar market through our brand "Shagun".

Distillery-based products:

The distillery has a flexible manufacturing process, allowing it to produce Ethanol, Extra Neutral Alcohol (ENA), Rectified Spirit (RS) and Specially Denatured Spirit (SDS), all of which are renowned for high quality.

Power Export:

Triveni currently operates 104.5 MW grid connected co-generation capacity. The Company's Sabitgarh unit is registered as Renewable Energy Certificate (REC) project under CERC.

COMPETITIVE EDGE

Geographic advantage due to natural favourable conditions –

- The Sugar Units are spread over western, central and eastern parts of Uttar Pradesh. The land is highly fertile and well irrigated, and is fit for sugarcane cultivation
- Besides the sugarcane catchment areas, all sugar units of the Company are under canal irrigation, both in western and central UP, leading to reduced dependency on the monsoon