

2018-19

Annual Report

Triveni
ENGINEERING & INDUSTRIES LTD.



**SEIZING
OPPORTUNITIES.
HARNESSING
STRENGTHS.**

STORIES INSIDE

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Triveni Engineering & Industries Ltd. is one of the largest integrated Sugar manufacturers in India and market leader in its Engineering businesses of high speed gears, gearboxes, and water & wastewater treatment solutions.

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 or 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.



Visit:

www.trivenigroup.com

for more details on the Company

India is in the midst of a new churning that promises to transform the way we look at business, and the way we operate it. It is a churning that is reflected in the new opportunities that continue to get manifested across the segments of our business. This is evident in the business strategy that we pursue, steadfastly and diligently, to seize those opportunities to push the frontiers of our performance.

At Triveni Engineering & Industries Ltd. (Triveni), we are no longer satisfied with static goals and strategies to drive growth for today. In the perpetually transforming, dynamic business environment of today, we are focussed on looking inwards, every step of the way, to harness our inherent strengths to seize future opportunities for powering tomorrow's growth.

WE BELIEVE

not just in following the rules of the game, but also in changing them – through a more holistic and opportunity-led strategy that is designed to capture new possibilities and potentialities, in every facet of our operations and across the segments of our varied businesses.

FINDING WAYS TO MAKE SUGAR SWEETER

Success, we believe, is a direct corollary to identifying the right opportunities at the right time, and making the most of those opportunities to drive collective progress. The stronger the ability to harness opportunity, the sweeter is the taste of success.



STRENGTHENING THE OPPORTUNITY PLATFORM

Our Sugarcane Development Programme has emerged as a major opportunity-led growth propeller for our Sugar business, enabling us to offset the impact of the pricing volatility to some extent.

At Triveni, we remain strategically focussed on harnessing our expertise and experience in cane development to identify ways to strengthen our cane development programme, year after year. This has resulted in achieving record recoveries at 11.79% during the season 2018-19. Driven by our innovation-led cane development model, we are continually deepening our engagement with 3,00,000+ cane farmers.

DEEPENING FARMER ENGAGEMENT

- Explore new possibilities to develop new varieties of better-yielding and healthier varieties of cane
- Use innovative IT software/tools to enhance cane monitoring, development and procurement
- Disseminate knowledge on advanced practices in agronomy, cropping practices and plant protection programmes
- Provide seed and seed transport subsidies to farmers to facilitate growth of early, improved / high sugared varieties of cane
- Identify low-cost alternatives, through pioneering techniques, to boost healthy growth while protecting the crop from disease and pests

These path-breaking initiatives continue to power our enthusiasm in the Sugar business, despite the flux in the macro environment.



FINDING OPPORTUNITY IN ETHANOL

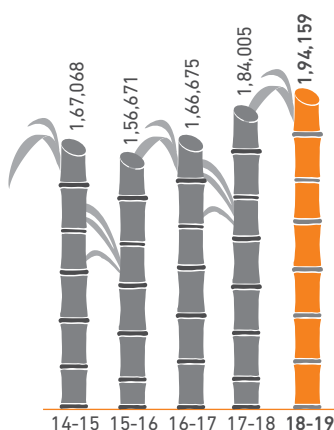
Steered by our ability to spot emerging opportunities, we see excellent potential for growth in Government's Ethanol Blending Programme (EBP10).

BEYOND SUGAR

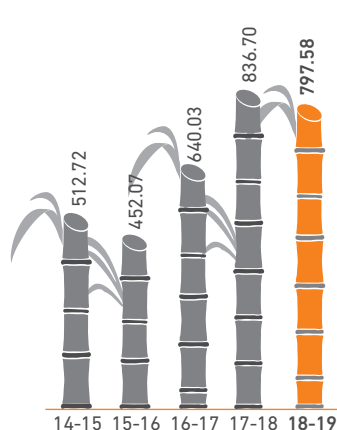
With our ability to visualise, and reach out to, opportunities beyond our core Sugar business, we also continue to effectively leverage the growth potential in Distillery and Co-generation, both of which showed excellent performance during FY 19. The Government's intervention, driven by its clean fuel programme, has inspired significant industry confidence in the ethanol business, encouraging us to invest in a new distillery. The new distillery of 160 KLPD in Sabitgarh will double our ethanol capacity.

The positivity we see in the opportunity landscape also extends to our Co-generation business, with our incidental co-generation units at Chandanpur, Milak Narayanpur and Sabitgarh delivering excellent revenue of ₹ 23.30 crore during FY 19.

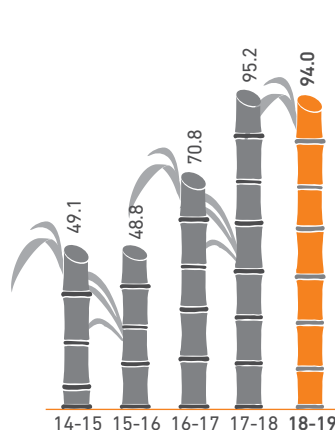
Area under Sugarcane (Ha)



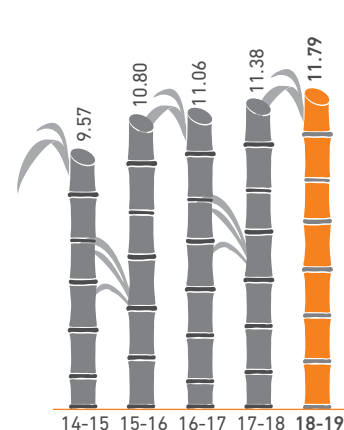
Sugarcane crushed (LQ)



Sugar produced (LQ)



Recovery (%)



Sugar Year (Oct - Sep)

ENGINEERED TO HARNESS GROWTH

Opening new vistas of growth requires the ability to harness new opportunities, and the capability to turn these opportunities into powerful instruments to engineer long-term progress and profitability.

TRANSLATING OPPORTUNITIES INTO POSSIBILITIES

Our Gears business remained on a high trajectory during the year, with excellent turnover growth, profitability and order booking. Amid a stable market and positivity across many domestic and international sectors, we witnessed a 24% increase in OEM sales, while the sales of spares, services, retrofitting including exports have grown by 15% to catapult the business to a new scale.

Defence and Renewable Component Manufacturing are two key areas of emerging lucrative opportunities for our Gears business, which we are well positioned to leverage at the back of our innovative edge, technological expertise and state-of-the-art manufacturing capacities.



₹ **176.2** crore
Outstanding Order Book

(as on March 31, 2019)

FINDING A NEW LIFELINE IN WATER

The fillip that our Engineering business has got on account of the turnaround in the Water business offers a large opportunity pie for us. For the first time in five years, the Water business has shown profits, with a ₹ 1,313.6 crore (including O&M) outstanding order book promising long-term growth opportunities. With delays and cost escalations finally on the way to becoming a thing of the past, we see more opportunities getting translated into orders in this segment, as we go forward. The Namami Gange projects, in particular, offers exciting opportunities in the Water segment, which we are judiciously focussed on leveraging.



₹ **1,313.6** crore
Outstanding Order Book

(as on March 31, 2019)



BUSINESS PROFILE

SUGAR



Integrated. Sustainable. Quality Product.

Triveni is one of India's largest integrated sugar manufacturers, with seven sugar mills strategically located across the Western, Central and Eastern parts of the sugarcane-rich areas of Uttar Pradesh (U.P.) – the country's largest sugarcane producing state. Integrated production approach ensures that co-products produced during manufacturing of sugar become raw material and get converted into other commercial products with substantial value additions.







INTEGRATED SUGAR OPERATIONS

The Company's Khatauli, Deoband and Sabitgarh sugar units are in Western UP, while Rani Nangal, Chandanpur and Milak Narayanpur sugar units are located in Central UP, and Ramkola sugar unit is in Eastern UP. Integrated with co-generation and Distillery businesses, the sugar operations are optimised for value addition. Two of the facilities - Khatauli and Sabitgarh - produce refined sugar, which accounts for almost 40%

of the total sugar production, while the other five sugar units manufacture white sulphitation sugar. The Sabitgarh unit also produces different grades of Pharmaceutical sugar that can be customised as per the customer's requirements. Triveni currently operates three grid-connected co-generation plants, and three incidental co-generation plants, located across five sugar units. These facilitate the export

of surplus power to Uttar Pradesh Power Corporation Limited (UPPCL). Triveni has one of the largest and most efficient single stream molasses-based distilleries in the country. Located at Muzaffarnagar, it operates on captive feedstock from our sugar units. A new distillery with similar capacity (160KLPD) has recently been commissioned at Sabitgarh.

HIGH QUALITY PRODUCTS

SUGAR:

Triveni produces premium quality multi-grade plantation white, refined and pharmaceutical sugar. The sugar units are FSSC-2000:2010 certified. The Company's sugar is supplied not only to household consumers but also to bulk consumers. It has supply chain relationships with leading multinational beverage companies, food & FMCG companies, pharmaceutical companies and confectionery producers. It also has a strong presence in branded sugar market through its brand "Shagun".

DISTILLERY-BASED PRODUCTS:

The Company's distillery at Muzaffarnagar has a flexible manufacturing process, allowing it to produce Ethanol, Extra Neutral Alcohol (ENA), Rectified Spirit (RS) and Specially Denatured Spirit (SDS) based on market economics. All the products are renowned for high quality. The distillery at Sabitgarh produces high quality Ethanol.

POWER EXPORT:

Triveni currently operates 104.5 MW grid connected co-generation capacity, located at its five sugar units.