

# ACHIEVING MORE TOGETHER



**Triveni**  
ENGINEERING & INDUSTRIES LTD.  
ANNUAL REPORT 2010-11

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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 sources and has not verified those information independently.

**ACHIEVING  
MORE  
TOGETHER**

The foundation of civilization is based on co-habitation, co-operation, collaboration and co-creation. From time immemorial, togetherness has been the success factor for the evolution and dominance of mankind.

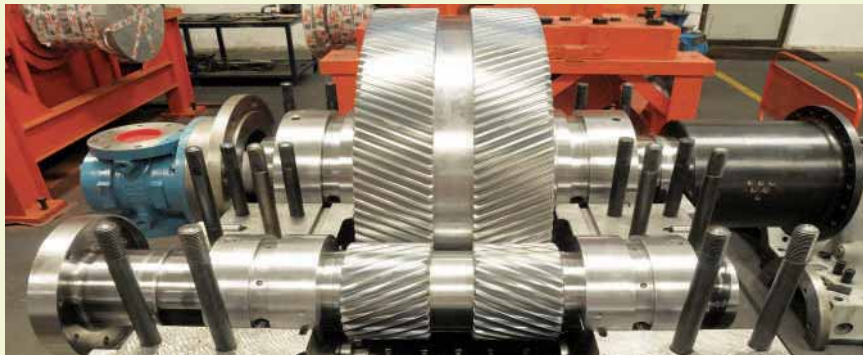
Similarly, the realm of business enterprise is extremely collaborative. The sustenance and growth of any enterprise depends on its ability to strike an intricate balance between the various constituents of its ecology. The theory of triple bottom line aptly advocates the interdependence between the Planet, People and Profit and highlights the spirit of togetherness for long term success of any organisation.

At Triveni, we have been exemplifying the spirit of togetherness for over seven decades. The respect for and commitment to symbiotic relationships that we share with our stakeholders - investors, employees, customers, suppliers, partners, government, community and ecology - form the core values of our operations. We, therefore, believe that we have been achieving more together.

**WHEN  
VISION  
MEETS  
ACTION,  
LEADERSHIP  
IS ATTAINED.**

Attaining business leadership is a journey and not a destination. At Triveni, we are governed by our vision to attain a significant leadership position in each of our businesses.

The fact that we are one of the largest integrated sugar producers in the country, market leader in high speed gears and gearboxes and emerging as one of the leaders in water & wastewater management business is a true reflection of competence, rigor and passion of our 5000+ employees.



**WHEN  
CHALLENGE  
MEETS  
COMPETENCE,  
SOLUTIONS  
EMERGE.**

Addressing key priorities facing our generation is a common theme across our diverse businesses. Food, water, renewable power, alternative energy, industrial efficiency - all are key human priorities. Our customer group is equally diverse and includes state electricity boards, municipal bodies, industrial houses and mass consumers of sugar.

We have been helping our customers to meet their challenges by providing technologically advanced and value engineered solutions. We keep enhancing our competencies in order to bring cost efficient products and solutions meeting highest standards of quality & reliability.



**WHEN  
TRUST  
MEETS  
POTENTIAL,  
GROWTH  
HAPPENS.**



The collaborative world of business harbours tremendous potential and possibilities. To achieve greater success in such a scenario, forging successful alliances and partnerships across a wider spectrum of stakeholders is critical.

At Triveni, we strive to master the art of leveraging partnerships for long-term growth and prosperity. The growth of our stakeholders is inextricably linked with our growth. Our quintessential diversity gets reflected in the hues of our partners - farmers, knowledge partners, technology partners, critical components suppliers, sub-contractors and investors.





# MESSAGE FROM THE CHAIRMAN

Dear Shareholders,

It is my pleasure to share with you a review of our operations in the past year and my thoughts on the future. I thank you most sincerely for your confidence and trust in our Company and management.

## **Sugar Business**

The fiscal year 2010-11 was another difficult year for the Indian Sugar Industry. Sugar production grew by 30% over the previous season to reach 24.4 million tonnes.

A significant increase in the cost of the key input sugarcane, and range bound sugar prices during the year had a serious impact on profitability. The availability of bagasse remained low, due to the lower sugarcane crushed during the year, resulting in lower income from co-generation operations. The lower cane crush also limited molasses production. However, with a proper mix of Extra Neutral Alcohol (ENA), Ethanol and Rectified Spirit, the distillery recorded better profitability compared to the last year.

Regulation of the sugar industry, both at the State and Central Government level, is the main cause for the downward spiral in the fortunes of this industry. We are hopeful that the recent pronouncement of the Food Minister, will result in the required deregulation of at least the levy sugar (PDS) system and open market releases. For our sugar industry to be able to stand to the global competition, we need to also deregulate or link cane prices with sugar prices, and do away with cane area reservation. This will be of tremendous benefit to the farmer, and allow the industry to make a reasonable return. At the moment, neither Government nor Industry resources are being used to increase the productivity of cane, and this now become crucial for the long term survival of a healthy, self-sufficient domestic sugar industry.

Despite the increased cane price announcement for the season 2011-12, operating performance of the sugar business group is expected to be better than the year under review. Healthy and stable sugar prices with better capacity utilisation of our co-generation and distillery facilities, will improve the sugar division's results.

While raw material and sugar prices are beyond our control, we are staying focused on enhancing operational efficiencies, and strengthening our collaborative engagement with the farmers through a sustained cane development programme. Our cane development efforts are focused on educating the farmers, and we act as facilitators in helping them implement various yield enhancing techniques. We also supply them with improved cane seed varieties.

### Engineering Business

Unlike our pure-play sugar peers, we enjoy the advantage of being a sugar plus company, courtesy of our gear and water treatment businesses. Both businesses witnessed a growth in profitability and turnover during the year. The steam turbine business was demerged into Triveni Turbine Ltd. (TTL) pursuant to the Scheme of Arrangement from the appointed date on 1st October 2010 and thus, no steam turbine operations have been included in the results for the year under review. The figures of the current year are therefore not comparable with those of the previous year.

The Water & Wastewater Treatment Business (WBG) recorded a growth in sales during the year which was higher than the average of the industry. It is currently undertaking its largest project for the Municipality of Agra. WBG secured water management jobs in industrial segments in new geographical regions during the year and received an award from Frost & Sullivan, a leading global research group, for achieving the highest growth in the Indian Water & Wastewater Treatment Industry.

The Gear Business Group (GBG) performed well and in line with our estimates. Our strategy was to aggressively focus on the aftermarket business and this helped in maintaining high profitability margins. Through strategic tie-up, it has wider access to technology, product range and geographical reach. GBG has invested in expansion of capacity, and upgraded its quality infrastructure to meet global benchmarks and is aggressively pursuing export sales.

### Concerns about economic growth

The country is witnessing a challenging investment climate, and there is some slowdown in the economy. Various industrial enterprises have put on hold their capex plans and this has resulted in some delays in order finalisation for our engineering businesses. An enhanced product and geographic portfolio, along with an increasing focus on exports, spares, servicing & retrofitting in our Gear Business, should enable us to mitigate this downside to a great extent, and maintain margins. With respect to the Water business, the outlook is positive, given that quite a few large projects are under finalisation, and we hope to secure some of them. The overall outlook for the engineering businesses still remains encouraging for our range of offerings.

### Strengthening Partnership

Leveraging meaningful partnerships for mutual growth has always been a key to our success. During the fiscal year 2010-11, our licence agreement with Lufkin Inc. for high speed gears was renewed for a period of 12 years and covered additional products and geographies.

We also signed a new technology licence agreement with Lufkin Inc. for the niche low speed segment of gearboxes in the Rubber and Plastics industry, Steel, Metals and Marine industries and for the Coal Pulverizers.

### Societal Development

One of the greatest challenges facing India's human development is the conservation and equitable distribution of our limited fresh water resources. There are serious concerns on the availability of fresh water in India as it has 16% of the world's population and 4% of the world's fresh water resources.

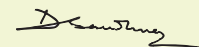
In this regard, a need has therefore arisen to provide a single point reference to address water related issues. The CII-Triveni Water Institute is the first not-for-profit organisation of its kind in the world where Government, industry and civil society come together to address all water related issues in a holistic manner.

We at Triveni have come to realise the serious problems in the water economy in India through our efforts in agriculture and capital goods. The problems of lack of infrastructure are compounded by structural inefficiencies and policy lethargy. It is with the aim of contributing to harmonious and equitable societal development in India, that Triveni has taken this initiative with CII to form the CII-Triveni Water Institute as a National Centre of Excellence.

The Institute will look at Water and Wastewater Management in India, for all stakeholders of the water economy - from the panchayat level to industrial users. While dealing with the issues of efficiency, conservation and delivery, the Institute will aim to deliver services to further its objectives which include policy review and recommendations, awareness and consensus building, education certification and training, advisory services and events and capacity building. We hope to create substantial employment opportunities with these programmes and specialised skill development.

At Triveni, we remain committed to sustained value creation for all our stakeholders and we thank all of them for giving us this opportunity.

With best regards,



Dhruv M. Sawhney  
Chairman and Managing Director

# FINANCIAL HIGHLIGHTS

Particulars	Unit	FY11 <sup>#</sup>	FY10	FY 09	FY 08	FY 07
		ending 30.9.2011	ending 30.9.2010	ending 30.9.2009	ending 30.9.2008	(18 months) ending 30.9.2007
Net Turnover	₹ Million	17071.53	22595.34	18948.41	15930.14	19079.53
EBITDA	₹ Million	1799.80	2479.48	4527.11	3167.12	2397.83
Cash Profits	₹ Million	893.44	1950.84	2840.21	2168.21	1576.97
Profits before Tax (PBT)	₹ Million	82.47	1173.16	2429.47	1345.61	785.20
Profit after Tax (PAT)	₹ Million	130.58	908.41	1697.78	1115.18	754.29
Share Capital	₹ Million	257.88	257.88	257.88	257.88	257.88
Reserves & Surplus (Less Revaluation reserve)	₹ Million	9899.59	9489.52	8806.64	7410.57	6490.64
Net worth*	₹ Million	10157.47	9747.40	9051.52	7649.28	6726.11
Loan Funds	₹ Million	8258.74	9341.57	8337.95	11686.96	9993.94
Net Fixed Assets	₹ Million	10862.89	12505.33	12738.78	12972.13	13025.34
Net Current Assets	₹ Million	8530.28	7629.98	5379.49	6986.82	4128.08
Operating Profit Margin	%	11%	11%	24%	20%	13%
Net Profit Margin	%	1%	4%	9%	7%	4%
Return on Average Net Worth	%	1%	10%	20%	16%	13%
Return on Average Capital Employed	%	5%	8%	13%	10%	11%
EPS (fully diluted)	₹	0.51	3.52	6.58	4.32	2.92
Cash EPS (fully diluted)	₹	3.46	7.56	11.01	8.41	6.12
Debt Equity Ratio	Times	0.81	0.96	0.92	1.53	1.49
Interest coverage	Times	1.90	2.92	3.91	3.19	3.29
Dividend Rate	%	20%	75%	100%	60%	60%

# Excluding the financial results of the Steam Turbine Business which was demerged from the appointed date of 1<sup>st</sup> October, 2010 as per the Scheme of Arrangement.

\* After adjustment of miscellaneous expenditure not written off

# MANAGEMENT DISCUSSION AND ANALYSIS

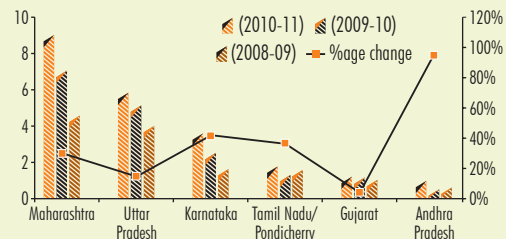
## INDIAN SUGAR INDUSTRY

Sugar season 2010-11 was a year of rebound for cane cultivation as well as sugar production in India. Estimated at 49.62 lakh hectares, area under cane cultivation recorded an increase of 18% over the previous season. At a marginally higher yield of 69 tonnes per hectare, total sugarcane production is estimated to have increased by 22% to reach 340 million tonnes.

Sugar recovery from cane, however, declined marginally to 10.1% from 10.2% achieved in the previous year. Consequently, the industry recorded sugar production of 24.4 million tonnes, an increase of 30% over the previous year. Maharashtra, Karnataka, Tamil Nadu and Andhra Pradesh contributed the most in this increase, together accounting for an increase of 35% year on year. At 14%, Uttar Pradesh (U.P.) recorded a lower increase overall with Eastern U.P. recording 26% increase followed by Central U.P. at 17% while Western U.P. remaining flat. U.P.'s share in sugar

production is considerably low at 24% despite its area under cane cultivation accounting for over 40% nationally whereas Maharashtra accounts for about 37% of sugar production with just 20% share in area under cane cultivation.

**SUGAR PRODUCTION IN MAJOR SUGAR PRODUCING STATES**  
(in million tonne)



Source: ISMA

Increased sugar production in 2010-11 turned India into a sugar exporter from an importer in the previous season. Accordingly, the Government allowed exports of 2.7 million tonnes of sugar, comprising of 1.2 million tonnes against the Advance Licence Scheme (ALS) and the further three tranches of 0.5 million tonne each under the Open General Licence (OGL).

The sugar inventory in India has moved range bound between 4-6 million tonnes in the last

## COMPARATIVE SUPPLY & DEMAND POSITION OF SUGAR

(Figures in million tonne)

	2006-07	2007-08	2008-09	2009-10	2010-11 (Prov)	2011-12 (Est.)
Opening Stock as on 1st Oct.	4.3	11.0	10.4	4.4	5.0@	6.0
Production during the Season	28.3	26.3	14.5	18.9	24.4	25.0
Imports	-	-	2.5	4.0	0	0
Total Availability	32.6	37.3	27.4	27.3	29.4	31.0
Off-take						
i) Internal Consumption	19.9	21.9	23.0	21.0	20.8	22.5
ii) Exports	1.7	5.0	0.02	0.2	2.6	3.0
Total off-take	21.6	26.9	23.0	21.2	23.4	25.5
Closing Stock as on 30th Sept.	11.0	10.4	4.4	6.1	6.0	5.5
Stock as % of Off-take	55.3%	47.7%	19.1%	29.0%	28.6%	24.4%

Source: ISMA upto 2010-11 and 2011-12 Company Estimates  
@As per Govt. data

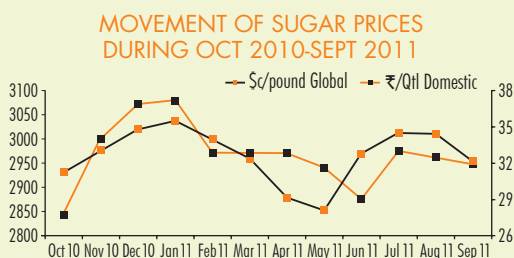
three years in contrast to very high levels witnessed during 2006-08 period. However, the consumption levels during 2009-11 have remained static - owing partly to the increase in free sugar price and largely on account of almost zero trade pipeline inventories as a result of various interventions by the Government to curb increase in sugar prices. Thus, the impact of rise in per capita income and change in consumption pattern of high sugared confectionaries, bakery products etc. remained masked. With the dispensation of governmental controls, it is expected that the consumption will increase to about 22.5-23.0 million tonnes. The stock to consumption ratio, which is one of the indicators of sugar price movement, is currently favorable at 28.6%, which in some ways indicate a healthy sugar pricing scenario going forward. Further, the building of sugar pipeline inventory will also help sugar prices to remain buoyant.

### Sugar Prices

During FY 11, the sugar prices in the country fluctuated in a narrow range of 8-9% with per quintal maximum price of ₹3082 and minimum price of ₹2842 (including duties). On the contrary, the international sugar prices witnessed high volatility. The year saw the global sugar contract price for white sugar touching an all time high of USD 822 in end December 2010 and remained buoyant in



comparison to the domestic prices for most of the period. With the beginning of Brazilian sugar season, and on account of estimates of higher production, the international prices declined. However, as the Brazilian sugar season progressed, the estimates for sugar production were revised downwards progressively due to lower sugarcane yields and this resulted in a sharp increase in global sugar prices which remained at high levels afterwards.



Source: Monthly average sugar prices (NCDEX sugar prices for domestic market and LIFFE prices for Global market)

### Sugar Cane Pricing

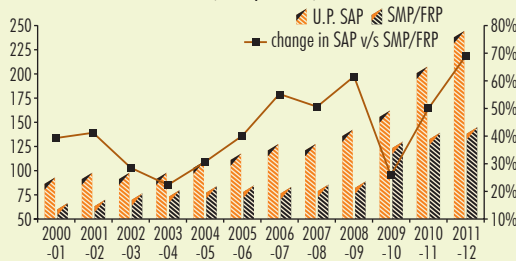
The Sugar cane price for the country, as announced by the Central Government for 2010-11, was higher by about 7% over the previous year. However, in Uttar Pradesh, where all our sugar operations are located, State Advised Price (SAP) was fixed at ₹2050 per tonne for general variety sugarcane, which was an increase of 28% year-on-year and higher by about 49% in comparison to the equivalent Fair and Remunerative Price (FRP).





Historically, the sugar cane price for Uttar Pradesh has been higher than that of the price announced by the Central Government which are applicable to other major sugar producing states like Maharashtra and Karnataka. On account of the higher sugarcane price, the cost of sugar production in Uttar Pradesh was higher.

**COMPARISON BETWEEN U.P. SAP AND FRP/SMP (₹/quintal)**



Source: Industry Reports

**Sugar & Alternate Sweeteners**

In Uttar Pradesh, the diversion of sugarcane to alternate sweeteners (Gur & Khandsar) has traditionally been high and the sugar season 2010-11 was no different. Out of 118 million tonnes of sugarcane produced in the state, almost 34% has been used for manufacture of alternate sweeteners, as against the all India usage of 17%. As per estimates, Uttar Pradesh produced approx. 4.6 million tonnes

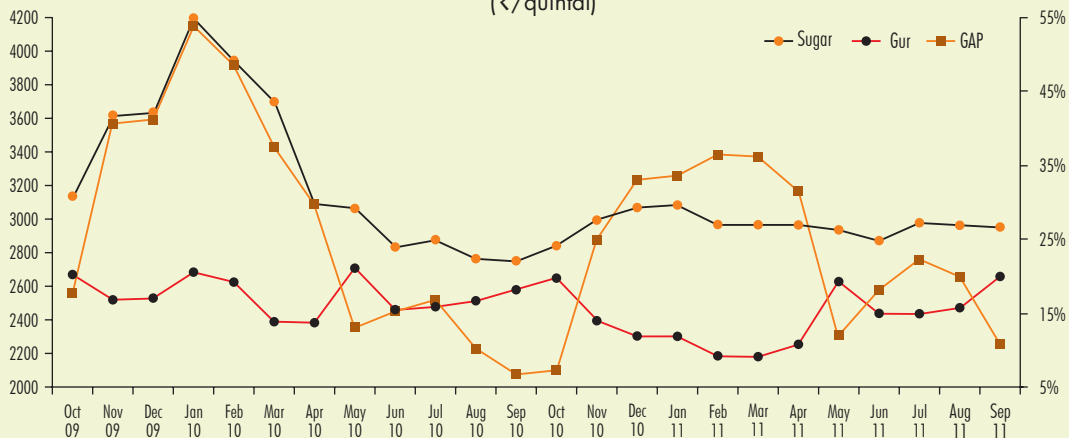
of alternate sweeteners which is 70% of country's total estimated production of 6.5 million tonnes. During 2010-11, the production of alternate sweeteners for the country as a whole was lower by 4%, whereas the production in the state of U.P. was higher by 11%.

While the sugar prices in Uttar Pradesh during the year moved in a narrow range, the gur prices showed significant volatility. The gur prices surged from April 2011 onwards, while the sugar prices remained muted during the same period. As can be seen from the graph below, the gap between sugar prices and gur prices during the period of sugar cane crushing were consistently rising and the gap between the two even went upto 37% in the month of February 2011 and March 2011 because of diversion. However, after the crushing period was completed, the gap was largely bridged. This is on account of storage of gur during the crushing season by the intermediaries for sale during the off-season at higher prices.

**India Sugar Outlook 2011-12**

The sugar production in 2011-12 season is

**MOVEMENT OF GUR & SUGAR PRICES DURING OCT 2009 - SEPT 2011 (₹/quintal)**



Source: Monthly average prices (NCDEX prices for Muzaffarnagar Mandi)

estimated to go up to around 25-26 million tonnes due to estimated increase in area under sugar cane cultivation. Government of India, in November 2011, has announced export of one million tonne. The Sugar cane pricing announced by the Central Government (FRP) for 2011-12 season is ₹ 145 per quintal, an increase of 4%, while the Uttar Pradesh Government has announced the SAP of ₹ 240 per quintal for general variety of cane and ₹ 250 per quintal for early maturing variety of cane, which is an increase of about 18%. This increase in cane price is expected to impact the sugar manufacturers of Uttar Pradesh adversely unless the prevailing sugar prices sustain or register marginal increase in the balance part of the year. The industry association has approached the Court against the unrealistic increase in cane price and is awaiting the outcome.

### Global Sugar Scenario

The global sugar production for 2010-11 was estimated at 166 million tonnes, an increase of about 12 million tonnes from the previous year. The increased production was mainly contributed by India, Brazil and Thailand. While India and Thailand recorded a year-on-year increase of 30% and 40% respectively, Brazil managed an increase of only 16%. Brazil witnessed lower sugar content in cane over the previous year. Increased usage

of cane for sugar production, however, compensated for the decline in production on account of lower yields. The usage mix of cane between sugar and ethanol in Brazil has gone up to 48:52 as compared to 45:55 during the previous year.

### Global Sugar Outlook 2011-12

The global sugar production for 2011-12 is estimated to record an increase of about 9 million tonnes to reach 175 million tonnes. This increase is expected to come primarily from beet sugar, which is pegged to go up by about 6 million tonnes, while increase in cane sugar is expected to be only 3 million tonnes. This estimate is quite in contrast to the trends of 2010-11 season, where cane sugar was estimated to have achieved an increase of about 14 million tonnes while beet sugar production showed a decline of about 2 million tonnes over the previous year. Early estimates for 2011-12 project Brazil to produce about 2.5 million tonnes less than 2010-11, India to produce about 1 million tonne more and Thailand to remain flat at about 10 million tonnes. Brazil's main cane growing region, the South Centre is estimated to have lower cane coupled with lower sugar recovery while the North/North-East is expected to produce more sugar.



## SUGAR BUSINESS

Triveni is one of the largest sugar manufacturers in India with an installed crushing capacity of 61000 tonnes per day (TCD) having seven sugar units located across Uttar Pradesh. It has an installed co-generation capacity of 68 MW (46 MW at Khatauli unit & 22 MW at Deoband unit) and operates a distillery having capacity of 160,000 litre per day in Muzaffarnagar.

### Operational Performance

FY 11 started with an optimistic domestic sugar production projection of 26-27 million tonnes. U.P., with a projected 20% increase in area under cane cultivation was expected to contribute 6.5 million tonnes against its previous year's production of 5.2 million tonnes. The increase in cane area was primarily the resultant of attractive cane prices paid by the Industry during FY 10 season, much above the SAP. Incessant rain in September 2010, however, caused near flood situation in some parts of U.P. and inflicted heavy losses to sugarcane. This led to a decline in production from the initial estimates and the total sugar

production in U.P. stood at 5.9 million tonnes.

Triveni crushed 4.56 million tonnes of cane and produced 0.42 million tonnes of sugar at an average recovery of 9.21%.

Even though the cane crushed was marginally lower by 0.6%, the sugar production was higher by 0.7% on account of increase in recovery by 11 basis points. While in FY 10, additional sugar of 86,695 tonnes was made from the processing of raw sugar, no such processing could take place in FY 11 due to economic reasons.

While the sugar prices remained depressed for the entire season, the gur prices remained buoyant, leading to more diversion of cane. There was steep increase in the SAP announced by State Govt. from ₹ 1650/ MT in FY 10 to ₹ 2050/MT in FY 11. While the gross cost of production(COP) was over ₹ 3000 per quintal, the average realization for the year remained at ₹ 2661 per quintal. The higher COP resulted in losses for all the sugar players operating in Uttar Pradesh. Fortunately, levy obligation reduced from 20% to 10% during the year and due to exports of sugar under

### PERFORMANCE OF UNITS

Unit	FY 11			FY 10		
	Sugarcane Crushed (Mn. Tonnes)	Recovery%	Sugar Production (000 Tonnes)	Sugarcane Crushed (Mn. Tonnes)	Recovery%	Sugar Production (000 Tonnes)
Khatauli	1.30	9.13	1196.50	1.36	9.02	1233.62
Deoband	0.98	9.55	935.46	1.14	9.32	1067.59
Sabitgarh	0.55	8.57	465.96	0.38	8.42	314.95
Chandanpur	0.49	8.88	434.29	0.50	8.67	430.79
Raninangal	0.40	9.45	371.56	0.42	9.33	391.16
Milak Narayanpur	0.34	8.85	297.50	0.33	8.41	278.64
Ramkola	0.50	9.82	491.58	0.46	10.12	467.56
TOTAL	4.56	9.21%	4192.85	4.59	9.10%	4184.31

OGL, profits of ₹166.3 million were earned. The sugar business incurred a net profit before interest of ₹ 74 million while its net sales stood at ₹ 13,434 million during the year.

Recognising that the raw material and output prices are rather beyond the control of the Company, Triveni focuses on improving manufacturing efficiencies, logistics rationalisation, cost controls and undiluted attention on cane development.

### Cane Development

The Company continued its efforts to improve the quality and availability of cane through its Cane Development Programme. During spring planting, the Company took special efforts in introducing some improved and early maturing varieties with reasonable success. Existing high sugared varieties were also targeted for multiplication and on an average 15-20% fresh planting has been covered by these varieties.

Yield enhancement has been a key focus of our Cane Development Activities. Triveni has entered into an agreement with M/s Aagri Services for carrying forward this initiative. Farmers' participation is important for scaling up this technique. Keeping this in view, Triveni together with Aagri have launched the nursery programme involving the farmers. A large number of farmers have

taken up this initiative with reasonable success and this programme will be further replicated.

These initiatives require only minor adjustments with prevailing farming practices and do not involve much cost. Our cane development efforts revolve around educating the farmers and we act as facilitators in the whole process. We expect these initiatives to have a positive impact on cane yields in near future.

### Outlook

Area under cane cultivation is estimated to have increased by about 5% across all our units aggregating to approx. 1.50 lac hectare. This increase in area is in line with the State average. As per the preliminary estimates, the yields are expected to be marginally better this year mainly on account of better Ratoon crop in the current year. However, plant cane which has been planted after harvest of wheat does not appear to be promising due to early rains in the month of May-June. Plant yields are expected to be more or less similar to that of last year. Maturity trend is slightly better than the previous year. On account of above and considering normal diversion, it is estimated that an increase in crush and sugar production by about 10% may be achieved.

With the Government's pro-active initiatives of allowing one million tonne of export and also



lifting the stock holding limits of the trade, the sugar prices are expected to be firm and estimated to be higher by about 8%.

## CO-GENERATION BUSINESS

Triveni operates three co-generation power plants, one at Deoband (22 MW) and two at Khatauli (23 MW each), with combined installed capacity of 68 MW. Surplus power from these plants is exported to the grid. Company's co-generation plants are regarded amongst the most efficient co-generation plants in India.

### Performance highlights

Due to lower sugarcane crushed during FY11, the availability of bagasse remained low constraining the optimum operation of the co-generation plants. The co-generation plants generated 199.07 Million Units (MU) power and exported 131.22 MU power to the grid during the year.

Deoband and 'Khatauli Phase-I' co-generation plants of the Company are registered as Clean Development Mechanism (CDM) projects with United Nations Framework Convention on Climate Change (UNFCCC). Carbon credits for the period April 2008 to May 2010 for Deoband plant were issued and transacted. The Company earned revenue of ₹ 43 million from the sale

of issued carbon credits, which was realised after the closure of financial year and the same will therefore get reflected in FY 12 results. The issuance of carbon credits for the same period pertaining to Khatauli plant is under progress.

### Trends

Central Electricity Regulatory Commission (CERC) has notified Regulations on Renewable Energy Certificate (REC) aimed at promoting power generation from renewable sources and developing market for such electricity. Company's Deoband and Khatauli units are eligible to get REC benefits and have been registered with National Load Dispatch Centre (NLDC) as REC projects. The revenue from RECs shall start from 2011-12 marking the addition of a new revenue stream for the co-generation business.

Depending upon viability and UPPCL's policy, Company has the flexibility to generate power through coal during the offseason in one of its co-generation plants at Khatauli and sell such power on merchant basis as well as to UPPCL.

### Outlook

The sugarcane crushing in Deoband and Khatauli units is expected to be higher in the sugar season 2011-12. On account of



increased bagasse availability, the operational period and capacity utilisation of co-generation plants is also expected to be higher, thereby improving the revenue and profitability.

In respect of the operation of the Khatauli CDM project for April 2008 to May 2010 period, request for issuances would be filed with UNFCCC. Revenue from the sale of RECs would also be available from FY12 in respect of both Khatauli & Deoband plants.

The Company continues to align its operations towards maximising utilisation and operational efficiencies. The revenue generated from the sale of power and carbon credits generated from the UNFCCC registered CDM plants as well as revenues from RECs will continue to provide good returns from the co-generation business.

## DISTILLERY BUSINESS

With an aim to integrate its sugar operations and to reduce the impact of its cyclicity, Triveni entered the distillery business in 2007 with the commissioning of a distillery at Muzaffarnagar. The distillery has a capacity of 160 Kilo Litres per Day (KLPD) and is one of the largest single stream molasses based distilleries in India. Strategically located in close proximity to two of its largest sugar units, the distillery procures consistent supply



of captive raw material. The Unit extracts bio-gas from the effluent and uses it as main fuel in the boiler.

The distillery currently produces Extra Neutral Alcohol (ENA), Rectified Spirit (RS), Special Denatured Spirit (SDS), and Ethanol and is renowned for the high quality of its products. It had, for the first time since commissioning, started despatches of ethanol to oil marketing companies from December 2010. The quality of ethanol was well accepted by oil companies.

### Performance highlights

Distillery continued to achieve high fermentation and distillation efficiencies. Major customers of the distillery business are United Spirits Limited and Oil Marketing Companies (OMCs) and commands premium for its excellent product quality.

### Outlook

Estimated increase in sugarcane crushing in FY12 would lead to higher production of molasses and thus alcohol. The oil marketing companies have already completed tendering process for supplies of ethanol for the period October 2011 to September 2012, against which Triveni has received contracts for supplies of ethanol. Currently, the interim prices are set at ₹ 27 per litre which are



expected to be revised in line with the petrol prices. It should also strengthen the pricing for other variants of alcohol, such as, ENA and RS in FY 12. Distillery group continues to have strong focus on efficiencies, product quality and maintaining excellent relations with its main customers to have premium for its products.

## ENGINEERING BUSINESS

### WATER INDUSTRY

In order to support the basic civic needs of its 1.2 billion plus populace and its economic growth aspirations, India needs quick and serious multi-pronged intervention in systematic management of its water resources. As per an industry report, the total demand for water will go upto 900 Billion Cubic Metre (BCM) in 2050 from 680 BCM in 2000. While the total water availability exceeds the requirement by almost 50%, accessibility to clean usable water is only a fraction of the availability.

Consequently, water and wastewater treatment domain will continue to offer huge business potential in India over the coming decades. Consistently growing population and rapid urbanisation is already putting significant pressure of meeting growing demand for water on major cities. The need for improving crop yields to ensure food security for the

growing population is bound to push water demand in agriculture sector. Country's growing industrialisation coupled with stringent environmental norms is opening up newer possibilities in water treatment as well as wastewater treatment.

Currently estimated at US \$1.2 billion, the Indian water treatment industry is growing by about 15-20% year-on-year. Industrial and municipal segments account for almost 90% of the water treatment market in India. The Planning Commission has estimated an investment of USD 26.5 billion in the 12<sup>th</sup> Five Year Plan (2012-2017) for providing safe water to all urban and rural Indians. To tackle its emanating water challenge, India will require consulting and engineering services across water technology including desalination and environment protection for treatment of wastewater, sewage and solid, liquid & chemical waste.

The water industry can be classified into four categories- Municipal (water supply and sanitation), Industrial, Building/Institutional (hotels, hospitals, shopping malls, apartment complexes) and Residential (home purifiers). The sector also includes treatment and purification, pumping and water transportation, process water treatment and wastewater treatment/recycling. Water scarcity has led many industries to adopt water-recycling



systems. Only 60% of industrial water and 26% of domestic water is treated in India. The release of untreated wastewater has resulted in increased pollution and depletion of clean water resources. The most polluting of them are the city sewage and industrial waste discharged into the rivers. Presently, only about 10% of the wastewater generated is treated; the rest is discharged as it is into water bodies. India has a long coastline of 7,600 kilometers and is most likely to witness high growth in desalinating water in the future. Unequal water distribution exists within India and therefore, treatment of available water becomes very important.

#### Water and Power are interlinked

Water availability is critical for power generation as power plants need significant volume of water for steam generation and cooling. Seasonal anomalies in water availability and electricity generation are inextricably linked. Conventional wisdom indicates that in a developing economy the rate of growth in demand for power is about 50% more than the rate of economic growth. As water availability and quality declines, companies may need to invest in water infrastructure projects to secure supplies, water treatment systems, and/or more advanced cooling systems.



#### JNNURM

The Eleventh Five Year Plan identified a total requirement of ₹ 537 billion to provide 100 per cent water supply coverage to the urban population. Out of total allocation of ₹ 500 billion under Jawaharlal Nehru National Urban Renewal Mission (JNNURM), about 40% is envisaged to be used for water supply projects. JNNURM, as on 30<sup>th</sup> June, 2011 has approved ₹ 447 billion for water related projects including supply, sanitation and drainage.

Since water supply sector in urban areas requires huge investment in urban infrastructure and management models that promote efficient, effective and good quality basic urban services on a sustainable basis, there is a role for well conceived, structured and transparently executed public-private partnerships (PPP).

#### WATER BUSINESS

Triveni's Water Business Group (WBG) is focused on providing world-class solutions in water and wastewater treatment to customers in industry as well as the municipal segment.

WBG is gaining recognition in a high potential market as a supplier of superior quality products and services at competitive costs. During the year, there were major changes





in the addressable market scenario - both in Municipal and Industrial segments - from the viewpoint of competition as well as customer demands. To meet the emerging situation, WBG initiated major restructuring of internal business processes across business functions.

### Performance Overview

During FY 11, growth in sales for WBG was higher than the market average. As on 30<sup>th</sup> September 2011, outstanding order book stood at ₹4.5 billion. WBG expanded its business in new geographical region during the year by securing water management jobs in Industrial segments in Southern & Northern India. It maintained its focus on Recycle & Reuse applications.

Triveni continued to successfully leverage its existing relationships with industrial sector customers. The Company started executing larger projects involving execution period of more than twelve months and the same could stagger the recognition of revenues and profitability over its fiscal years. The projects under execution are at various stages of completion and therefore, the billing of the same will take place in the coming financial year.

Few projects which we were aiming at in the municipal segment were not finalised during the year and this slowed our order intake during the year. The bulk of the orders

which the business secured during the year were from industrial segment and equipment supplies.

During the year, WBG's Phase-I manufacturing facility commenced assembly of high value critical equipment in addition to skid mounted systems and these included Sludge Dewatering units and Water Intake equipment for Municipal & Industrial applications-necessitating commencing expansion to Phase-II of WBG's manufacturing facility.

The business received an award from Frost & Sullivan, a leading global research group, for achieving highest growth in the Indian Water & Wastewater Treatment Industry.

### Key Achievements

- Commissioned Delhi's first Sewage Recycling Plant for NDPL's 106 MW Gas-based Power Plant. The Plant sources secondary sewage from adjoining sewage treatment plant. The plant combined state-of-the-art technological process consisting MBBR-UF-RO-MB route producing Boiler Feed quality water. This plant was earlier adjudged as "Best Water Treatment Project - Industrial" and secured an award sponsored by UNESCO/PHDCC etc.
- Technology demonstration of MBBR-UF was successfully done for 144,000 M<sup>3</sup>/day



Water Treatment Plant (WTP) at Agra through pilot studies and substantiating the same, a technical paper was presented at an International Conference at IDA Perth 2011. This was an award winning presentation by the user client and was widely acclaimed for technological application. Notably during the year, the same project was earlier awarded as "Best Water Treatment Project – Domestic" for its design features by Water Digest Foundation.

- An order received for a Water Management System including Boiler Feed water production for 2x600 MW Thermal Plant for Moser Baer at Anuppur, Madhya Pradesh. This was WBG's third job from Lanco group for 2x600 MW size Thermal Power Plant segment.
- An order received for Zero Liquid Discharge (ZLD) system for 2x600 MW Thermal Plant of Haryana Power Generation Corporation Ltd. (HPGCL), Hissar. The scope involves treating and recycling of plant's wastewater for process water needs of the power plant.

#### CII-Triveni Water Institute

Triveni has partnered with CII for setting up of CII-Triveni Water Institute. This initiative is first of its kind in the world where the Government, Industry and society would collectively set up



a Centre of Excellence to transform water conservation and management practices involving all stakeholders. The Institute will be focusing on water and wastewater management in municipal, industry, agriculture and domestic segments. The activities of Institute amongst others would primarily focus on education, creation & development of technical manpower, performance rating of companies on water management and also facilitate policy formulation both at Central and State Government levels. This initiative is not a commercial venture, but more towards its commitment for development of this sector.

#### Outlook

Treated water is increasingly becoming a critical resource in large-sized industries and stringent environmental regulations are also mandating industries to treat wastewater. At the same time, rising health consciousness is creating a demand for water treatment equipment in public water utilities. Indian Water sector will continue to be a high growth area, actively supported by government and multi-lateral funding. Increased reliance on life cycle cost by users is raising technology barriers which suits technology rich companies like ours which has multiple options, enabling it to offer the most optimal technology application to meet specific requirement.



These developments offer an attractive opportunity for the Company's water business which already has the necessary technological capability and know-how. The Company has been working in association with world's leading technology providers. It has access to sophisticated technologies for high technology membrane filtration solutions and equipment for drinking water, process water and reuse applications.

Thermal Power sector has been one of the largest clients of the Industrial Water Market. Though there were signs of slow-down in jobs finalisation during the year primarily due to fuel and environmental issues with ongoing power plants, the initiatives by the Central Government are likely to remove these hurdles soon. In addition, learning from our success in current focus areas, WBG is planning to expand in other market segments. WBG's focus on technology assimilation in the past few years will drive its future business growth giving us unique advantage in covering the market opportunities comprehensively in the Indian Water sector in both Municipal & Industrial segments.

## GEAR BUSINESS

Triveni's Gear Business Group (GBG) manufactures high-speed gears and gearboxes upto 70MW capacity and speed of 70,000 rpm



across all applications and market sectors and low-speed gears for Hydel, Marine, Steel & Metals, Rubber & Plastics and Thermal sectors. Triveni is the country's largest one-stop solutions provider in the high speed sector, with over 70% overall market share. Triveni has a licence agreement with Lufkin Inc, USA for a majority of its products.

### Product Range

GBG has two broad product categories namely High-speed Gears and Low-speed Gears.

#### High Speed Gears

- Supplies to all major OEMs for Steam Turbines (ST), Compressors, pumps, Gas Turbines (GT), hydraulic couplings, test rigs etc. Triveni uses its own technology under 7.5 MW range
- Replacement Solutions for all applications and industry segments

#### Low Speed Gears

- Hydel gears upto 7 MW using own technology
- New builds for Marine, Steel/Metals, Rubber/Plastics, Thermal - Coal pulverizers
- Replacement Solutions for all industries including Hydel Power Plants and complete industrial spectrum



## Market Segments

### a) Original Equipment Segment (OEM)

GBG has more than 85% market share in low power and overall about 70% across all OEMs in India. Over the last 3-4 years, the business has been able to improve its market share in the South East Asian region from ST packagers especially in Indonesia and Malaysia.

### b) Mini Hydel Segment

GBG has been a selective player in this market catering to all major OEMs. Based on the experience gained over the years, GBG's own designs of hybrid bearing configurations has helped it to establish as a leading supplier of high power gearboxes in this segment.

### c) Refurbishment/retrofitting, spares development and troubleshooting support for

- High speed/small to high power gearboxes for diverse Industry applications such as Steam & Gas Turbines, Compressors, Pumps, Blowers and Test Rigs
- Niche low speed Gearboxes in Industry segments such as cement, steel and thermal industries
- Hydel gearboxes

GBG has indigenised more than 700 Gearboxes so far, offering solutions to most

of the European makes, thus creating mile stones of highest power of 54 MW for gas turbine application and highest speed of 70,000 rpm, so far, for a test rig application.

Markets covered under refurbishment segment are India, South Asia and South East Asia. GBG caters to industries like Sugar, Paper and other process industries, Fertilizers, Refineries and Petro-chemicals, Independent Power Producers (IPPs) & Captive Power Plants (CPPs), Cement, Steel & Thermal Power.

GBG provides fastest response in the Gear industry for breakdowns including diagnostics/condition monitoring of gearboxes with chronic problems and providing technical solutions. Services also include dimensioning of other makes of gearboxes at customer sites during their regular shut downs.

### Spares & Services

The business provides special services such as maintenance support for Gearboxes of other than Triveni make, diagnostic study/condition monitoring services, for any gearbox & installations/commissioning. Essential spares for two year normal running of gearboxes are offered/advised on regular basis to the clients and spares for other makes are also being offered.



## Exports

With the renewal of licence agreement with Lufkin, geographical areas have been expanded to cover South East Asian countries. This will bring growth in both OEMs & replacement segments. With this, GBG's market share in South East Asia and South Asia is also expected to increase.

GBG's formidable experience of retrofitting in domestic market, world class infrastructure, cost leadership and market acceptance should considerably help in building a large export market in future.

## Key Business Highlights

Gear Business has an impressive list of around 25 high power gearboxes which were designed, manufactured and tested during the year. Out of these and for the first time, two API gearboxes of 30 MW were designed, manufactured locally and successfully tested in India. GBG also developed and successfully tested two high RPM, 70000 rpm and 25000 rpm gearboxes, meeting complete API standards.

Along with above developments, GBG also developed in-house competency for offset bearings designs which were successfully tested. Overall about 30 API high speed gearboxes were designed, manufactured and

tested - meeting latest standards moving GBG to world's few gear companies having competency to do so.

GBG has also successfully developed two high power (>25MW) complete replacement solutions for European manufactured gearboxes having operational problems, thus adding to an impressive list of import substitutions of more than 700 so far.

In the field of high power Hydel gear boxes, GBG continued its supremacy by developing designs for the new orders received during the year. On retrofitting front, GBG solved complex performance issues in 10 European make of high power Hydel gearboxes successfully. In addition to above, GBG's own technology for <7.5 MW high speed products, Hydel gearboxes and replacement solutions too shall be pushed globally to achieve growth in the coming years.

GBG has been consistently investing in expansion of capacity as well as continuously upgrading quality infrastructure meeting global benchmarks. During FY 11, GBG has commissioned cylindrical grinder, CNC lathe, 2 meter CNC vertical turning lathe, CNC vertical grinder, CNC horizontal boring machine. It is also currently setting up a world class 1.6 MW test bench.



During the year Gear Business signed two landmark long term agreements with Lufkin Inc, USA, which will enable it to enhance its product portfolio and geographies considerably. The Gear Business is poised to register accelerated growth both in turnover and profitability in future as a result of these licence agreements.

Highlights of these two agreements are:

- In the high speed segment, local manufacturing of gearboxes from 25 to 62 MW for steam turbine, gas turbine and compressor gearboxes for local OEMs
- Increased geographies to cover South Asia and South East Asia
- New licence for low speed products for Marine, Thermal, Steel/Metals and Rubber/plastics market segments for Indian subcontinent, parts of East Africa.

#### Performance during the year

The business continued to perform as per our estimates. The increase in turnover and profitability for the year remains strong at 18% and 31% respectively. The business continues to maintain high PBIT margins, which it could achieve on account of its after-market business.

In spite of the market slow down, GBG has been able to maintain EBIDTA margin of 39%



as focus on retrofit and spare business continues. GBG's diversified and balanced product mix reduces the impact of an adverse performance of any market segments. However its consistent market share in core high speed product line indicates its healthy performance vis-à-vis the competition. Further, with the expanded product and geographies, the downside if any, on account of economic slow-down, will be mitigated to a great extent.

The order book position of this business remains encouraging at ₹ 688 million as on 30<sup>th</sup> September 2011 which is an increase of 10% when compared with the order book position during the same period last year.

#### Key Orders-

- GBG bagged orders for 4 nos. locally manufactured 30 MW API and 38 MW from BHEL thus kick starting the new licence range orders in the very first year.
- GBG bagged ₹ 8 Crore worth of orders for retrofitting of 5.5 MW Hydel gearboxes in replacement to a European make.
- GBG growth in high profitable segments of retrofitting and spares continued with diverse applications orders received during the year including the first of Leveler gear box for a steel mill.



### SEGMENT WISE BUSINESS PERFORMANCE

Segment	(₹ in million)		Growth%
	FY11 Sales	FY10 Sales	
OEM-TTL	336	254	32
OEM-Others	493	385	28
Retro, Spares & Servicing	373	375	(1)
Total	1202	1014	18

### Outlook

The market territories as defined in the licence with Lufkin consist of growing economies with high power deficit thus creating demand for core infrastructural/industrial and power equipment growth. GBG has maximum exposure to power generation segments, including CPPs, IPPs for both conventional and non-conventional energy. The business expects to grow by enhancing its market share in > 25 MW range as well as in the new products added. GBG's cost leadership combined with experience as well as expertise in high speed products should enhance its share in new markets.

The growth in replacement solutions will come on account of leveraging of expertise in supplying to major OEMs, approach to support the indigenising drive, provision of quick and robust locally made solutions for breakdown cases and fully integrated infrastructure to offer quick solutions.



Replacement solutions business has been growing consistently over the years as the product portfolio is spread out to cover diverse applications, power ranges, and geographies.

The increase in installation base of gearboxes over the years will fuel demand for spares either through its own supplies or through replacement opportunities.

The industrial market for steel, cement and thermal power is expected to attract fresh investment. Hydel segment, where Triveni has a dominant position, is also looking buoyant and is expected to have more closures of projects in South India. GBG's focus on high margin refurbishment, spares and services business apart from the new products for other than power application should enable the business to achieve higher turnover and consistently high and strong margins in the business going forward.

### CORPORATE SOCIAL RESPONSIBILITY

Triveni's community development initiatives are focused on five key areas - education, family & community wellness, environment, community enhancement and sports & recreation.

The Company runs schools at three of its major sugar units namely Khatauli, Deoband and Ramkola. These schools are meant for the



children of employees as well as those from nearby villages. Around 1900 children are enrolled in these schools.

The sugar units extend healthcare services from the charitable dispensaries at respective units for the wellbeing and welfare of the local community. On an average, around 400 patients are treated everyday at these dispensaries. Free medical checkup, blood donation and vaccination camps were regularly organised at these units in association with district health departments. The passionate participation and volunteering of the employees in these programs worked as impact multiplier.

The units organise sports activities for residents of adjoining villages and support community fairs and festivities with useful contributions towards refreshments, drinking water and first aid facilities. During the year, three sugar units namely Milak Narayanpur, Ramkola & Chandanpur distributed blankets amongst underprivileged people of surrounding villages. Chandanpur unit celebrated 'Joy of Giving' week on the occasion of Gandhi Jayanti and distributed clothes, toys, books and money to Orphanages and Leper homes. Khatauli unit distributed tricycles to physically challenged people through District Magistrate on the eve of Republic Day.



For the children of economically weaker sections, Triveni's Gear Business Group sponsored education of 14 children. It also adopted two Balawadis, each consisting of 25 underprivileged children besides making financial support towards salary payment for the teachers of Vivekananda Education Trust at Mugunahundi village, one of the backward & underdeveloped villages near Mysore.

Triveni also provides financial and management support to one of Delhi's oldest and most reputed hospital, 'Tirath Ram Shah Charitable Hospital'.

Triveni recognises its responsibility towards environment protection and realises the importance of awakening and engaging public at large to achieve greater impact. All units of the Company regularly organise tree plantation campaigns throughout the year and ensure participation of local communities into it.

A massive cloudburst devastated Leh on 6<sup>th</sup> Aug 2010 which badly affected over 20 villages. CII in collaboration with major corporate houses undertook to provide relief and rehabilitation. In order to rehabilitate homeless people, houses were constructed in village Saboo in close coordination with the local administration. Triveni actively participated in this noble program and provided material support to the Task Force.





## FINANCIAL REVIEW

	(₹ in million)		
	2010-11	2009-10	Change %
Net Turnover	17071.5	22595.3	(24)
EBITDA	1799.8	2479.4	(27)
Depreciation & Amortization	812.3	907.5	(10)
Finance Cost	946.6	849.6	11
Profit Before Exceptional/Non recurring items & Tax	40.9	722.3	(94)
Exceptional/Non recurring items (Net income)	41.6	450.8	(91)
Tax	(48.1)	264.7	
Profit After Tax	130.6	908.4	(86)

The performance results for the financial year 2010-11 does not include that of Steam Turbine Business which, pursuant to the Scheme of Arrangement under Section 391-394 of the Companies Act, 1956, has been demerged from the appointed date as on 1<sup>st</sup> October, 2010. Thus, the results of the current year are not comparable with those of the previous year.

Sugar business (including Co-generation and Distillery operations) performed much better than the previous year and registered segment profitability (PBIT) of ₹528.6 million as against a loss of ₹222.2 million in the previous year. The improvement in the profitability of the Sugar business is owing to profits on export of sugar against the Advance Licence and under against quota allocated to the Company under OGL Scheme as well as due to reduction of levy obligation from 20% to 10% in the current financial year. However, at net level Sugar business continues to be in loss

due to mismatch in input and output prices. Both Co-generation and Distillery have achieved improvement in profits over the previous year.

Engineering business (comprising Gear and Water) has achieved 17% increase in turnover and 15% increase in segment profitability. The previous year figures included profitability from the operations of demerged Steam Turbine Business - there is no contribution from such business during the current financial year. Even after demerger, the diversified nature of Company's business is still intact as the remaining engineering businesses contribute substantial profitability to the Company. Both engineering business have enormous scope of growth in future and these would ensure adequate insulation from the cyclical nature of the Sugar business.

### RAW MATERIAL AND MANUFACTURING EXPENSES

	(₹ in million)		
Description	2010-11	2009-10	Change %
Raw material	11917.6	18221.6	(35)
Percentage to sales	69.8%	80.6%	
Manufacturing expenses	1346.8	1388.5	(3)
Percentage to sales	7.9%	6.1%	

The decrease in raw materials, despite increase in engineering business due to increased activities, has been due to demerger of Steam Turbine Business, the financials of which are not included in the current year, and due to lower raw material consumption in the sugar operations owing to lower cane price applicable in the current year. Further, in the previous year, raw sugar of ₹1703.1 million was purchased and processed and no such activity took place in the current year.

The manufacturing expenses in existing businesses have increased by 9% mainly due to increase in power & fuel expenses in distillery resulting from lower bio gas generation in respect of Sugar Business, the increase in cane development expenses, repair expenses relating to plant & machinery and cost of certain consumables have been partially offset by lower packing expenses. However, on overall basis, the total manufacturing expenses of the Company have decreased by 3% due to demerger of Steam Turbine Business.

#### PERSONNEL COST, ADMINISTRATION EXPENSES AND DEPRECIATION

(₹ in million)

Description	2010-11	2009-10	Change %
Personnel cost	1278.4	1657.8	(23)
Percentage to sales	7.5%	7.3%	
Administration	638.8	642.7	(1)
Percentage to sales	3.7%	2.8%	
Depreciation & Amortisation	812.3	907.5	(10)
Percentage to sales	4.8%	4.0%	

#### PERSONNEL COST

The personnel cost have decreased as the personnel expenses attributable to demerged Steam Turbine Business are not included in the current year. Further, the personnel cost includes VRS expenses of ₹ 38.2 million as against ₹ 45 million in the previous year.

#### ADMINISTRATION EXPENSES

The administration expenses in the current year include non-recurring expenses of ₹111.2 million towards loss on mark-to-market (MTM) of foreign exposures and provisions towards doubtful debts/advances/slow and non moving inventory as against write back of

₹ 19.0 million towards liquidated damages in the previous year. Apart from the savings on account of demerged Steam Turbine Business, there have also been savings due to stringent cost control.

#### DEPRECIATION

The decrease in depreciation is due to the demerger of Steam Turbine Business.

#### SELLING EXPENSES

(₹ in million)

Description	2010-11	2009-10	Change %
Selling expenses	215.1	259.7	(17)
Percentage to sale	1.3%	1.1%	

Sugar is normally sold through various agents and the quantum of commission is dependant on the value of sugar sold. Further it includes forwarding expenses relating to dispatch of sugar and the component of freight wherever sugar is sold on FOR basis. During the current year, selling expenses of sugar business are almost at the same level as in the previous year as sales volumes are also almost similar to the previous year.

In respect of engineering business, selling expenses include packing and forwarding expenses, rebates & discounts, exhibition participation expenses, royalty expenses etc. The selling expenses relating to engineering businesses have increased by 81%, primarily in the Gears business on account of rebates offered on select orders procured for it through the Steam Turbine Business, which in the earlier years were accounted as an intra-company service charge. However, on an overall basis there is a decline of 40% in the selling expenses of engineering business from the previous year on account of demerger of the Steam Turbine Business.

## OFF SEASON DEFERRED EXPENSES

Description	(₹ in million)		
	2010-11	2009-10	Change %
Off-season expenses deferred (net)	(45.5)	(20.2)	125

Crush for the sugar season commences in October-November and it continues till March-May of the succeeding year. This period is termed as season and the period between March-May to October-November is termed as off-season. As per accounting policy followed by the company, all expenses incurred in the off-season relating to the production are deferred and these expenses are then charged over the ensuing season. Actual expenses deferred depend on the length of the off season. During the year, such expenses have declined by ₹ 45.5 million from the level at the beginning of the year.

## FINANCE COST

Description	(₹ in million)		
	2010-11	2009-10	Change %
Interest on term loans	522.0	574.1	(9)
Interest on working capital funds	394.8	253.9	55
Others	29.8	21.6	38
Net finance cost	946.6	849.6	11

During the current year, RBI has progressively increased the interest rates to control inflation and this has resulted into increased cost of loans to the Company as majority of the loans are on floating interest rate basis. Consequently, the cost of funds during the year has increased by 208 basis points to 10% per annum and accordingly, the finance cost has increased by 11%.

During the year, long term loans of ₹ 1.76 billion were repaid and additional loans aggregating to ₹ 1.6 billion were availed including ₹ 1.5 billion received towards the end of the year, the major part of its proceeds was parked in the Cash Credit Account.

## SEGMENT ANALYSIS

The Company has two major businesses segments: Sugar Business and Engineering Business. Sugar Business comprises of sugar manufacturing operations across seven sugar mills in the State of U.P., three Co-generation plants located at two of its sugar mills and a stand alone distillery. Co-generation plants and the Distillery source captive raw materials, namely, bagasse and molasses from the sugar mills. Engineering business comprises of Gear manufacturing at Mysore and Water and Wastewater treatment

## SEGMENT ANALYSIS

	(₹ in million)					
	Revenue			PBIT		
	2010-11	2009-10	%	2010-11	2009-10	%
Business Segments						
-Sugar	15366.3	16411.1	(6)	528.6	(222.2)	
-Engineering	3067.7	2624.7	17	650.5	564.7	15
-Turbine Business		5640.1			1304.3	
-Others	179.1	110.3	62	0.6	2.2	
Unallocated/inter unit adjustment	(1541.6)	(2190.9)		(192.1)	(77.1)	
Total	17071.5	22595.3	(24)	987.6	1571.9	(37)

business operated from Noida, U.P. Turbine business, which was a significant constituent of the Engineering business, has been demerged from 1<sup>st</sup> October, 2010 and thus its financials are not included in the current year financials.

During the year, sugar business contributed 82.6% of the total segmental revenue as against 66.2% in the previous year. This is mainly due to demerger of Steam Turbine Business, as a result of which total revenue of the company has declined. In terms of segment profitability, the Sugar Business has contributed 44.8% as against loss of 13.5% in the previous year. The contribution from the Engineering Business has substantially declined on account of demerger of Steam Turbine Business. However, the remaining Engineering businesses have achieved 15.2% higher profitability and has contributed 55% of the total segmental profitability.

The Company continues to have substantial Engineering business with enormous growth potential.

## SUGAR BUSINESS SEGMENTS

### SUGAR OPERATIONS

<i>(₹ in million)</i>			
Description	2010-11	2009-10	Change %
Turnover	13433.6	14054.8	(4)
PBIT	73.5	(573.3)	
PBIT/Turnover (%)	1%	(4%)	
Cane cost (landed) ₹/MT	2180	2538	(14)
Production of sugar (MT)	419285	505126	(17)
Volume of sugar sold (MT)	437088	437145	
Average realisation price (₹/MT)	26605	28310	(6)

The revenue of the sugar operations include sale of sugar and by-products, such as, molasses and bagasse, which are sold after meeting captive requirements of the co-generation plants and the distillery. Cane crush during the season 2010-11 was lower by 1% as compared to the previous season but recovery was higher by 11 basis points at 9.21%. Consequently, the production from sugar cane was higher by 1%. During the previous year, the Company had purchased & processed raw sugar and accordingly produced 86,695 MT of sugar whereas no such activity was carried out in the current year.

Due to change in the climatic pattern and soil conditions, the recovery being attained in the State of U.P. is considerably lower than the recoveries attained 3-4 years back. The Company is focusing on cane development activities in a big way with a view to increase the yield of the sugar cane as well as recoveries by bringing about an appropriate varietal mix.

Though the cane price announced for the sugar season 2009-10 by the Government was ₹1650/MT but in view of the high sugar prices then prevailing and due to paucity of adequate sugarcane and resultant intense competition in respect thereof, much higher price was paid to the farmers. Consequently the cane price paid during the previous year was 14% higher than the cane price paid in the current year. The average realisation price of sugar was 6% lower as compared to the previous year.

The improvement in the profitability of sugar operations has also been due to

reduction in levy obligation, which declined from 20% in the previous season to 10% in the current season.

### CO-GENERATION (₹ in million)

Description	2010-11	2009-10	Change %
Turnover	1170.6	1367.5	(14)
Income from carbon credit		99.9	
Total turnover	1170.6	1467.4	(20)
PBIT	365.5	270.1	35
PBIT/Total Turnover (%)	31%	18%	

The profitability of the Co-generation operations increased significantly by 35%, mainly owing to low transfer price of bagasse, which is generally transferred at market price. The period for which Co-generation plant operated on bagasse remained more or less the same as in the previous year. During the previous year, one of the plants was operated with coal during the off season. However, in view of unviable coal price, the operation of the plant on coal was not feasible in the current year. The availability of adequate sugar cane and the resultant bagasse savings increase the operational period of the Co-generation plant which in turn leads to better profitability. It is expected that as a result of Company's continual focus on cane development, adequate sugar cane would be available to the sugar units in future which will also lead to better performance of the Co-generation plants.

There was no income from carbon credits during the year as against an income of ₹ 99.9 million in the previous year. Carbon credit income pertaining to Deoband plant upto May, 2010 was received subsequent to the year and that of Khatauli plant for the

same period is in an advanced stage of verification and is expected shortly. The verification plans for the subsequent periods have been drawn up to ensure substantial accrual in the FY 12. The Co-generation plants of the Company are also entitled to receive Renewable Energy Certificates (REC) for the current sugar season in accordance with the policy announced by the Government. It is expected that the process and mechanism of issuance of REC may be clarified and stabilized shortly and thereafter, such RECs would be available for trading purposes.

### DISTILLERY (₹ in million)

Description	2010-11	2009-10	Change %
Turnover	762.1	888.9	(14)
PBIT	89.6	81.0	11
PBIT/Turnover (%)	12%	9%	
Avg. realisation price of alcohol ₹/litre (net of excise duty)	28.7	26.6	8

Despite lower turnover by 14%, the segment profitability has increased by 11%, primarily because of lower transfer price of molasses, which is a market related price. The operational period of distillery during the current year is almost at the same level as in the previous year. It is expected that with the increased crush by sugar units, the availability of molasses will improve leading to higher operational period and better profitability. The average output price has increased by 8% over the previous year. The distillery produced ethanol to the extent of 29% of its production and it has been sold to oil marketing companies at a provisional price of ₹ 27 per litre. The Expert Committee Report, has recommended fixation of price of ethanol linked to the crude/oil price and

at the current level of crude/oil price, the price for ethanol works out to above ₹ 30 per litre. The Expert Committee Report, if implemented, will result in better margins on ethanol and the prices of other forms of alcohol are also expected to increase correspondingly.

## ENGINEERING BUSINESS SEGMENT

### GEARS

<i>(₹ in million)</i>			
Description	2010-11	2009-10	Change %
Turnover	1201.7	1014.4	18
PBIT	418.5	345.3	21
PBIT/Turnover (%)	35%	34%	

Despite difficult market conditions in the second half of the current year, the Gears business has achieved 18% increase in turnover and 21% increase in segment profitability. The margins have also improved by 100 basis points to 35%. The total orders in hand as on 30<sup>th</sup> September, 2011 are at ₹ 688 million. During the year, the Gear business has signed new agreements with Lufkin Industries Inc., USA as a result of which it has an access to new technologies which would enable it to broad-base its product range as well as geographical reach.

### WATER AND WASTE WATER TREATMENT

<i>(₹ in million)</i>			
Description	2010-11	2009-10	Change %
Turnover	1866.0	1610.3	16
PBIT	232.0	219.4	6
PBIT/Turnover (%)	12%	14%	

Apart from the equipment business, Water business has been undertaking turnkey projects with the Municipality as well as with the Industrial Sector. The execution of the

project is also dependant on the financial closure of the project, timely completion of incidental work by the customer and ensuring that the execution and delivery of the turnkey water treatment plant takes place in line with the general progress of the overall project.

The revenue during the current year has increased by 16% and segment profitability by 6%. 43% of the turnover has been derived from the industrial projects, 44% from the municipal projects, 11% from the equipment sales and 2% from others. The orders in hand as on 30<sup>th</sup> September, 2011 are at ₹ 2.79 billion excluding O&M contracts of ₹ 1.70 billion.

There is an enormous potential for this sector in India and the business is equipped with appropriate technologies to offer cost-effective technological-advanced solutions as per the requirements of the customers.

### REVIEW OF BALANCE SHEET

The figures of the previous year are not comparable as the previous year figures include those of Steam Turbine Business which has been demerged from 1<sup>st</sup> October, 2010.

### SHARE CAPITAL

The share capital has remained unchanged at ₹ 257.9 million.

### RESERVES

The reserves of the Company have increased by 4% to ₹ 10.06 billion during the year. This is on account of consequential adjustments required to be carried out in accordance with the Scheme of Arrangement upon the demerger of the Steam Turbine business as well as on account of plough back of the profits earned during the year.

## LOANS

Total loans of the Company have decreased by 12% to ₹ 8.26 billion. As a result of demerger of Steam Turbine Business, loans of ₹ 776.5 million were transferred to the resulting Company, Triveni Turbine Ltd. in which the Steam Turbine business has been vested into. During the year, repayments of term loans were made to the extent of ₹ 1.76 billion. The term loans also include fresh loan of ₹ 1.5 billion availed towards the end of the year and a large part of its proceeds was parked in the Cash Credit account at the year end.

## FIXED ASSETS

During the year, there have been additions to the fixed assets to the extent of ₹ 374 million mainly for additional/upgrading/balancing manufacturing facilities for the Gear business and towards creation of additional molasses storage capacity and other equipments for enhancing the steam efficiency in the Sugar business.

## INVESTMENTS

Investments have reduced by ₹ 1.4 million to ₹ 110.2 million due to transfer of stake in GE Triveni Ltd. to Triveni Turbine Ltd. pursuant to the Scheme of Arrangement and due to provision for diminution in the value of investments in two subsidiary companies.

## CURRENT ASSETS, LOANS & ADVANCES

Current Assets, Loans & Advances have decreased by 11% to ₹11.05 billion, which is attributable to non-inclusion of such assets, pertaining to the demerged Steam Turbine Business in the current year. The current assets,

loans and advances of the Company (without considering the respective assets of the Steam Turbine Business included in the previous year) have increased by 4% during the year. The comments on the major amounts/changes are as hereunder:

- **Other current assets** include the work performed by Water business pending billing to the customer. This is on account of increased activities as well as due to terms of the contracts pursuant to which the amounts can only be billed to the customer upon reaching the specified milestones.
- **Balance with Central Excise/Customs etc.** The amount includes ₹ 247.3 million of unutilised Cenvat credit at the Distillery in view of inverted duty structure. The Company is exploring to opt for Large Taxpaying Unit (LTU) jurisdiction so that the unutilised balance could be transferred to other units for the payment of excise duty.
- **MAT credit entitlement:** An amount of ₹385 million has been paid by the Company as Minimum Alternate Taxes which will be available to the Company for meeting the normal tax liability in the subsequent years.
- **Advance payment of Tax:** It represents the amount paid by the Company pending relief/refunds due to the Company.

## CURRENT LIABILITIES & PROVISIONS

Current liabilities and provisions have declined from ₹ 4.74 billion to ₹ 2.52 billion. The decline is mainly attributable to the demerged Steam Turbine Business.

## KEY RATIOS

The key ratios for the current year duly compared with the last year are given below:

Ratios	30.9.2011	30.9.2010
Profitability Ratio (PAT/Net Sales)	0.8%	4.0%
Return on Capital employed (excluding exceptional/non-recurring items)	5.4%	8.1%
Long Term Debt/Net Worth	0.52	0.62
Total Debt/Net Worth	0.81	0.96
Fixed Assets Coverage Ratio	2.04	2.03
Earning Per Share (Basic and Diluted)	0.51	3.52

## RISKS REVIEW

### SUGAR BUSINESS GROUP

The Sugar Business of the Company is subject to several risks, both external and internal. The company has been in sugar business for several decades and has laid down a comprehensive risk management framework to get early warning of the risks and a documented system of mitigation. Most of the major risks are from external sources and these are enumerated as here under:

- **Government Regulation:** The sugar industry is highly regulated and the Government regulates pricing of sugarcane, allocation of cane areas, levy obligations, monthly releases of free-sale sugar, sugar stock limits for bulk consumers and dealers/agents/intermediaries.
- **Raw material availability risk:** Availability of sugarcane is largely dependent on climatic factors, comparative returns to the

farmers from alternate crops and the extent of diversion of sugarcane to the producers of alternate sweeteners.

- **Output price risk:** It is dependent on the demand and supply position in the country, quantum of sugar inventory held, economics of international sugar trade and their price trends as well as government regulations on international trade in the commodity.

### Risk Mitigation

There are several factors of the industry which are not within the control of the Company and, therefore, for all controllable factors, the Company strives to achieve best possible efficiencies to improve the profitability of its operations.

- Cane development involves increasing intensity of cane and recovery of sugar. While the former ensures better supply of cane even under adverse conditions, the latter ensures lower cost of production which in turn improves the contribution on sugar sold. The Company believes in carrying out cane development activities with full involvement and in partnership with the farmers so that apart from the benefits to the Company, the farmers also stand to gain by enhancing their income. Currently, the Company has undertaken big cane development initiatives in partnership with external agriculture consultants of proven track record and set up medium term targets for yield and recovery maximization along with propagation of new sowing techniques which will help the farmers to achieve low cost of cultivation.



- The Company focuses on best efficiencies in the procurement of cane and in manufacturing. These in turn help the Company to lower the cost of production and enhance the contribution.
- The Company gives due importance to the quality of sugar so that it is able to command a premium to the prevailing market price.
- Various policies of the Government are duly discussed in the industry association and accordingly views of the industry are conveyed to the Government for consideration. In unavoidable circumstances, recourse to litigation is also taken to protect the interest of the industry/Company.

#### ENGINEERING BUSINESS

- **Risk of economic slowdown:** In the event of a slowdown in the economy, capital goods industry/infrastructure sector, which the engineering business of the Company cater to, will have low demand affecting the growth of the Engineering business.
- **Technology risk:** It is necessary for the Engineering Business to continually upgrade their products and services and be aligned with the prevailing technology in their respective sectors. Failure to do so may lead to obsolescence of the product offerings and loss of market share to the competitors.
- **Competition risk:** The Company faces competition from both domestic and international players.

#### RISK MITIGATION

While the growth trajectory of India appears to be positive on long term basis, the global

sentiments may have a temporary impact on the economy and growth in India. Both the engineering businesses have healthy order books to tide over such difficult periods. In order to enhance geographical reach, the Company is focusing on exports in a very big way for Gears, with the signing of new Licence Agreements, which will enhance its product range and geographical reach. These would enable the Gear business to access new markets and enhance the proportion of exports.

- The Gears Business has been continually investing in a state-of-the-art equipments and machines to provide qualitatively superior products with focus on value engineering, reduction in cost as well as delivery periods thereby ensuring better customer satisfaction.
- Both the Engineering Businesses have strong supply-chain management system and efficient sub-contracting network to procure its raw material reliably at competitive prices.
- In Water Business, the turnkey projects are carefully picked up after ensuring satisfactory arrangements of funding of the projects and after stringent credit check of the customers. This to a great extent mitigates the issue of timely receipt of receivables and thereby enables the business to manage its working capital effectively.

# **DIRECTORS' REPORT**

## DIRECTORS' REPORT

Your Directors have pleasure in presenting the 76<sup>th</sup> Annual Report and audited accounts for the Financial Year ended September 30, 2011

	2010-11	2009-10
	(₹ in Million)	
Sales (Net)	17071.53	22595.34
Operating Profit (EBITDA)	1799.80	2479.48
Finance cost	946.56	849.64
Depreciation & amortization	812.34	907.54
Profit before tax (before exceptional items)	40.90	722.30
Exceptional items/Non-Recurring items (Net income)	41.57	450.86
<b>Profit before Tax (PBT)</b>	<b>82.47</b>	<b>1173.16</b>
Tax Add/ (less)	48.11	(264.75)
Profit After Tax (PAT)	130.58	908.41
Surplus Brought Forward	175.28	220.12
<b>Available for appropriation</b>	<b>305.86</b>	<b>1128.53</b>
<b>APPROPRIATIONS</b>		
Equity dividend (incl. proposed dividend & dividend distribution tax)	59.95	225.53
Transfer to Debenture Redemption Reserve	50.00	75.00
Transfer to Molasses Reserves	3.87	2.72
Transfer to General Reserves	9.80	650.00
Surplus Carried forward	182.24	175.28
<b>Earning per equity share of ₹ 1 each (in ₹)</b>	<b>0.51</b>	<b>3.52</b>

### SCHEME OF ARRANGEMENT (Scheme)

During the year under review, the Hon'ble Allahabad High Court vide its Order dated 19<sup>th</sup> April, 2011 sanctioned the Scheme of Arrangement (Scheme) under Section 391- 394 of the Companies Act 1956 between Triveni Engineering & Industries Limited (the Company), its wholly owned subsidiary company, Triveni Turbine Ltd. (TTL), and their respective shareholders and creditors. The said order became effective on 21<sup>st</sup> April, 2011 being the date of filing of the Order with the Registrar of Companies.

In accordance with the Scheme, the Steam Turbine Business of the Company, including all assets and liabilities, stood transferred and vested in TTL, with effect from the appointed date 1<sup>st</sup> October, 2010. Accordingly, the accounts of the Company for the year ended 30<sup>th</sup> September, 2011 do not include the financials of the Steam Turbine Business of the Company and are not comparable with the previous year.

The demerger of the Steam Turbine Business into Triveni Turbine Ltd. has paved the way for the shareholders of the Company to participate directly in the focused entity engaged in the Steam Turbine Business.

### Sugar Business

The profitability of the Sugar Business (including Co-generation and Distillery operations) during the year improved

substantially. At the PBIT level, there is a profit of ₹ 528.6 million as against a loss of ₹ 222.2 million in the previous year. However, after providing for interest, the operations continue to be in a loss. Apart from the mismatch in input and output prices, our capacity utilization in terms of cane crush has been much lower due to paucity of sugarcane. While the recovery has improved by 11 basis points over last year but it is still much lower than the recoveries attained 3-4 years ago. The decline in recovery is attributable to major changes in climatic pattern and soil conditions. The Company is focusing with all its resources to increase the intensity of cane cultivation to ensure optimum capacity utilization, and is effecting a varietal change to improve recoveries. We hope to achieve all the desired goals in the next 3 years in a phased manner. Adequate cane crush results in a better supply of raw material to the Co-generation and Distillery units, thereby improving their profitability and viability.

The industry and your company have been continually striving for decontrol of the sugar sector. We believe this would be a win-win situation for the farmer and the industry, and would do away with the boom/bust cycle that the industry has been through for the past 25 years. We are the most regulated sugar industry in the world today, and this is the only industry in India which is made to subsidize the Government's programme for supplying to the Public Distribution System. Given the current

political climate, we feel it may be practical to undertake this liberalization in two phases. In the first phase, the Government should do away with 10% levy sugar and their control of monthly releases of free sale sugar. In the second phase, cane price should be linked to sugar price. The current practice of announcing arbitrary extremely high State Advised cane prices, without any relevance to the sustainable market price of the sugar, has forced factories into losses, and affected their cane price payment capabilities and their cane development efforts. This has been against both the long and short term interest of the farmers (and the industry). We sincerely hope that with a good production forecast in the current year, Government will take this opportunity of decontrolling the sugar sector immediately.

#### **Engineering Business**

Our Engineering Business, now comprising of the Gears and Water Businesses, has done well considering the difficult conditions that existed in the 2nd half of the accounting year. Total revenues increased by 17% and segment profitability by 15% over the previous year. In the previous year, the engineering business segment profitability included the demerged Steam Turbine Business. Our businesses are also experiencing the effect of a slow-down in the domestic economy but we do have good orders in hand. The new License Agreements signed with Lufkin Industries, USA will enable us to have enhanced product and geographies in the high speed gear segment and enter into the niche low speed gear applications for major industrial segments. These two initiatives will help us to sustain good growth in the coming years.

#### **DIVIDEND**

Your directors have pleasure in recommending a dividend of 20% (₹ 0.20 per equity share) on 257880150 equity shares of ₹ 1 each for the financial year 2010-2011 ended on September 30, 2011, subject to the approval of members at the ensuing Annual General Meeting. The total outgo on account of dividend (including Dividend Distribution Tax) for the Financial Year 2010-2011 will be ₹ 59.9 million (₹ 225.5 million in the Financial Year 2009-2010).

#### **HUMAN RESOURCES**

Your Company believes and considers its human resources as the most valuable asset. The Management is committed to providing an empowered, performance oriented and stimulating work environment to its employees to enable them realize their full potential. With the view to enhance employees' skills, the company had provided Functional and Behavioral training of 4.6 mandays per officer, during the year. Learning Centres were introduced across the units to facilitate training

and in-house knowledge sharing. Industrial Relations remained cordial and harmonious during the year.

#### **CONSOLIDATED FINANCIAL STATEMENT**

In accordance with Accounting Standard 21 on the Consolidated Financial Statement read with Accounting Standard 'AS-23' on Accounting for Investment Associates, your Directors have pleasure in attaching the Consolidated Financial Statement which forms a part of the Annual Report and Accounts.

#### **SUBSIDIARIES**

Pursuant to, and in terms of the Scheme, with the allotment of equity shares by TTL to the shareholders of the Company and conversion of 28,000,000 equity shares of ₹ 1/- each held by the Company in the share capital of TTL into 2,800,000 – 8% Redeemable Cumulative Preference Shares of ₹10/- each, TTL ceased to be a subsidiary of the Company.

In accordance with the Scheme approved by the Hon'ble Allahabad High Court, the investment held by the Company in the equity share capital of GE Triveni Ltd. (GETL) stood transferred to and vested in TTL. Accordingly, GETL ceased to be a subsidiary of the Company.

The Ministry of Corporate Affairs (MCA), General Circular No. 2/2011 dated 8th February, 2011, has granted general exemption to companies from annexing the individual accounts of all the subsidiaries along with the audited financial statements of the Company, subject to fulfillment of conditions stipulated in the said circular. Your Company meets these conditions and, therefore, the financial statements of the subsidiaries are not annexed.

The related information on the Annual Accounts will be made available to the shareholders of the Company/Subsidiary companies, who may seek such information at any point of time. The annual accounts of the subsidiary companies will also be kept for inspection by investors at the Company's Corporate Office as well as the registered offices of the subsidiary companies. However, as per the said circular issued by MCA, financial data of the subsidiaries have been furnished in the consolidated financial statement forming part of the Annual Report.

Information relating to the subsidiary companies, as required under Section 212 of the Companies Act 1956 is provided in Annexure 'C' of this Report.

#### **EMPLOYEE STOCK OPTIONS**

During the year, neither fresh stock options were issued nor any allotment made under the Triveni Employees Stock Option Scheme 2009 (ESOP 2009).

As per the court approved Scheme of Arrangement, all the option holders under ESOP 2009, subject to the approval of Stock Exchange/SEBI, will receive 1 (one) share each of the Company and TTL against 1 (one) option issued by the Company prior to the demerger. In case the aforesaid arrangements are not approved by the Stock Exchanges/SEBI, the option holders will get shares of their respective companies against the options issued under ESOP 2009, keeping the total options value unchanged. The Company is in the process of revising and finalizing the ESOP 2009 in line with the provisions contained in the Scheme, including splitting the original exercise price of the options granted, in a manner which conforms in spirit to the extant guidelines issued by SEBI. The modified ESOP 2009 shall be given effect upon its acceptance by SEBI/Stock Exchanges. In case the modified ESOP 2009 is not found acceptable by SEBI/Stock Exchanges, the second alternative specified in the Scheme, and as aforesaid, would be followed in respect of the stock options. Pending final determination in the matter as aforesaid, the required disclosures of the ESOP 2009 is provided in Annexure 'D'.

#### **CORPORATE GOVERNANCE**

A separate report on Corporate Governance is given in Annexure 'E' along with the Auditors' statement on its compliance in Annexure 'F'.

#### **Comments on the Auditors' Report**

The comments in the Auditors' Report are self explanatory.

In Para 2 (g) of the main Auditors' Report, the Auditors, without qualifying the Report, have attracted attention to the remuneration of ₹ 32.32 million paid to the Managing Director and two Whole time Directors in excess of the permissible limits under Section 309(3) read with Schedule XIII of the Companies Act, 1956. It has been represented to the auditors that in accordance with the shareholders' resolutions approving their remuneration, the company has applied to the Central Government for waiver of the recovery, and in the event the Central Government does not permit waiver of the recovery, the concerned Directors have undertaken to refund the excess amount paid to them.

In respect of Para 21 of the Annexure to the Auditors' Report, the company has filed an FIR and the police are investigating the case. In the meantime, internal controls have been strengthened to avoid recurrence of such instances.

#### **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 their eligibility under Section

224 of the Companies Act, 1956 for their appointment as Auditors of the Company.

#### **COST AUDITOR**

In pursuance of Section 233-B of the Companies Act 1956 read with MCA circular no, F.No. 52/26/CAB-2010 dated May 02, 2011, your Directors have, subject to the approval of the Central Government, appointed Mr. Rishi Mohan Bansal, Cost Accountant, as the Cost Auditor to conduct the Cost Audit of the Sugar units, Distillery (Industrial Alcohol) and Co-generation (Electricity) units of the Company for the year 2011-2012.

#### **DIRECTORS' RESPONSIBILITY STATEMENT**

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

- i. In the preparation of the Annual Accounts, applicable accounting standards have been followed.
- ii. Appropriate accounting policies have been selected and applied consistently, and judgments and estimates that are reasonable and prudent have been made so as to give a true and fair view of the statement of affairs of the Company as on September 30, 2011 and of the profit of the Company for the year ended September 30, 2011.
- iii. 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 and detecting fraud and other irregularities.
- iv. The Annual Accounts have been prepared on a going concern basis.

#### **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND 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 the Board of Directors), Rules, 1988 are provided in Annexure 'A' to this Report.

#### **PARTICULARS OF EMPLOYEES**

As required under the provision of sub-section (2A) of section 217 of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended, the particulars of employees are set out in the Annexure 'B' to the Directors' Report. However, as per provision of section 219(1) (b) (iv) of the Companies Act, 1956, the report and the accounts are being sent to all the shareholders excluding the aforesaid information. Any shareholder desirous of obtaining the same may write to the Company Secretary at the registered/corporate office of the Company.

## DIRECTORS

In accordance with the provisions of the Companies Act and the Articles of Association of the Company, Dr. F.C. Kohli and Lt Gen K.K. Hazari (Retd.) retire by rotation at the ensuing Annual General Meeting (AGM) of the Company and being eligible offer themselves for reappointment. The Board has recommended their re-appointment.

The Board has, subject to necessary approval(s), if any, elevated and re-designated Mr Tarun Sawhney as Joint Managing Director of the Company effective May 10, 2011 at the existing remuneration approved by the Board/ Remuneration Committee at its meetings held on November 19, 2010 in accordance with the limits approved by the shareholders of the Company in the Annual General Meeting held on December 29, 2008 for the remaining period of his tenure i.e. upto November 18, 2013.

Mr Nikhil Sawhney ceased to be the Executive Director of the Company effective May 10, 2011. However, he will continue to act as Non-Executive Director of the Company, liable to retire by rotation.

Mr Amal Ganguli and Mr. K.N. Shenoy ceased to be Directors of the Company due to their resignation with effect from May 10, 2011. Your Directors would like to place on record their gratitude and appreciation for the outstanding guidance provided by the outgoing directors.

## PUBLIC DEPOSITS

The Company has discontinued the acceptance of deposits from the public and shareholders with effect from 1st August 2009. Accordingly, the Company has not accepted any deposits during the year and all the existing deposits are being and will be repaid as per the terms of the deposit.

As on September 30, 2011 fixed deposits stood at ₹ 18.1 million. Deposits amounting to ₹ 2.8 million remain unpaid, as the claim in respect thereof were not lodged with the company and since then, ₹ 0.3 million have since been repaid as on date.

## APPRECIATION

Your Directors wish to take the opportunity to express their sincere appreciation to the Central, Uttar Pradesh and Karnataka Governments, banks, financial institutions, farmers, and all other stakeholders for their whole-hearted support and co-operation. We look forward to their continued support and encouragement.

For and on behalf of the Board of Directors,

**Dhruv M. Sawhney**

Place : Noida,(U.P)

Date : November 28, 2011

Chairman and  
Managing Director

## ANNEXURE -A

### (A) CONSERVATION OF ENERGY

#### (a) Energy Conservation Measures

##### • Gear Business Group

- » Installation of transparent poly carbonate roof sheets inside factory building to tap natural day light resulted in saving of electricity at Mysore Unit.
- » Conversion of furnace heating circuit at heat treatment shop from Contactor logic to Thyristor Logic resulting in energy savings to the extent of 8~10% during steady state process at Mysore Unit.
- » Provision of overhead oil tanks for emergency oil supply to gearbox test bench, there by use of DG power as reliable energy source for oil pump during testing is avoided at Mysore Unit.

##### • Sugar and Co-Products Business Group

- » Installed AC VFDs at Mills at Khatauli Unit in place of L.P. steam Turbines resulting in saving in fuel (bagasse).
- » Installed 200 kva AC Drive at raw juice pumps resulting in lower power requirement at Khatauli Unit.
- » Imbibition water level and temperature control at Mill taken on DCS for effective maceration and reduction in steam consumption at Deoband Unit.
- » Installation of condensate polishing units at Khatauli and Deoband Cogeneration Units for conservation of heated water.
- » Extensive insulation and pipe line optimization at Khatauli, Deoband and Chandanpur sugar units resulted in reduction of heat losses.

#### (b) Additional Investment and Proposals for Reducing Energy Consumption

##### • Gear Business Group

- » Provision of new and more efficient DG set for lower consumption of fuel during DG set running.

##### • Sugar and Co-Products Business Group

- » Installation of VFD at feed pump and SA fan at Chandanpur unit.
- » Provision of low capacity DG set at Milak Narayanpur to avoid unnecessary running of high capacity DG during low load periods.

- » Installation of harmonics filters and capacitors to reduce line losses and eddy current losses by improving the power factor of the system at Milak Narayanpur.
- » Installation of condensate polishing unit at Boiler at Sabitgarh.
- » Provision of gravity flow for raw juice from Mill house to Boiling House at Sabitgarh unit to save electrical energy.

#### (c) Impact of Above Measures

- » With the above measures, there will be substantial conservation of steam and electrical energy in our plants. In our sugar units, majority of power is generated through bagasse, a renewable source of energy.

#### Form A

Disclosure of particulars with respect to conservation of Energy

	2010-11	2009-10
<b>I. Power &amp; Fuel Consumption</b>		
<b>1. Electricity</b>		
<b>a) Purchased</b>		
Units (000's KWH)	4541	5874
Total amount (₹ in Millions)	28.00	37.64
Rate (₹/Unit)	6.17	6.41
<b>b) Own generation</b>		
<b>i) Through Diesel Generators</b>		
Units (000's KWH)	4062	4438
Unit per litre of Diesel Oil	2.93	2.84
Cost/Unit(₹)	13.81	12.94
<b>ii) Through Steam Turbine/Generator by use of own baggase</b>		
Units (000's KWH)	340005	304612
<b>2. Furnace Oil</b>		
Quantity (K Ltrs)	-	557
Rate (₹/K Ltrs)	-	33492
Total Amount (₹ in Millions)	-	18.66
<b>II. Consumption per unit of production</b>		
<b>Sugar</b>		
Electricity (KWH/MT)	328.25	277.71
Rectified Sprit		
Electricity (KWH/KL)	274.40	273.76

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

**FORM B****Disclosure of particulars with respect to technology absorption****(A) Research & Development (R & D)**

No specific activity relating to research and development has been undertaken by the Company during the year.

**(B) Technology absorption, adaptation and innovation**

Information regarding technology imported during the last 5 years:

Technology Imported	Year of Import	Has Technology been fully absorbed
Manufacture & Process Engineering for Low Pressure Membrane Filtration System for Water/Waste Water/ Recycle Projects	2005-06	Partially

**(C) Foreign Exchange Earning & Outgo**

	₹ in million
1) Earning in Foreign Exchange	
Value of exports on FOB basis	182.28
2) Foreign Exchange Outgo	513.61



## ANNEXTURE-C STATEMENT PURSUANT TO SECTION 212 OF COMPANIES ACT, 1956

(₹ in Million)

SUBSIDIARY COMPANIES	UPPER BARI POWER GENERATION PVT. LTD	TRIVENI ENGINEERING LTD	TRIVENI ENERGY SYSTEMS LTD
1. Financial Year ended	31 <sup>st</sup> March 2011	31 <sup>st</sup> March 2011	31 <sup>st</sup> March 2011
2. Extent of holding Company's interest at the end of financial year of the subsidiary	100%	100%	100%
3. The net aggregate amount of the subsidiaries Profit/(Loss), so far as it, concerns the members of the holding Company and is not dealt with in the Company's accounts			
a) For the financial year ended 31.3.2011 of the subsidiary company	0.01		
b) For the previous financial years of the subsidiaries since these became the holding Company's subsidiary	0.03		
4. a) The net aggregate amount of the subsidiary's Profit/(Loss), for the financial year of the subsidiary so far as those Profit/(Loss) are dealt within the holding Company's accounts	NIL	(0.08)	(0.01)
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	NIL	(1.63)	(0.38)
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	NA	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	NA	NA
ii) Its investments	NA	NA	NA
iii) The money lent by it	NA	NA	NA
iv) The funds borrowed by the subsidiary	NA	NA	NA

\* Accounting year of the holding Company ends on 30<sup>th</sup> September 2011

Triveni Turbine Ltd. and GE Triveni Ltd. have ceased to be the subsidiaries of the company during the year

## ANNEXURE 'D' TO THE DIRECTORS REPORT DETAIL OF THE STOCK OPTION PLAN TEIL- ESOP 2009

Nature of disclosure	Particulars
a) Options granted (Numbers)	2,00,000
b) The pricing formula	Market price, which was the latest available closing price on the stock exchange, which recorded the highest trading volume in the Company's equity shares on the date prior to the date of the meeting of the Compensation Committee at which the options were granted.
c) Options vested	1,00,000
d) Options exercised	Nil
e) The total number of shares arising as a result of exercise of options	Nil
f) Options lapsed	Nil
g) Variation of terms of options	None
h) Money realized by exercise of options	Nil
Total number of options in force	2,00,000
i) Employee wise details of options granted:	
(i) Senior managerial personnel	Please refer below
(ii) Any other employee who receives a grant in any one year of option amounting to 5% or more of option granted during the year	None
(iii) Identified employees who were granted option, during one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant	None
j) Diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of options calculated in accordance with Accounting Standard (AS) 20 'Earning Per Share'	₹ 0.51
k) Method of calculation of employee compensation cost	<p>The employee compensation cost has been calculated using the intrinsic value method to account for options issued under ESOP-2009. The stock-based compensation cost as per the intrinsic value method for the financial year 2010-11 is Nil.</p> <p>Had fair value method been adopted instead of the intrinsic value method, the impact would be:</p> <p>a) the ESOP compensation charge debited to the P&amp;L a/c would have been higher by ₹ 5.99 Million and consequently the profits of the company would have been lower by ₹ 5.99 Million.</p> <p>b) Basic as well as Diluted EPS would have reduced from ₹ 0.51 per share, as reported, to ₹ 0.48 per share.</p>
Difference between the employee compensation cost computed using the intrinsic value of the stock options and the employee compensation cost that shall have been recognized if the fair value of the options had been used and its impact on profits and EPS of the company.	

Nature of disclosure	Particulars
l) (i) Weighted average exercise prices and weighted average fair values of options whose exercise price equals the market price of the stock	Weighted average exercise price per option : ₹ 108.05 Weighted average fair value per option : ₹ 56.60
(ii) Weighted average exercise prices and weighted average fair values of options whose exercise price exceeds the market price of the stock	No such grants during the year
(iii) Weighted average exercise prices and weighted average fair values of options whose exercise price is less than the market price of the stock	No such grants during the year
m) A description of the method and significant assumptions used during the year to estimate the fair values of options, including the following weighted-average information:	Black-Scholes Method
(i) Risk-free interest rate	6.15%
(ii) Expected life	2.5 years
(iii) Expected volatility	84.31%
(iv) Expected Dividend	80%
(v) The price of the underlying share in market at the time of option grant	₹ 108.05

Note: Pending final determination regarding modification/adjustment which may be required to be carried out in ESOP 2009 in accordance with the alternative treatments specified in the Scheme of Arrangement, the disclosures made above are on the basis of the terms of ESOP 2009, as originally framed, prior to the demerger of the Steam Turbine undertaking of the Company. For details refer Note No. 17 of Schedule 25 - "Notes to Accounts" of the audited financial statements.

#### Details of options granted to senior managerial personnel

S.No.	Name	No. of Options granted
1.	Mr. A.K. Tanwar	40,000
2.	Mr. Arun Mote	40,000
3.	Mr. Suresh Taneja	40,000
4.	Mr. Bharat Mehta	20,000
5.	Mr. Sameer Sinha	20,000
6.	Mr. B.K. Agarwal	20,000
7.	Mr. Rajiv Rajpal	20,000
	<b>Total</b>	<b>2,00,000</b>

## ANNEXURE-E CORPORATE GOVERNANCE

### Company's Philosophy on Code of Governance

The Company is of the belief that sound Corporate Governance is critical to enhance and retain stakeholders' trust. Good Governance underpins the success and integrity of the organization, institutions and markets. It is one of the essential pillars for building efficient and sustainable environment. The Company is committed to the adoption of best governance practices and its adherence in the true spirit, at all times and envisages the attainment of a high level of transparency and accountability in the functioning of the Company and conduct of its business internally and externally.

In line with the above philosophy, your Company continuously strives for excellence through adoption of best governance and disclosure practices. The company has complied with the requirement of Clause 49 of the Listing Agreement executed with the Stock Exchanges for the year ended September 30, 2011.

### Board of Directors

The Company is managed and guided by the Board of Directors ("Board"). The Board formulates the strategy and regularly reviews the performance of the Company. The Chairman and

Managing Director with the support of the Joint Managing Director and senior executives manages the day to day operations of the Company.

The Company has an optimum combination of Executive, Non-Executive and Independent Directors who are eminent persons with professional expertise and valuable experience in their respective areas of specialization and bring a wide range of skills and experience to the Board.

The Board of Directors comprises Executive and Independent Non-Executive Directors with the Executive Chairman and Managing Director. The Independent & Non-Executive Directors form 75% of the Board of Directors.

The Board has constituted several Committees viz. Audit Committee, Remuneration Committee, Compensation Committee, Investors' Grievance and Share Transfer Committee, Executive Sub Committee, for more focused attention

None of the Directors on the Board is a Member on more than 10 Committees, and Chairman of more than 5 Committees across the companies in which he is a Director. The necessary disclosures regarding Committee positions have been made by the Directors.

The composition of the Board of Directors and the number of Directorships and Committee Memberships held in other companies are given below :-

Name of Director and DIN	Category	No. of Directorships in other companies # #	No. of Committee positions held in other companies ###	
			Chairman	Member
Mr. Dhruv M. Sawhney # Chairman & Managing Director DIN-00102999	Promoter & Executive Director	5	NIL	NIL
Mr. Tarun Sawhney # * DIN-00382878	Promoter & Executive Director	3	NIL	NIL
Mr. Nikhil Sawhney # ** DIN-00029028	Promoter & Director	3	NIL	2
Dr. F.C.Kohli DIN-00102878	Independent Non-Executive Director	3	NIL	NIL
Lt. Gen. K.K. Hazari (Retd.) DIN-00090909	Independent Non-Executive Director	3	2	1
Mr. M.K. Daga DIN-00062503	Independent Non-Executive Director	2	NIL	2
Mr. Shekhar Datta DIN- 00045591	Independent Non-Executive Director	2	2	2
Mr. R.C. Sharma DIN-00107540	Independent Non-Executive Director	NIL	NIL	NIL
Mr. Amal Ganguli #### DIN-00013808	Independent Non-Executive Director	N.A.	N.A.	N.A.
Mr. K.N. Shenoy #### DIN-00021373	Independent Non-Executive Director	N.A.	N.A.	N.A.

# Mr. Tarun Sawhney and Mr. Nikhil Sawhney are sons of Mr. Dhruv M. Sawhney, Chairman & Managing Director of the Company and are thus related.

\* Mr. Tarun Sawhney was elevated as Joint Managing Director w.e.f. 10<sup>th</sup> May, 2011.

\*\* Mr. Nikhil Sawhney, ceased to be Executive Director w.e.f. 10<sup>th</sup> May, 2011. However he continued to act as Non-Executive Director.

## Excludes Directorships in Indian Private Limited Companies, Section 25 Companies, Alternate Directorships and membership of various Chambers and other non-corporate organizations.

### The committees considered for the purpose are those prescribed under Clause 49(I)(C) of the Listing Agreement i.e. Audit Committee and Shareholders' Grievance Committee of public limited companies.

#### Ceased to be Directors w.e.f 10<sup>th</sup> May, 2011

### Board functioning and procedure

- The Board and its Committees meet at regular intervals for discussion on agenda circulated well in advance by the Company Secretary. Where it is not practical to attach or send the relevant information as a part of agenda papers, the same are tabled at the Meeting.
- The senior management of the Company is invited at the Board meetings to make presentations covering operations of the businesses of the Company, Strategy and Business Plans and provide clarifications as and when necessary.
- The Directors bring an independent perspective on the issues deliberated by the Board. They have complete and unfettered access to any information of the Company and to any employee of the Company.
- The information placed before the Board includes performance of each line of business, business strategy going forward, new initiatives being taken/proposed to be taken, business plans, annual operating & Capital Expenditure budgets, investment and exposure limits, adoption of quarterly and annual results of the Company and its operating divisions, review of major legal issues, compliance with statutory/regulatory requirements, Human Resource related issues, purchase and disposal of equipment or property, details of Joint Ventures or collaboration agreements, significant changes in the accounting policies etc.

### ATTENDANCE RECORD OF THE DIRECTORS

The Board of Directors met 5 times during the financial year 2010-2011 ended on 30<sup>th</sup> September, 2011. The interval between any two successive meetings did not exceed four months. Board Meetings were held on 19<sup>th</sup> November, 2010, 12<sup>th</sup> February, 2011, 11<sup>th</sup> April, 2011, 10<sup>th</sup> May, 2011, and 1<sup>st</sup> August, 2011. The attendance record of all Directors at Board meetings and the last Annual General Meeting (AGM) during the year is as under:-

Name of Director	No. of Board Meetings		Attendance at last AGM held on 18.02.2011
	Held*	Attended	
Mr. Dhruv M. Sawhney Chairman & Managing Director	5	5	Yes
Mr. Tarun Sawhney Joint Managing Director	5	5	Yes
Mr. Nikhil Sawhney	5	5	No
Dr. F.C.Kohli	5	5	No
Lt. Gen. K.K. Hazari (Retd.)	5	5	Yes
Mr. M.K. Daga	5	4	No
Mr. Shekhar Datta	5	5	No
Mr. R.C. Sharma	5	5	Yes
Mr. Amal Ganguli #	4	3	No
Mr. K.N. Shenoy #	4	3	No

\* meetings held during the tenure of the Director

# ceased to be Directors w.e.f. 10<sup>th</sup> May, 2011

### Reappointment of Directors

The information/details pertaining to Directors seeking reappointment in ensuing Annual General Meeting (AGM), is provided in the Notice for the AGM. The Notice contains the relevant information, like, brief resume of the Directors, nature of their expertise in specific functional areas and names of the companies in which they hold Directorship and membership of any Committee of the Board.

### Board Committees

#### (I) Executive Sub-Committee

The Executive Sub-Committee of the Board comprises of following Directors, namely:

- Lt. Gen. K.K. Hazari (Retd.) (Chairman)
- Mr. R.C. Sharma
- Mr. Tarun Sawhney
- Mr. Nikhil Sawhney

The Chairman & Managing Director (CMD) is not the member of the Executive Sub-Committee. As and when required, CMD and other senior executives are invited to the meetings. The Board has delegated powers to the Executive Sub-Committee in accordance with the provisions of the Companies Act, 1956 to facilitate the working of the Board. The Executive Sub-Committee met 5 times during the year 2010-2011.

## (II) Audit Committee

The Audit Committee was reconstituted on 10<sup>th</sup> May, 2011. The Committee now comprises of following Directors, namely:

- (i) Lt. Gen. K.K. Hazari (Retd.) (Chairman)
- (ii) Mr. R.C. Sharma
- (iii) Mr. Tarun Sawhney

The Company Secretary is the Secretary to the Audit Committee and the Vice President & Chief Finance Officer acts as the coordinator.

The constitution and terms of reference of the Audit Committee meet the requirements of Clause 49 of the Listing Agreement as well as Section 292A of the Companies Act, 1956. The broad terms of reference of the Committee include:-

- Reviewing the Company's financial reporting process and its financial statements.
- Reviewing the accounting and financial policies and practices and compliance with applicable accounting standards.
- Reviewing the efficacy of the internal control mechanism, monitor risk management policies adopted by the Company and its units, and ensure compliance with regulatory guidelines.
- Reviewing reports furnished by the internal and statutory auditors, and ensure that suitable follow-up action is taken.
- Examining accountancy and disclosure aspects of all significant transactions.
- Reviewing with management the quarterly, half yearly & annual financial statements including review of qualifications, if any, in the audit report before submission to the Board for approval.
- Recommending appointment of external and internal auditors and fixation of audit fees.
- Seeking legal or professional advice, if required.

## Meetings & Attendance

The Audit Committee met 7 times during the financial year 2010-2011 ended on 30<sup>th</sup> September, 2011 on 18<sup>th</sup> November, 2010, 7<sup>th</sup> January, 2011, 11<sup>th</sup> February, 2011, 9<sup>th</sup> March, 2011, 10<sup>th</sup> March, 2011, 9<sup>th</sup> May, 2011, and 1<sup>st</sup> August, 2011. The attendance of each Audit Committee Member is as under:-

Name of the Members	No. of meetings	
	Held*	Attended
Lt. Gen. K.K. Hazari (Retd.)	7	7
Mr. R. C. Sharma	7	7
Mr. Tarun Sawhney #	1	1
Mr. Amal Ganguli ##	6	5

\* Meetings held during the tenure of the member.

# Appointed as member w.e.f. 10<sup>th</sup> May, 2011

## Ceased to be a member w.e.f. 10<sup>th</sup> May, 2011

## (III) Remuneration Committee

The Remuneration Committee comprises of following Directors, namely:

- (i) Dr. F.C. Kohli (Chairman)
- (ii) Lt. Gen. K.K. Hazari (Retd.)
- (iii) Mr. R.C. Sharma

The broad terms of reference of the Committee are to evaluate performance, determine & recommend to the Board on specific remuneration packages for the Chairman & Managing Director (CMD) and Executive Directors (EDs) including pension rights and any compensation payment to them. The Remuneration Committee also recommends the annual increments within the salary scale approved by the Members as also the Performance Bonus payable to CMD and EDs, within the ceilings on net profits prescribed under Section 198 and 309 of the Companies Act, 1956.

## Meetings and Attendance

The Remuneration Committee met 2 times during the financial year 2010-2011 ended on 30<sup>th</sup> September, 2011 on 19<sup>th</sup> November, 2010 and 1<sup>st</sup> August, 2011. The attendance of each Remuneration Committee member is as under:-

Name of the Members	No. of meetings	
	Held	Attended
Dr. F.C. Kohli	2	2
Lt. Gen. K.K. Hazari (Retd.)	2	2
Mr. R. C. Sharma	2	2

### Remuneration to Executive Directors

During the year 2010-11, the Company had three Executive Directors viz. Mr. Dhruv M Sawhney, Chairman & Managing Director (CMD), Mr. Tarun Sawhney, Joint Managing Director (JMD) and Mr. Nikhil Sawhney, Executive Director (ED).

The details of remuneration paid/payable to CMD, JMD and ED during the financial year 2010-11 are as under:

(Amount in ₹)

Name of the Executive Director	Mr. Dhruv M. Sawhney CMD	Mr. Tarun Sawhney JMD	Mr. Nikhil Sawhney# ED
Service Period	31.03.2010 to 30.03.2015	19.11.2008 to 18.11.2013	19.11.2008 to 09.05.2011
Salary	1,92,00,000	1,22,14,400	71,89,368
Performance Bonus/Commission	-	-	-
Contribution to PF, Gratuity & Other Funds	11,54,596	16,96,680*	31,76,944
Other Perquisites	28,91,536	12,72,894	32,30,024
<b>Total</b>	<b>2,32,46,132</b>	<b>1,51,83,974</b>	<b>1,35,96,336</b>

# Ceased to be the Executive Director w.e.f. 10<sup>th</sup> May, 2011

\* does not include gratuity payable as the same is provided on the actuarial valuation for the entire company.

During the year, due to the demerger of the Steam Turbine Business of the Company into one of its subsidiaries viz. Triveni Turbine Limited and lower profitability from the sugar business of the Company, the remuneration paid to the aforesaid Executive Directors was in excess of the limits provided under the Companies Act, 1956. Accordingly, necessary applications have been filed with the Central Government (Ministry of Corporate Affairs) seeking their approval for waiver of excess remuneration paid to them.

Due to fall in the profitability, the CMD has, in the interest of economic management, voluntarily not drawn any Salary w.e.f. April 1, 2011 to September 30, 2011.

### Remuneration to Non-Executive Directors

The Company paid sitting fee to its Independent Non-Executive Director for attending the meeting of the Board and its Committees. In addition to the sitting fees, the Company pays commission to its Non-Executive Directors within the limits approved by the shareholders of the Company. The said commission is decided by the Board and distributed to Non-Executive Directors based on their attendance and contribution during Board/Committee meetings, as well as time spent on operational/ strategic matters other than at meetings.

The details of the remuneration paid during 2010-11 to Independent Non-Executive Directors are as under:-

Name of the Non-Executive Director	Sitting Fees for the year ended Sept. 30, 2011 (₹)	Commission for the year ended Sept. 30, 2010 (₹)	No. of shares held as on Sept. 30, 2011
Dr. F.C. Kohli	135000	920000	-
Lt. Gen. K.K. Hazari (Retd.)	315000	690000	-
Mr. K. N. Shenoy#	60000	920000	-
Mr. M.K. Daga	80000	690000	800
Mr. R.C. Sharma	295000	690000	444900
Mr. Amal Ganguli#	135000	920000	-
Mr. Shekhar Datta	100000	920000	10000

# ceased to be directors w.e.f. 10<sup>th</sup> May, 2011

None of the Independent, Non-Executive Directors have any pecuniary relationship or transactions with the Company, its promoters and its senior management, its subsidiaries and associate companies except for the payment of remuneration as stated above.

The Directors of the Company are not eligible under Triveni Employees Stock Options Scheme (ESOP 2009). Accordingly, the Company has not issued Stock Options to any of its Directors.

Note: A sum of ₹ 9 lac has been provided as commission payable to the Non-Executive Directors for the year 2010-2011.

#### (IV) Investors' Grievance and Share Transfer Committee

The Committee comprises of following Directors, namely:

- (i) Lt. Gen. K.K. Hazari (Retd.) (Chairman)
- (ii) Mr. R.C. Sharma

Ms. Geeta Bhalla, Company Secretary is Compliance Officer of the Company.

The Committee is authorized to look into and review the actions for redressal of shareholders and investors grievances, such as, non-receipt of transferred/transmitted share certificates/annual report/refund orders/ dividend warrants etc., as also to review the reports submitted by Ms. Geeta Bhalla, Company Secretary relating to approval / confirmation of requests for share transfer/ transmission/transposition/consolidation /issue of duplicate share certificates/sub-division, remat, demat of shares etc from time to time.

#### Meetings & Attendance

The Investors' Grievance and Share Transfer Committee met 4 times during the financial year 2010-2011 ended on 30<sup>th</sup> September, 2011 on 18<sup>th</sup> November, 2010, 11<sup>th</sup> February, 2011, 9<sup>th</sup> May, 2011 and 1<sup>st</sup> August, 2011. The attendance of each Committee Member is as under:-

Name of the Members	No. of meetings	
	Held	Attended
Lt. Gen. K.K. Hazari (Retd.)	4	4
Mr. R.C. Sharma	4	4

#### GENERAL BODY MEETINGS

Particulars of the last three Annual General Meetings are as follows:

Year	Date & Day	Location	Time	Special Resolution
2009-10	18 <sup>th</sup> February, 2011 Friday	Company's Guest House at Deoband Sugar Unit Complex, Deoband, District Saharanpur, U.P.	12.30 P.M.	None
2008-09	29 <sup>th</sup> December, 2009 Tuesday	Company's Guest House at Deoband Sugar Unit Complex, Deoband, District Saharanpur, U.P.	12.30 P.M.	1. Re-appointment of Mr. Dhruv M. Sawhney as Chairman & Managing Director and deciding his remuneration. 2. Issuance of further securities/ stocks under Triveni Employees Stock Option Scheme 2009.
2007-08	29 <sup>th</sup> December, 2008 Monday	Company's Guest House at Deoband Sugar Unit Complex, Deoband, District Saharanpur, U.P.	12.30 P.M.	1. Alteration in Articles of Association. 2. Appointment of Mr. Tarun Sawhney as Executive Director and deciding his remuneration. 3. Appointment of Mr. Nikhil Sawhney as Executive Director and deciding his remuneration.

There was no Extra-Ordinary General Meeting held during the financial year 2010-11 ended on 30<sup>th</sup> September, 2011.

During the financial year 2010-2011 ended on 30<sup>th</sup> September, 2011 the Company received 51 complaints from various shareholders/investors directly and/or through the Stock Exchanges/SEBI relating to non-receipt of dividend/redemption money, demat of shares, implementation of the scheme of arrangement etc. All of them were resolved/replied suitably by furnishing the requisite information/documents. There was no investor complaint pending for redressal as on 30<sup>th</sup> September, 2011. Further there was no pending share transfers and requests for dematerialization as on 30<sup>th</sup> September, 2011.

#### (V) Compensation Committee

The Committee comprises of following Directors, namely:

- (i) Lt. Gen. K.K. Hazari (Retd.) (Chairman)
- (ii) Mr. Dhruv M. Sawhney
- (iii) Mr. R.C. Sharma
- (iv) Mr. M.K. Daga

The broad terms of reference of the Committee are finalization, administration, and supervision of granting of option under the ESOP 2009 to the permanent employees of the Company and matters prescribed under the SEBI guidelines.

#### Meetings and Attendance

Necessity did not arise to hold any meeting of the Compensation Committee during the year, hence no meeting held.



Particulars of the court convened meetings of the equity shareholders and creditors (secured and unsecured) held during the financial year 2010-2011 pursuant to the order of the Hon'ble High Court of Judicature at Allahabad vide its order dated 9<sup>th</sup> September, 2010:

Date	Location	Time	Resolution
13 <sup>th</sup> , 14 <sup>th</sup> & 15 <sup>th</sup> October, 2010	Company's Guest House at Deoband Sugar Unit Complex, Deoband, District Saharanpur, U.P.	3.00 P.M.	To approve, the proposed Scheme of Arrangement providing for demerger of the Steam Turbine Business of the Company and its transfer and vesting into Triveni Turbine Ltd., a wholly owned subsidiary of the Company w.e.f. 1 <sup>st</sup> October, 2010, being the Appointed Date fixed for this purpose

All the resolutions including special resolutions, set out in the respective notices were unanimously passed by the shareholders present at the meetings.

#### Postal Ballot

##### I. Details of the Special/Ordinary Resolutions passed by the Company through Postal Ballot:

During the financial year 2010-2011 ended on 30<sup>th</sup> September, 2011, no special/ordinary resolutions passed by the Company through postal ballot.

##### II. Whether any special resolution is proposed to be conducted through postal ballot:

There is no proposal for any special resolution to be put through postal ballot at the forthcoming Annual General Meeting for shareholders' approval.

#### Other Disclosures

##### Related Party Transactions

The details of related party information and transactions are being placed before the Audit Committee from time to time. The details of the related party transactions during the year have been provided in Note-13 of Schedule-25, Notes to Accounts of the financial statements.

##### Disclosures of Accounting Treatment

No treatment different from that prescribed in Accounting Standards has been followed by the Company.

##### Risk Management

The Company has laid down adequate procedures to update the Board Members about the risk evaluation and risk mitigation.

##### Details of Non-Compliance by the Company, penalties, stricture imposed on the Company by the Stock Exchanges, SEBI or any statutory authorities or any matter related to capital markets.

The Company has complied with all the requirements of the Stock Exchanges/the Regulations and guidelines of SEBI and other Statutory Authorities on all matters relating to capital markets. No penalties or strictures have been imposed by SEBI,

Stock Exchanges or any statutory authorities on matters relating to capital markets during the last three years.

##### Whistle Blower Policy and affirmation that no personnel has been denied access to the Audit Committee.

The culture of openness with easy access to the Senior Management provides an environment for easy and free exchange of ideas and issues faced by people in the Company. The Company has not yet put in place a formal Whistle Blower Policy. However, the Company has not denied access to any personnel to approach the Management on concerns about unethical behavior, actual or suspected fraud or violation of the Company's code of conduct.

##### Code of conduct for Directors and Senior Executives.

The Company has laid down a Code of Conduct for all Board Members and Senior Executives of the Company. The Code of conduct is available on the Company's website [www.trivenigroup.com](http://www.trivenigroup.com). The Chairman & Managing Director has given a declaration that all the Directors and concerned Executives have affirmed compliance with the Code of Conduct and same is annexed hereto.

##### CEO/CFO certification

A prescribed certificate as stipulated in clause 49(V) of the listing agreement duly signed by the Chairman & Managing Director and Vice President & CFO was placed before the Board alongwith the financial statements for the year ended 30<sup>th</sup> September, 2011. The said certificate is provided elsewhere in the Annual Report.

##### Subsidiary Companies

There are three unlisted Indian subsidiary companies viz. Triveni Engineering Limited, Triveni Energy Systems Limited and Upper Bari Power Generation Pvt. Limited. None of the subsidiaries is the "Material Non-Listed Subsidiary" in terms of Clause 49 of the Listing Agreement.

## Compliance of the Requirements of Clause 49 of the Listing Agreement

### Mandatory Requirements/ Non-Mandatory Requirements

The Company has complied with all the applicable mandatory requirements of clause 49 of the Listing Agreement and the non-mandatory provisions have been adopted wherever necessary. The company has constituted a Remuneration Committee as described above.

### Means of Communication

- (a) **Quarterly Results:** Unaudited quarterly financial results and the annual audited financial results of the Company are sent to all the Stock Exchanges where its equity shares are listed, and the same are generally published in Business Line-The Hindu, Business Standard, Financial Express (English), and Jansatta, and Business Standard (Hindi) newspapers. The Investor brief on the detailed segment wise analysis of the Results are also sent to Stock Exchanges.
- (b) **Website [www.trivenigroup.com](http://www.trivenigroup.com):** Detailed information on the Company's business and products; quarterly/half yearly/nine months and annual financial results, Investor brief and the quarterly distribution of Shareholding are displayed on the Company's website.
- (c) **Teleconferences and Press conferences, Presentation etc.:** The Company held quarterly Investors Teleconferences and Press Conferences for the investors of the Company after the declaration of the Quarterly/Annual Results. The Company made presentations to institutional investors/analysts during the period which are available on the Company's website.
- (d) **Annual Report:** Annual Report contains inter-alia Audited Annual Accounts, Consolidated Financial Statement,

Directors' Report, Auditors' Report. The Management Perspective, Business Review and Financial Highlights are also part of the annual report.

- (e) **The Management Discussion & Analysis:** The Management Discussion & Analysis Report forms part of the annual report.
- (f) **Intimation to Stock Exchanges:** The Company intimates stock exchanges all price sensitive information or such other information which in its opinion are material & of relevance to the shareholders.
- (g) **Corporate Governance- Voluntary Guidelines- 2009-** The Ministry of Corporate Affairs has issued certain Voluntary Guidelines for further improvement of Corporate Governance standards and practices. The implementation of these Guidelines is under evaluation and consideration.

### General Shareholder Information

#### a) General Information

##### Annual General Meeting

Date & Day	: February 10, 2012, Friday
Time	: 1.30 P.M.
Venue	: Company's Guest House at Deoband Sugar Unit Complex, Deoband, Distt. Saharanpur, U.P. – 247 554.
Dates of Book Closure	: Tuesday, February 7, 2012 to Friday, February 10, 2012 (both days inclusive)
Dividend Payment Date	: Within 30 days of declaration by the shareholders.
Financial Year	: October to September

### Financial Calendar (tentative & subject to change)

Financial Reporting for the 1 <sup>st</sup> Quarter ending 31 <sup>st</sup> December, 2011	By the mid of February, 2012
Financial Reporting for the 2 <sup>nd</sup> Quarter ending 31 <sup>st</sup> March, 2012	By the mid of May, 2012
Financial Reporting for the 3 <sup>rd</sup> Quarter ending 30 <sup>th</sup> June, 2012	By the mid of August, 2012
Financial Reporting for the Annual Audited Accounts ending 30 <sup>th</sup> September, 2012	By the end of November, 2012

#### b) Unclaimed Dividend

Pursuant to Section 205C of the Companies Act, 1956, all unclaimed dividends upto the financial year 2003-2004 have been transferred to the Investor Education and Protection Fund (IEPF), administered by the Central Government.

The dividends for the succeeding years remaining unclaimed for 7 years will be transferred by the Company to the said IEPF on the due dates as given hereunder:

Financial Year/ Period	Whether Interim/ Final	Date of payment of Dividend	Due date for transfer to IEPF
2004-2005	Interim Dividend on Pref. Shares (redeemed)	1.4.2005	31.3.2012
2004-2005	Final Dividend	27.6.2005	26.6.2012
2005-2006	Final Dividend	30.6.2006	29.6.2013
2006-2007	1st Interim Dividend	16.10.2006	15.10.2013
2006-2007	2nd Interim Dividend	25.5.2007	24.5.2014
2006-2007	Final Dividend	24.12.2007	23.12.2014
2007-2008	Final Dividend	29.12.2008	28.12.2015
2008-2009	Interim Dividend	25.4.2009	24.4.2016
2008-2009	Final Dividend	29.12.2009	28.12.2016
2009-2010	Interim Dividend	8.5.2010	7.5.2017
2009-2010	Final & Special Dividend	18.2.2011	17.2.2018

Shareholders who have not so far encashed their dividend warrant(s) or have not received the same are requested to seek issuance of duplicate warrant(s) by writing to the Company confirming non-encashment/ non-receipt of dividend warrant(s).

#### c) Outstanding GDR/ADR or Warrants

As on date there are no Global Depository Receipts (GDR), American Depository Receipt (ADR), Warrants or any other instrument except Stock Options granted under ESOP 2009 as per the details given under Directors Report, which are convertible into Equity Shares.

#### d) Listing on Stock Exchanges

The Company's entire equity share capital comprising of 257880150 equity shares of ₹ 1/- each is listed at the following Stock Exchanges:

Sl.No.	Name and Address of Stock Exchanges	Stock Code
1.	Bombay Stock Exchange Ltd. Phiroze Jeejeebhoy Towers, Dalal Street, Fort, Mumbai – 400 023.	532356
2.	National Stock Exchange of India Ltd. Exchange Plaza, 5 <sup>th</sup> Floor, Plot No. C/1, G Block, Bandra (E), Mumbai – 400 051.	TRIVENI

The Company has paid listing fees for the Financial Year 2011-2012 to both the aforesaid Stock Exchanges. The Company has also paid the annual custodial fee for the year 2011-12 to both the depositories namely NSDL & CDSL.

e. Distribution of Equity Shareholding as on 30<sup>th</sup> September, 2011

Group of Shares	Number of Shareholders	% to total Shareholders	Number of Shares held	% to Total Shares
1-500	36854	86.46	4880252	1.89
501-1000	2626	6.16	2108368	0.82
1001-2000	1507	3.53	2216400	0.86
2001-3000	497	1.17	1268541	0.49
3001-4000	256	0.60	924104	0.36
4001-5000	203	0.48	947456	0.37
5001-10000	297	0.70	2187091	0.85
10001 & higher	384	0.90	243347938	94.36
<b>Total</b>	<b>42624</b>	<b>100.00</b>	<b>257880150</b>	<b>100.00</b>

f) Shareholding Pattern of Equity Shares as on 30<sup>th</sup> September, 2011

Category	Number of Shares held	% Shareholding
Indian Promoters	175322533	67.99
Mutual Funds/UTI	17527536	6.80
Banks, Financial Institutions, Insurance Cos.	-	-
FII's	37906162	14.70
Bodies Corporate	5108623	1.98
Indian Public(*)	19994354	7.75
NRI's/OCBs	1747013	0.68
Others – Clearing Members & Trust	273929	0.10
<b>Total</b>	<b>257880150</b>	<b>100.00</b>

(\*) Includes (i) 800 equity shares held by Mr. M. K. Daga, Director, (ii) 10000 equity shares held by Mr. Shekhar Datta, Director, (iii) 1128082 equity shares held by Mr. R.C. Sharma, Director and his relatives and (iv) 1000 equity shares held by a relative of Lt. Gen. K.K. Hazari (Retd.), Director.

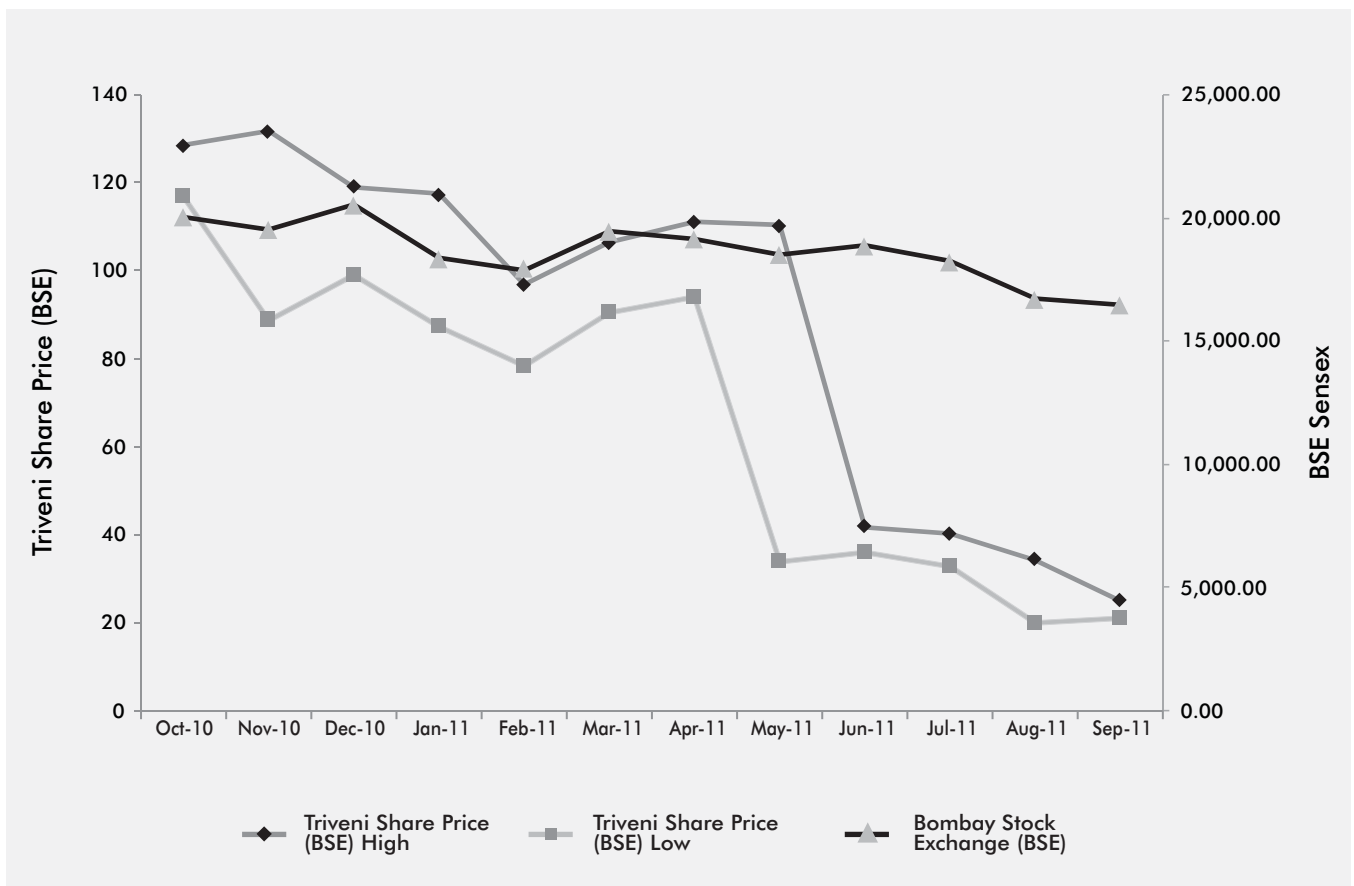
**g) Stock Price Data/Stock Performance: Year 2010-2011**

During the year under report, the trading in Company's equity shares was from 1<sup>st</sup> October 2010 to 30<sup>th</sup> September, 2011. The high low price during this period on the BSE and NSE was as under:-

Month	Bombay Stock Exchange (BSE)		National Stock Exchange (NSE)	
	High	Low	High	Low
October, 2010	128.50	116.80	128.50	116.70
November, 2010	131.65	88.90	131.35	88.00
December, 2010	118.90	99.05	118.95	99.00
January, 2011	117.30	87.40	117.35	87.50
February, 2011	96.90	78.50	96.75	77.10
March, 2011	106.40	90.50	107.50	90.20
April, 2011	111.15	94.00	111.00	93.00
May, 2011	110.25	34.00	105.20	30.00
June, 2011	42.00	36.00	42.25	36.10
July, 2011	40.25	32.90	40.20	32.75
August, 2011	34.50	20.15	34.75	20.30
September, 2011	25.15	21.10	25.20	21.00

(in ₹)

**h) Stock Performance**



**i) Dematerialization of Shares & Liquidity**

The Company's equity shares are compulsorily traded in the electronic form with effect from 26<sup>th</sup> December, 2000. The Company entered into an Agreement with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) to establish electronic connectivity of its shares for scripless trading.

The system for getting the shares dematerialized is as under:

- Share Certificate(s) along with Demat Request Form (DRF) is to be submitted by the shareholder to the Depository Participant (DP) with whom he/she has opened a Depository Account.
- DP processes the DRF and generates a unique number DRN.
- DP forwards the DRF and share certificates to the Company's Registrar and Share Transfer Agent.
- The Company's Registrar and Share Transfer Agent after processing the DRF confirm or reject the request to the Depositories.
- Upon confirmation, the Depository gives the credit to shareholder in his/her depository account maintained with DP.

As on 30.09.2011, 99.89% of total equity share capital of the Company were held in dematerialized form. The ISIN allotted by NSDL/CDSL is INE256C01024. Confirmation in respect of the requests for dematerialization of shares is sent to NSDL and CDSL within the stipulated period.

**j) Share Transfer System**

The Company's share transfer authority has been delegated to the Company Secretary who generally approves and confirm the request for share transfer/transmission/transposition/consolidation/issue of duplicate share certificates/sub-division, consolidation, remat, demat and perform other related activities in accordance with the Listing Agreement and SEBI (Depositories and Participants) Regulations, 1996 and submit a report in this regard to Investors' Grievance and Share Transfer Committee at every meeting.

The shares sent for physical transfer are registered and returned within the stipulated period from the date of receipt of request, if the documents are complete in all respects as per the requirement of clause 47(c) of the Listing Agreement with Stock Exchanges. The Company has obtained half yearly certificate from Practising Company Secretary for due compliance of share transfer /transmission formalities.

**k) Reconciliation of Share Capital Audit**

As required under Regulation 55A of SEBI (Depositories and Participants) Regulations, 1996, the audit for reconciling the total admitted capital with National Securities Depository

Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital for each of the quarter in the financial year ended on September 30, 2011 was carried out. The audit reports confirm that the total issued/ paid-up share capital is in agreement with the total number of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL.

**l) Registrar & Share Transfer Agent**

M/s Karvy Computershare Pvt. Ltd.,  
Unit: Triveni Engineering & Industries Limited  
Plot No. 17 to 24, Vittal Rao Nagar, Madhapur  
Hyderabad-500 081.  
Tel. :- 040-23420815-825, Fax :- 040-23420814  
Email : einward.ris@karvy.com

**m) Locations**

**Registered Office**

Triveni Engineering & Industries Limited  
Deoband, Distt. Saharanpur  
Uttar Pradesh - 247 554  
Tel. :- 01336-222185, 222497  
Fax :- 01336-222220

**Share Department**

Triveni Engineering & Industries Ltd.  
8<sup>th</sup> Floor, Express Trade Towers,  
15-16, Sector 16A, Noida-201 301.  
Tel. :- 0120-4308000; Fax :- 0120-4311010-11  
email :- shares@trivenigroup.com

**Address for correspondence**

Please contact the Compliance Officer of the Company at the following address regarding any questions or concerns:

Ms. Geeta Bhalla  
Company Secretary

Triveni Engineering & Industries Ltd.  
8<sup>th</sup> Floor, Express Trade Towers,  
15-16, Sector 16A, Noida-201 301.  
Tel. :- 0120-4308000; Fax :- 0120-4311010-11  
email :- shares@trivenigroup.com

Detailed information on plant/business locations is provided at the end of the Annual Report.

**n) Compliance Certificate on Corporate Governance from the Auditor**

The certificate dated 28<sup>th</sup> November, 2011 from Statutory Auditors of the Company (M/s J. C. Bhalla & Co.) confirming compliance with the Corporate Governance requirements as stipulated under clause 49 of the Listing Agreement is annexed hereto.

The above report has been adopted by the Board of Directors at their meeting held on 28<sup>th</sup> November, 2011.

## **ANNEXURE - F AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE**

Auditors' Certificate on Compliance of Conditions of Corporate Governance as per Clause 49 of the Listing Agreement with the Stock Exchanges

To  
The Members of  
**Triveni Engineering & Industries Limited**

We have examined the compliance of conditions of corporate governance by Triveni Engineering & Industries Ltd for the year ended 30<sup>th</sup> September 2011 as stipulated in Clause 49 of the Listing Agreement of the said company with stock exchange(s) in India.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statement of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We state that, such compliance is neither an assurance as to the future viability of the Company, nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For and on behalf of  
**J. C. Bhalla & Company**  
Chartered Accountants  
FRN No.001111N  
(Sudhir Mallick)  
Partner  
Membership No.80051

Place : Noida (U.P.)  
Date : November 28, 2011

## **DECLARATION BY CHAIRMAN AND MANAGING DIRECTOR**

To  
The Members of  
**Triveni Engineering & Industries Limited**

In compliance with the requirements of Clause 49 of the Listing Agreement with the Stock Exchanges relating to Corporate Governance, I confirm that, on the basis of confirmations/declarations received, all the Directors and Senior Management Personnel of the Company have complied with the Code of Conduct framed by the Company.

For Triveni Engineering & Industries Limited

Place : Noida (U.P.)  
Date : November 28, 2011

**Dhruv M. Sawhney**  
Chairman and Managing Director

## **CEO / CFO CERTIFICATION**

To

The Board of Directors

Triveni Engineering and Industries Limited

Sub : CEO/ CFO certification under Clause 49 of the Listing Agreement

We, Dhruv M. Sawhney, Chairman & Managing Director and Suresh Taneja, Vice President & CFO certify to the Board that:

- (a) We have reviewed financial statements and the cash flow statement for the year ended 30<sup>th</sup> September, 2011 and that to the best of our knowledge and belief:
- (i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - (ii) These statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) There are, to the best of our knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative of the company's code of conduct.
- (c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- (d) We have indicated to the auditors and the Audit Committee:
- (i) That there were no significant changes in internal control over financial reporting during the year;
  - (ii) Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - (iii) That there were no instances of significant fraud except as reported in the auditors' Report, of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.

Suresh Taneja

Vice President & CFO

Place : Noida (U.P.)

Date : November 28, 2011

Dhruv M. Sawhney

Chairman and Managing Director



# FINANCIAL SECTION

## AUDITORS' REPORT

To  
The Members of  
Triveni Engineering & Industries Limited

We have audited the attached Balance Sheet of Triveni Engineering & Industries Limited as at 30th September 2011, the Profit and Loss Account and also the Cash Flow Statement for the year ended on that date both annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting, the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

We report that:

1. As required by Companies (Auditors' Report) Order, 2003 issued by the Central Government in terms of Section 227 (4A) of Companies Act, 1956 and on the basis of such checks of the books and records of the company as we considered appropriate after considering the reports of the other auditors of the Company's Engineering Units, we give in the Annexure a statement on the matters specified in paragraph 4 and 5 of the said order.
2. Further to our comments in the Annexure referred to in paragraph "1" above:
  - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b) In our opinion, proper books of accounts as required by law have been kept by the company so far as appears from the examination of the books and according to the reports of the Engineering Units auditors where such audit has not been conducted by us.
  - c) The Balance Sheet, Profit & Loss Account and Cash Flow Statements dealt with by this report are in agreement with the books of accounts.
  - d) The reports of the Engineering Units auditors have been

forwarded to us and have been considered in preparing our report.

- e) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
- f) On the basis of the written representations received from the Directors and taken on record by the Board of Directors, we report that none of the Directors of the Company is disqualified as on 30th September 2011 from being appointed as a Director in terms of Clause (g) of sub section (1) of Section 274 of the Companies Act, 1956.
- g) Without qualifying our opinion, we invite attention to the Note No.21(a) of Schedule 25 stating that remuneration of ₹ 32.32 Million paid to the Managing Director and the two Whole Time Directors is in excess of the permissible limit under Section 309(3) read with Schedule XIII of the Companies Act, 1956. The Company has applied to the Central Government for permission to waive recovery of the said excess managerial remuneration as informed to us.

In our opinion and to the best of our information and according to the explanations given to us the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) In the case of the Balance Sheet, of the state of affairs of the Company as at 30th September, 2011 ;
- b) In the case of the Profit and Loss Account, of the profit for the year ended on that date; and
- c) In the case of Cash Flow Statement, of the cash flows for the year ended on that date.

For and on behalf of  
**J. C. Bhalla & Company**  
Chartered Accountants  
Firm Regn. No. 001111N

Sudhir Mallick

Place : Noida (U.P.)  
Date : November 28, 2011

Partner  
Membership No.80051

## ANNEXURE TO AUDITORS' REPORT

Referred to in Paragraph "1" of our report of even date on the accounts for the year ended on 30th September, 2011 of Triveni Engineering & Industries Limited.

1. (a) The company has generally maintained proper records showing full particulars including quantitative details and situation of fixed assets.
  - (b) Major items of fixed assets have been physically verified by the management during the year as per information given to us. As explained to us, no material discrepancies were noticed on such verification as compared to the available book records. In our opinion the frequency of verification is reasonable having regard to the size of the company and nature of its activities.
  - (c) In our opinion, the company has not disposed off substantial part of fixed assets during the year and hence, going concern status of the company is not affected.
2. (a) Inventories have been physically verified by the Management to the extent practicable at reasonable intervals during the year or at the year-end at all locations of the company. In our opinion the frequency of verification is reasonable.
  - (b) According to information given to us, the procedures for physical verification of the inventories followed by the management are reasonable and adequate in relation to the size of the company and nature of its business.
  - (c) The company is maintaining proper records of inventory. The discrepancies noticed on such verification as compared to the book records were not material having regard to the size and nature of the operations of the company and have been properly adjusted in the books of account.
3. (a) According to the information and explanations given to us, the Company has granted unsecured loan to a company covered in the register maintained under Section 301 of the Companies Act, 1956. The maximum amount involved during the year was ₹ 232.55 Million and the year end balance of loan granted to such party was ₹ 179.21 Million.
  - (b) In our opinion, the rate of interest and other terms and conditions of such loans are not, prima facie, prejudicial to the interest of the company.
  - (c) The party has repaid the principal amount as stipulated and has also been regular in the payment of interest.
  - (d) In respect of aforesaid loan there was no overdue amount outstanding at the end of the year.
  - (e) In our opinion and according to the information and explanations given to us, the company has taken unsecured loan by way of fixed deposit under public fixed deposit scheme of the company from one party covered in the register maintained under section 301 of the Act. The maximum amount of the loan involved during the year from such party was ₹ 0.25 Million and the year end balance was ₹ Nil.
- (f) In our opinion and according to the information and explanations given to us, the rate of interest and other terms and conditions on which loan has been taken from a party covered in the register maintained under section 301 of the Companies Act, 1956 are as applicable to public deposits accepted by the Company and are thus not prima facie, prejudicial to the interest of the Company.
  - (g) In respect of the loan taken, the company is repaying the principal amount and is paying the interest as stipulated.
4. According to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system.
5. (a) In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in Section 301 of the Companies Act, 1956 have been entered in the register required to be maintained under that section.
  - (b) According to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 exceeding the value of Rupees half million or more in respect of any party have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time except that transactions in respect of sale of goods, rendering of services, receipt of rent, purchase of Stores & Spare parts, receiving services and payment towards sales and marketing cost with a party for which no comparable quotations are available. We are informed by the management that the price and charges so received and paid for such transactions, are reasonable having regard to the volume of business, quality and the specialized nature of goods and services involved.
6. In our opinion and according to the information and explanations given to us, the company has complied with the provisions of Section 58A, 58AA or any other relevant provisions of Act, and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public. As per the information and explanations

## ANNEXURE TO AUDITORS' REPORT (Contd.)

given to us, no order under the aforesaid sections has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any court or any other Tribunal on the Company in respect of deposits accepted.

7. In our opinion the Company has an internal audit system commensurate with the size and nature of its business.
8. We have broadly reviewed the books of accounts maintained by the company in respect of the products where pursuant to the rules made by the Central Government the maintenance of cost records has been prescribed under Section 209(1)(d) of the Companies Act, 1956, and are of the opinion that prima facie the prescribed accounts and records have been maintained. However, we are not required to carry out and have not carried out a detailed examination of the records with a view to determine whether they are accurate or complete.
9. (a) The company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees state insurance, income tax, sales tax, wealth tax, service tax, custom duty, excise duty, cess and other statutory dues applicable to it. According to the information and explanations given to us, no undisputed amounts payable in respect of aforesaid dues were in arrears as at 30th September 2011 for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us, there are no dues of custom duty, wealth tax, service tax and cess which have not been deposited on account of any dispute. Disputed income tax, sales tax and excise duty which have not been deposited on account of matters pending before appropriate authorities are as under:

S. No.	Name of Statute	Forum where dispute is pending	Nature of dues	Amount* (₹ in Million)	Year
1	Income Tax Act, 1961	Commissioner (Appeals)	Penalty Income Tax	2.99 99.02	2000-01 2007-08
2	Central Sales Act & Sales/ Trade Tax Acts of various states	Commissioner (Appeals)	Sales Tax Penalty Interest	27.21 5.22 7.42	1977-78. 1991-92 to 1994-95, 1999-2000. 2002-03, 2003-04, 2005-06 to 2007-08. 2009-10
		Appellate Tribunal	Sales Tax	3.62	1987-88, 1992-93 2001-02 2002-03
		High Court	Sales Tax Penalty	1.07 0.02	1975-76, 1976-77. 1979-80 1980-81 1986-87, 1994-95 to 1996-97
3	Excise Act, 1944	Commissioner (Appeals)	Excise Duty Penalty Interest	11.03 9.31 1.37	2003-04 to 2010-11
		Appellate Tribunal	Excise Duty Penalty Interest	37.03 25.79 28.38	2000-01 2003-04 to 2008-09
		High Court	Excise Duty Penalty Interest	1.19 1.29 0.50	1996-97 to 1999-2000, 2003-04
4	UP Sugar Promotion Policy 2004	High Court	Entry Tax Sales Tax	48.33 3.62	2006-07 to 2010-11

\*Net of amounts paid under protest or otherwise.

## **ANNEXURE TO AUDITORS' REPORT (Contd.)**

10. The company has no accumulated losses as at 30th September 2011 and has not incurred any cash losses in the financial year covered by our audit and immediately preceding financial year.
11. Based on our audit procedures and according to the information and explanations given to us, we are of the opinion that the company has not defaulted in repayment of dues to financial institutions, banks or debenture holders during the year.
12. In our opinion and according to the information and explanations given to us, no loans and advances have been granted by the company on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion, the company is not a chit fund or a nidhi/ mutual benefit fund/ society. Therefore, clause 4(xiii) of the Companies (Auditors' Report) Order, 2003 is not applicable to the Company.
14. In our opinion, the company is not dealing or trading in shares, securities, debentures and other investments. Accordingly, Clause 4(xiv) of the Companies (Auditors' Report) Order, 2003 is not applicable to the company.
15. According to the information and explanations given to us, the company has not given any guarantee for loans taken by others from banks or financial institutions.
16. In our opinion, the term loans raised during the year have been applied for the purpose for which they were raised.
17. According to the information and explanations given to us and on an overall examination of the Balance Sheet of the company, we report that no funds raised on short term basis have been used for long term investments.
18. During the year, the company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956.
19. According to the information and explanations given to us, during the period covered by our audit, the company has not issued debentures requiring creation of any security or charge.
20. The company has not raised any money by way of public issue during the year.
21. During the course of our examination of the books of accounts and records carried out in accordance with the generally accepted auditing practice and according to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the year except two cases of fraudulent encashment of cheques involving a sum of ₹ 0.60 Million were detected by the management during the year for which appropriate steps were taken to strengthen internal controls as informed to us. Further as informed to us steps have been taken to recover the amount, however provision has been made in the accounts in respect of the same.

For and on behalf of  
**J. C. Bhalla & Company**  
Chartered Accountants  
Firm Regn. No. 001111N

**Sudhir Mallick**  
Partner

Place : Noida (U.P.)  
Date : November 28, 2011

Membership No.80051

**BALANCE SHEET**

(₹ in Million)

As At	SCHEDULE	30.09.2011	30.09.2010
<b>SOURCES OF FUNDS</b>			
<b>SHAREHOLDERS' FUNDS</b>			
Share Capital	1	257.88	257.88
Reserves & Surplus	2	10,058.48	9,651.66
		10,316.36	9,909.54
<b>LOAN FUNDS</b>			
Secured Loans	3	7,541.39	8,509.75
Unsecured Loans	4	717.35	831.82
		8,258.74	9,341.57
<b>DEFERRED TAX LIABILITY (NET)</b> (Refer Note:16 of Schedule 25)		964.08	1,068.70
<b>TOTAL</b>		<b>19,539.18</b>	<b>20,319.81</b>
<b>APPLICATION OF FUNDS</b>			
<b>FIXED ASSETS</b>			
Gross Block	5	15,562.96	16,668.73
Less : Depreciation		4,998.46	4,523.21
Net Block		10,564.50	12,145.52
Capital Work-in-Progress	5	172.95	223.24
Intangible Assets	5A	35.76	72.85
Discarded Fixed Assets Pending Disposal/Sale		4.66	3.01
Plant & Machinery acquired under Lease		120.78	133.56
		10,898.65	12,578.18
<b>INVESTMENTS</b>	6	110.25	111.65
<b>CURRENT ASSETS, LOANS AND ADVANCES</b>			
Inventories	7	3,935.74	4,911.62
Sundry Debtors	8	1,924.45	2,789.73
Cash and Bank Balances	9	155.30	190.74
Other Current Assets	10	1,071.37	457.55
Loans and Advances	11	3,964.52	4,020.75
		11,051.38	12,370.39
<b>LESS : CURRENT LIABILITIES AND PROVISIONS</b>			
Liabilities	12	1,946.59	3,974.79
Provisions	13	574.51	765.62
		2,521.10	4,740.41
<b>NET CURRENT ASSETS</b>		<b>8,530.28</b>	<b>7,629.98</b>
<b>TOTAL</b>		<b>19,539.18</b>	<b>20,319.81</b>
Notes to Accounts	25		

This is the Balance Sheet referred to in our report of even date.

For and on behalf of

**J.C.BHALLA & COMPANY**  
Chartered Accountants

**SUDHIR MALLICK**

Partner  
Place : Noida (U.P.)  
Date : November 28, 2011

**Dhruv M. Sawhney**  
Chairman &  
Managing Director

**Lt.Gen.K.K.Hazari (Retd)**  
Director & Chairman  
Audit Committee

**Geeta Bhalla**  
Company  
Secretary

**Suresh Taneja**  
Vice President  
& CFO

## PROFIT AND LOSS ACCOUNT

For the Year Ended	SCHEDULE	30.09.2011	30.09.2010
(₹ in Million)			
<b>INCOME</b>			
Gross Sales & Other Operating Income	14	17,711.94	23,440.79
Less : Excise Duty		640.41	845.45
Net Sales & Other Operating Income		17,071.53	22,595.34
Other Income	15	201.54	252.98
Increase/(Decrease) in Work-in-Progress/Finished Goods	16	(116.61)	1,791.59
		<b>17,156.46</b>	<b>24,639.91</b>
<b>EXPENDITURE</b>			
Materials	17	11,917.65	18,221.61
Manufacturing/Operating	18	1,346.80	1,388.55
Personnel	19	1,278.36	1,657.76
Administration	20	638.82	642.70
Financing	21	946.56	849.64
Selling	22	215.07	259.72
Depreciation * 1		766.34	836.97
Amortisation	23	46.00	70.57
Off-season Expenses charged/(deferred) (Net)		(45.51)	(20.24)
Prior Period Items - (Refer Note:26 of Schedule 25)		5.47	10.33
		<b>17,115.56</b>	<b>23,917.61</b>
<b>Profit before Exceptional/Non - Recurring Items &amp; Taxation</b>		<b>40.90</b>	<b>722.30</b>
Add/(Less) Exceptional/Non - Recurring Items (Net) (Refer Note: 27 of Schedule 25)		41.57	450.86
<b>Profit before Taxation</b>		<b>82.47</b>	<b>1,173.16</b>
Provision for Taxation	24	(48.11)	264.75
<b>Profit after Taxation</b>		<b>130.58</b>	<b>908.41</b>
Surplus Brought Forward		175.28	220.12
<b>AVAILABLE FOR APPROPRIATION</b>		<b>305.86</b>	<b>1,128.53</b>
<b>APPROPRIATIONS</b>			
Dividend Adjustment of Previous Year (Current Year ₹ 4120/- & Previous Year ₹ 2827/-)		-	-
Tax on Dividend of Previous Year (Current year ₹ 685/- & Previous Year ₹ 480/-)		-	-
Interim Dividend Paid - Equity Shares		-	103.15
Tax on Interim Dividend on Equity Shares		-	17.13
Final Dividend Proposed on Equity shares		51.58	90.26
Provision for Tax on Final Dividend on Equity Shares		8.37	14.99
Transfer to Molasses Storage Fund Reserve		3.87	2.72
Transfer to Debenture Redemption Reserve		50.00	75.00
Transfer to General Reserve		9.80	650.00
Surplus Carried Forward		182.24	175.28
		<b>305.86</b>	<b>1,128.53</b>
Earning per equity share of ₹ 1/- each (Note:18 of Schedule 25)			
- Basic (In ₹)		0.51	3.52
- Diluted (In ₹)		0.51	3.52
Notes to Accounts	25		

\* 1 Net of ₹ 3.25 Million (₹ 3.25 Million) additional depreciation on revalued assets transferred from Revaluation Reserve.

This is the Profit & Loss Account referred to in our report of even date.

For and on behalf of

**J.C.BHALLA & COMPANY**  
Chartered Accountants

**SUDHIR MALLICK**

Partner  
Place : Noida (U.P.)  
Date : November 28, 2011

**Dhruv M. Sawhney**  
Chairman &  
Managing Director

**Lt.Gen.K.K.Hazari (Retd)**  
Director & Chairman  
Audit Committee

**Geeta Bhalla**  
Company  
Secretary

**Suresh Taneja**  
Vice President  
& CFO

**CASH FLOW STATEMENT**

	(₹ in Million)	
For the Year Ended	30.09.2011	30.09.2010
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit Before Tax	82.47	1,173.16
Add : Depreciation	768.27	838.71
: Amortisation		
- Machinery Lease Rentals	12.77	13.49
- Intangible Assets	33.22	44.07
- Miscellaneous Expenditure	-	13.01
: Provision against Investments	0.89	-
Less : Incomes/Expenses treated separately		
Dividend Income	0.24	6.59
Profit/(Loss) on sale / written off of Fixed Assets	39.37	(0.35)
Profit on sale of Investments	-	439.56
Interest Expenses	(946.56)	(850.39)
Interest Income	23.75	45.38
<b>Operating Profit before Working Capital changes</b>	<b>1,780.82</b>	<b>2,441.65</b>
<b>Changes in Working Capital</b>		
Changes in Inventories	134.49	(330.40)
Changes in Receivables	158.57	(364.47)
Changes in Other Current Assets	(612.71)	(285.22)
Changes in Other Trade Receivables	21.15	68.66
Changes in Current Liabilities	346.68	(1,024.75)
Direct Taxes Paid (Net) including Wealth Tax	(131.15)	(480.30)
<b>Net Changes in Working Capital</b>	<b>(82.97)</b>	<b>(2,416.48)</b>
<b>Cash Flow from Operating Activities</b>	<b>1,697.85</b>	<b>25.17</b>
<b>B. CASH FLOW FROM INVESTMENT ACTIVITIES</b>		
Purchase of Fixed/Intangible Assets	(366.01)	(674.78)
Sale of Fixed/Intangible Assets	50.53	36.07
Purchase of Investments		
- Subsidiary Company	-	(0.50)
- Others	-	(2,356.74)
Sale / Redemption of Investments		
- Others	-	2,955.00
Interest Income	23.82	92.65
Dividend Income	0.24	6.59
<b>Net Cash Flow in Investment Activities</b>	<b>(291.42)</b>	<b>58.29</b>



## CASH FLOW STATEMENT (Contd.)

(₹ in Million)

For the Year Ended	30.09.2011	30.09.2010
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Increase/(Decrease) in Short Term Borrowings (Net)	21.81	(15.90)
Increase/(Decrease) in Long Term Borrowings (Net)	(194.32)	(1,113.61)
Increase/(Decrease) in Cash Credit	(134.78)	2,130.91
Interest Paid	(953.10)	(841.18)
Redemption of Preference Shares (including premium)	0.34	(0.11)
Dividend Paid (Including Tax on Distributed Profit)	(105.38)	(331.70)
<b>Net Cash Flow used in Financing Activities</b>	<b>(1,365.43)</b>	<b>(171.59)</b>
<b>Net Increase/(Decrease) in Cash &amp; Cash Equivalents</b>	<b>41.00</b>	<b>(88.13)</b>
<b>Opening Cash &amp; Cash Equivalents</b>	<b>149.45</b>	<b>237.58</b>
<b>Cash &amp; Cash Equivalents transferred pursuant to the Scheme of Arrangement</b>	<b>79.55</b>	<b>-</b>
<b>Closing Cash &amp; Cash Equivalents</b>	<b>110.90</b>	<b>149.45</b>
Add : Bank Balances under Lien	33.94	31.02
Bank Balances under Unclaimed Dividend / Preference Capital Redemption	10.46	10.27
<b>Cash &amp; Cash Equivalents as per Schedule 9 of Balance Sheet</b>	<b>155.30</b>	<b>190.74</b>

Notes to Accounts Schedule 25.

This is the Cash Flow Statement referred to in our report of even date.

For and on behalf of

**J.C.BHALLA & COMPANY**  
 Chartered Accountants

**SUDHIR MALLICK**

 Partner  
 Place : Noida (U.P.)  
 Date : November 28, 2011

**Dhruv M. Sawhney**  
 Chairman &  
 Managing Director

**Lt.Gen.K.K.Hazari (Retd)**  
 Director & Chairman  
 Audit Committee

**Geeta Bhalla**  
 Company  
 Secretary

**Suresh Taneja**  
 Vice President  
 & CFO

## SCHEDULES TO ACCOUNTS

(₹ in Million)

As At	30.09.2011	30.09.2010
<b>1. SHARE CAPITAL</b>		
<b>AUTHORISED</b>		
500,000,000 Equity Shares of ₹ 1/- each	500.00	500.00
20,000,000 Preference Shares of ₹ 10/- each	200.00	200.00
	700.00	700.00
<b>ISSUED</b>		
257,888,150 Equity Shares of ₹ 1/- each *1 & *2	257.89	257.89
	257.89	257.89
<b>SUBSCRIBED &amp; PAID UP</b>		
257,880,150 Equity Shares of ₹ 1/- each *1 & *2	257.88	257.88
Add :Paid up value of 8,000 Equity Shares of ₹ 1/- each forfeited ₹ 1600/- (₹ 1600/-)	-	-
	257.88	257.88

\*1 Before the Approval of Scheme of Arrangement in 2003, Issued Share Capital includes:-

- 562,315 Equity Shares of ₹ 10/-each allotted as fully paid up Bonus Shares by capitalisation of General Reserve and Preference Capital Redemption Reserve.
- 9,390,001 Equity Shares of ₹ 10/- each fully paid issued, pursuant to amalgamation, to the Shareholders of erstwhile Triveni Engineering & Industries Ltd.

\*2 124,728,090 Equity Shares of ₹ 1/- each allotted as fully paid up Bonus Shares by capitalisation of Share Premium Account.

	01.10.2010	ADDITIONS	DEDUCTIONS	30.09.2011
<b>2. RESERVES &amp; SURPLUS</b>				
Capital Reserve	1,048.29	284.29 *2	-	1,332.58
Revaluation Reserve - Fixed Assets	162.14	-	3.25 *1	158.89
Debenture Redemption Reserve	150.00	50.00 *1	-	200.00
Molasses Storage Fund Reserve	16.89	3.87 *1	-	20.76
Share Premium Account	2,653.85	-	-	2,653.85
General Reserve	5,312.83	64.95 *3	-	5,377.78
Surplus in Profit & Loss Account	175.28	182.24 *1	175.28 *1	182.24
Capital Redemption Reserve	39.74	-	-	39.74
Amalgamation Reserve	92.64	-	-	92.64
	9,651.66	585.35	178.53	10,058.48

\*1 Transfer from/to Profit & Loss Account.

\*2 Represents excess of liabilities over assets of Demerged Undertaking as per the Scheme of Arrangement. (Refer Note No. 6(d) of Schedule 25.)

\*3 Includes ₹ 55.15 Million arising on re-assessment of deferred tax assets and liabilities as on Oct 01,2010, as per the Scheme of Arrangement. (Refer Note No. 6(c) of Schedule 25) and ₹ 9.80 Million transferred from Profit & Loss Account.

As At	30.09.2011	30.09.2010
<b>3. SECURED LOANS</b>		
Debenture *1	1,000.00	1,000.00
From Banks -		
Cash Credit/WCDL/Overdraft *2	2,297.13	2,436.08
Term Loans *3 & *4	3,709.90	4,471.80
From Others *5	534.36	601.87
	7,541.39	8,509.75

## SCHEDULES TO ACCOUNTS (Contd.)

- \*1 1,000 (1,000) Non-Convertible Debentures of ₹ 1.00 Million each privately placed in favour of Life Insurance Corporation of India redeemable in three instalments at the end of 4th, 5th and 6th year in the ratio of 30:30:40 from the date of allotment (viz 26th December 2008) and secured by first pari-passu charge created/to be created by equitable mortgage on immoveable assets and hypothecation of all moveable assets, both present and future of the Company subject to bankers prior charges created/ to be created on current assets for providing working capital facilities and excluding assets purchased under vehicle loan scheme. Due within one year ₹ Nil (₹ Nil).
- \*2 Secured by pledge/hypothecation of the stock-in-trade, raw material, stores & spare parts, work-in-progress and receivables and second charge created/to be created on the properties of all the Engineering units and third charge on the properties of Sugar, Co Generation and Distillery units of the Company on pari -passu basis. Includes ₹ Nil (₹ 200.00 Million) towards Commercial Paper issued.
- \*3 Includes
- (a) ₹ 20.21 Million (₹ 218.21 Million) in respect of External Commercial Borrowings and secured by first pari-passu charge created/to be created by equitable mortgage on immoveable fixed assets and hypothecation of all moveable fixed assets, both present & future of the Company excluding assets purchased under vehicle loan scheme. Due within one year ₹ 20.21 Million (₹ 200.83 Million).
- (b) ₹ 3,472.88 Million (₹ 3,531.76 Million) secured by first pari-passu charge created/to be created by equitable mortgage on immoveable assets and hypothecation of all moveable assets, both present and future of the Company subject to bankers prior charges created/to be created on current assets for providing working capital facilities and excluding assets purchased under vehicle loan scheme. Due within one year ₹ 894.45 Million (₹ 1,114.42 Million).
- (c) ₹ 207.61 Million (₹ 719.26 Million) secured by subservient/residual charge created/to be created over the assets of the Company. Due within one year ₹ 207.61 Million (₹ 508.90 Million).
- (d) ₹ 9.20 Million (₹ 2.57 Million) secured by hypothecation of vehicles acquired under vehicle loan scheme. Due within one year ₹ 3.50 Million (₹ 1.19 Million).
- \* 4 Upon demerger of the steam turbine undertaking of the Company and its vesting in Triveni Turbine Ltd. under a Scheme of Arrangement, pending execution of necessary documents and modification of charge, the term loans extended to the Company, as above, as well as those transferred to Triveni Turbine Ltd. relating to the steam turbine undertaking (₹ 444.23 Million outstanding as on 30.09.2011) are secured, as mentioned above, against the assets of the Company.
- \* 5 ₹ 534.36 Million (₹ 601.87 Million) due to Sugar Development Fund, Government of India, secured by exclusive second charge created over moveable/immoveable assets of Deoband & Khatauli units. Due within one year ₹ 155.83 Million (₹ 157.28 Million).

As At	(₹ in Million)	
	30.09.2011	30.09.2010
<b>4. UNSECURED LOANS</b>		
Fixed Deposits	15.32	36.24
Short Term Loan :-		
From Banks	623.89	663.02
From Others	23.61	31.25
Other Loans & Advances :-		
From Others	54.53	101.31
	<b>717.35</b>	<b>831.82</b>

## SCHEDULES TO ACCOUNTS (Contd.)

### 5. FIXED ASSETS

(₹ in Million)

	GROSS BLOCK					DEPRECIATION					NET BLOCK	
	As at 01.10.2010	Less: Trfd Pursuant to Scheme of Arrangement	Additions	Deductions/ Adjustments	As at 30.09.2011	Upto 30.09.2010	Less: Trfd Pursuant to Scheme of Arrangement	For the Year *3	Deductions/ Adjustments	Upto 30.09.2011	As at 30.09.2011	As at 30.09.2010
Land - (Free Hold)*1	506.29	36.42	-	0.11	469.76	-	-	-	-	-	469.76	506.29
Land - (Lease Hold)	39.08	-	-	-	39.08	0.01	-	2.39	-	2.40	36.68	39.07
Buildings & Roads *2	2,861.82	332.58	79.24	2.02	2,606.46	406.36	47.41	70.33	1.13	428.15	2,178.31	2,455.46
Railway Siding	0.02	-	-	-	0.02	0.02	-	-	-	0.02	-	-
Plant & Machinery	12,867.08	959.49	264.91	12.88	12,159.62	3,926.67	183.11	674.65	9.03	4,409.18	7,750.44	8,940.41
Furniture & Fixture	182.54	67.20	9.20	5.20	119.34	67.45	14.63	7.15	0.27	59.70	59.64	115.09
Computers	155.54	49.16	8.60	1.52	113.46	97.18	31.62	12.57	1.76	76.37	37.09	58.36
Vehicles	56.36	5.74	12.04	7.44	55.22	25.52	3.14	4.54	4.28	22.64	32.58	30.84
<b>This Year</b>	<b>16,668.73</b>	<b>1,450.59</b>	<b>373.99</b>	<b>29.17</b>	<b>15,562.96</b>	<b>4,523.21</b>	<b>279.91</b>	<b>771.63</b>	<b>16.47</b>	<b>4,998.46</b>	<b>10,564.50</b>	<b>12,145.52</b>
Previous Year	16,101.06	-	624.52	56.85	16,668.73	3,701.67	-	847.90	26.36	4,523.21	12,145.52	-
<b>Capital Work in Progress*4</b>											<b>172.95</b>	<b>223.24</b>

#### Includes:

\*1 Land costing ₹ 41.69 Million (₹ 41.69 Million) pending transfer in the name of the Company

\*2 'Cane yard outside' not owned by the Company costing ₹ 3.29 Million (₹ 3.29 Million)

\*3 Transferred to Revaluation Reserve ₹ 3.25 Million (₹ 3.25 Million).

\*4 Advance against capital expenditure ₹ 78.55 Million (₹ 85.72 Million)

### 5A. INTANGIBLE ASSETS (OTHER THAN INTERNALLY GENERATED)

(₹ in Million)

	GROSS BLOCK					DEPRECIATION					NET BLOCK	
	As at 01.10.2010	Less: Trfd Pursuant to Scheme of Arrangement	Additions	Deductions/ Adjustments	As at 30.09.2011	Upto 30.09.2010	Less: Trfd Pursuant to Scheme of Arrangement	During the Year	Deductions/ Adjustments	Upto 30.09.2011	As at 30.09.2011	As at 30.09.2010
Computer Software	208.81	79.37	27.25	8.49	148.20	157.78	69.35	32.71	8.48	112.66	35.54	51.03
Designs & Drawings	43.16	43.16	-	-	-	22.07	22.07	-	-	-	-	21.09
Technical Know How	3.08	-	-	-	3.08	2.35	-	0.51	-	2.86	0.22	0.73
<b>This Year</b>	<b>255.05</b>	<b>122.53</b>	<b>27.25</b>	<b>8.49</b>	<b>151.28</b>	<b>182.20</b>	<b>91.42</b>	<b>33.22</b>	<b>8.48</b>	<b>115.52</b>	<b>35.76</b>	<b>72.85</b>
Previous Year	244.03	-	16.35	5.33	255.05	143.46	-	44.07	5.33	182.20	72.85	-

Note: Intangible assets have not incurred any impairment during the year.

## SCHEDULES TO ACCOUNTS (Contd.)

(₹ in Million)

As At	30.09.2011	30.09.2010
<b>6. INVESTMENTS</b>		
<b>LONG TERM</b>		
OTHER THAN TRADE		
<b>GOVERNMENT SECURITIES</b>		
<b>UNQUOTED</b>		
National Saving Certificates *1	0.01	0.01
<b>OTHER SECURITIES</b>		
<b>SHARES - Fully paid-up</b>		
<b>QUOTED</b>		
13,500 (13,500) Equity shares of ₹ 2/- each of Housing Development Finance Corporation Ltd	0.02	0.02
2,500 (500) Equity shares of ₹ 2/- (₹ 10/-) each of HDFC Bank Ltd.	0.01	0.01
4,835 (4,835) Equity shares of ₹ 10/- each of Punjab National Bank	0.23	0.23
76 (76) Equity shares of ₹ 10/- each of Central Bank of India	0.01	0.01
<b>UNQUOTED</b>		
1,821 (1,821) Ordinary shares of ₹ 10/- each of NBI Industrial Finance Co. Ltd.	0.01	0.01
<b>TRADE</b>		
<b>OTHER SECURITIES</b>		
<b>UNQUOTED</b>		
<b>SHARES - Fully paid-up</b>		
<b>SUBSIDIARY COMPANIES (Wholly owned)</b>		
Nil (100,000,000) Equity shares of ₹ 1/- each of Triveni Turbine Ltd. *2	-	100.01
50,000 (50,000) Equity shares of ₹ 10/- each of Upper Bari Power Generation Ltd	0.50	0.50
500,000 (500,000) Equity shares of ₹ 1/-each of Triveni Engineering Ltd.	0.50	0.50
500,000 (500,000) Equity shares of ₹ 1/-each of Triveni Energy Systems Ltd.	0.50	0.50
Nil (50,000) Equity Shares of ₹ 10/- each of GE Triveni Ltd *3	-	0.50
<b>OTHER COMPANIES</b>		
434,730 (434,730) Equity shares of ₹ 10/- each of Triveni Entertainment Ltd	4.35	4.35
99,993 (99,993) Equity shares of ₹ 10/- each of The Engineering & Technical Services Ltd	1.00	1.00
400,060 (400,060) Equity shares of ₹ 10/- each of TOFSL Trading & Investments Ltd	4.00	4.00
72,000,000 (Nil) Equity shares of ₹ 1/- each of Triveni Turbine Ltd. *2	72.00	-
2,800,000 (Nil) Preference shares of ₹ 10/- each of Triveni Turbine Ltd. *2	28.00	-
	<b>111.14</b>	<b>111.65</b>
Less: Provision for Diminution in value of Long Term Investments - Trade	0.89	-
	<b>110.25</b>	<b>111.65</b>
<b>Book Value</b>		
Aggregate amount of quoted investments	0.26	0.26
Aggregate amount of unquoted investments	110.88	111.39
	<b>111.14</b>	<b>111.65</b>
<b>Market value of quoted investments</b>	<b>14.44</b>	<b>17.41</b>

\*1 Includes ₹ 0.01 Million (₹ 0.01 Million) kept as security.

\*2 Pursuant to the Scheme of Arrangement :

- Company ceased to be a Subsidiary.

- Part of Investment in Equity Capital converted into Preference Share Capital.

\*3 Transferred to Resulting Company pursuant to the Scheme of Arrangement.

## SCHEDULES TO ACCOUNTS (Contd.)

As At	30.09.2011	30.09.2010
(₹ in Million)		
<b>7. INVENTORIES</b>		
Patterns	4.33	12.85
Loose Tools, Jigs & Fixtures	2.72	15.93
Stocks		
- Stores & Spares	319.47	303.64
- Finished Goods	3,396.02	3,557.68
- Raw Materials & Components *	158.75	542.46
Less : Provision for obsolescence/slow moving stock	(9.09)	(6.59)
- Work-in-Progress	52.35	473.93
- Scrap	11.19	11.72
	<b>3,935.74</b>	<b>4,911.62</b>
* Includes Stock in Transit ₹ 3.53 Million (₹ 2.88 Million)		
<b>8. SUNDRY DEBTORS - (Unsecured)</b>		
Over Six Months		
Considered Good	580.93	516.38
Considered Doubtful	117.87	105.77
	698.80	622.15
Less : Provision for doubtful debts	117.87	105.77
	580.93	516.38
Other Debts - Considered Good *	1,343.52	2,273.35
	<b>1,924.45</b>	<b>2,789.73</b>
* Includes ₹ 90.32 Million (₹ Nil) due from Triveni Turbine Ltd, a company under the same management.		
<b>9. CASH AND BANK BALANCES</b>		
Cash, Stamps & Cheques in hand *1	59.38	23.99
Balance with Post Office in		
- Saving Account *2	0.14	0.08
Balance with Scheduled Banks in		
- Current Accounts	51.34	114.02
- Savings Accounts	0.07	0.07
- Fixed and Margin Deposits *3	43.77	51.59
Balance with other than Scheduled Banks in		
- Current Accounts (Refer Note:24 of Schedule 25)	0.18	0.99
- Fixed Deposits (Refer Note:24 of Schedule 25)	0.42	-
	<b>155.30</b>	<b>190.74</b>
*1 Includes Cheques in hand of ₹ 56.70 Million (₹ 16.43 Million) and Stamps in hand ₹ 0.02 Million (₹ 0.07 Million)		
*2 Lying with Government Department as security.		
*3 Includes deposits of ₹ 33.80 Million (₹ 30.93 Million) kept as security with banks/Government against advances and guarantees.		
<b>10. OTHER CURRENT ASSETS</b>		
Interest accrued on deposits and investments	6.23	5.12
Due from Customers (Construction and project related activity)	1,065.14	452.43
	<b>1,071.37</b>	<b>457.55</b>

## SCHEDULES TO ACCOUNTS (Contd.)

As At	30.09.2011	30.09.2010
(₹ in Million)		
<b>11. LOANS AND ADVANCES</b>		
(Unsecured, Considered Good unless otherwise stated)		
Due from Subsidiary Companies (Wholly Owned)		
- Considered Good	0.03	170.73
- Considered Doubtful	1.25	-
	1.28	170.73
Less : Provision for doubtful advances	1.25	-
	0.03	170.73
Advances, pre-payments and other recoverable in cash or in kind or for value to be received		
- Considered Good *1	2,945.29	2,937.25
- Considered Doubtful	162.90	154.51
	3,108.19	3,091.76
Less : Provision for doubtful advances	162.90	154.51
	2,945.29	2,937.25
Balances with Central Excise, Custom etc,	367.25	390.60
MAT Credit Entitlement	384.98	344.32
Advance Payment of Tax *2	266.97	177.85
	<b>3,964.52</b>	<b>4,020.75</b>
*1 Includes ₹ 179.21 Million (₹ Nil) due from Triveni Turbine Ltd, a company under the same management.		
*2 Net after adjustment of Provision for Taxation of ₹ 141.74 Million (₹ 100.63 Million)		
<b>12. LIABILITIES</b>		
Trade & Other Creditors		
i. Total outstanding dues to Micro Enterprises and Small Enterprises	0.68	27.59
ii. Total outstanding dues of Creditors other than Micro Enterprises and Small Enterprises *	1,532.41	2,323.70
Advance from customers	286.47	1,489.21
Unclaimed Preference Share Redemption	8.82	8.49
Investors Education & Protection Fund shall be credited by the following amounts (not due as at the year end)		
- Unclaimed Dividend	1.64	1.77
- Unclaimed Matured Deposits	2.78	3.69
- Interest Accrued on above	0.70	1.09
Interest Accrued but Not Due	113.09	119.25
	<b>1,946.59</b>	<b>3,974.79</b>
* Includes Due to Directors ₹ 5.05 Million (₹ 2.33 Million)		
<b>13. PROVISIONS</b>		
Proposed Dividend	51.58	90.26
Income Tax on Distributed Profits	8.37	14.99
Gratuity	149.72	204.72
Warranty	67.03	96.05
Provision against Foreign Exchange Derivatives Loss	63.12	-
Compensated Absences	80.67	104.72
Provision for Cost to Completion for construction contracts	4.20	-
Excise Duty on Closing Stock	143.52	160.02
Others	6.30	94.86
	<b>574.51</b>	<b>765.62</b>

## SCHEDULES TO ACCOUNTS (Contd.)

		(₹ in Million)	
For the Year Ended		30.09.2011	30.09.2010
<b>14. GROSS SALES &amp; OTHER OPERATING INCOME</b>			
- Domestic		17,529.03	22,552.92
- Exports		182.28	775.06
- Export Incentives		0.63	12.95
- Income from Carbon Credit		-	99.86
		<b>17,711.94</b>	<b>23,440.79</b>
<b>15. OTHER INCOME</b>			
Dividend (Gross)			
- Long Term Investments - Other than Trade	0.24		0.21
- Current Investments - Other than Trade	-	0.24	6.38
Rent		3.56	1.64
Interest received on deposits and other accounts *1		23.75	45.38
Credit Balances/Amount written back *2		12.60	54.66
Liquidated Damages/Others Recovered		-	29.46
Excess Provision of Expenses Written Back		12.94	7.47
Exchange Rate Fluctuation Gains		24.73	36.81
Provision for Bad & Doubtful Debts/Advances Written Back		-	8.14
Provision for Slow/Non Moving Inventory Written Back		-	0.10
Miscellaneous		123.72	62.73
		<b>201.54</b>	<b>252.98</b>
*1 Income tax deducted at source ₹ 2.05 Million (₹ 2.57 Million).			
*2 Net of Bad Debts & Amount Written off of ₹ 6.81 Million (₹ 9.51 Million)			
<b>16. INCREASE/(DECREASE) IN WORK-IN-PROGRESS/FINISHED GOODS</b>			
Stock At Commencement			
- Work-In-Progress	473.93		
Less: Transferred pursuant to the Scheme of Arrangement	432.82	41.11	422.56
- Finished Goods	3,556.80		
Less: Transferred pursuant to the Scheme of Arrangement	18.22	3,538.58	1,774.53
		<b>3,579.69</b>	<b>2,197.09</b>
Stock At Close			
- Work-In-Progress		52.35	473.93
- Finished Goods		3,394.23	3,556.80
		<b>3,446.58</b>	<b>4,030.73</b>
Add/(Less): Impact of Excise Duty on Finished Goods		16.50	(42.05)
Net Increase/(Decrease)		<b>(116.61)</b>	<b>1,791.59</b>
<b>17. MATERIALS</b>			
Raw Material & Components			
Stock at Commencement	542.46		
Less: Transferred pursuant to the Scheme of Arrangement	368.17	174.29	2,075.93
Purchases		11,497.22	16,668.30
		<b>11,671.51</b>	<b>18,744.23</b>
Less : Stock at Close		158.75	542.46
		<b>11,512.76</b>	<b>18,201.77</b>
Cost of Trading Goods Sold			
Stock at Commencement		0.88	1.09
Purchases		405.80	19.63
		<b>406.68</b>	<b>20.72</b>
Less : Stock at Close		1.79	0.88
		<b>404.89</b>	<b>19.84</b>
		<b>11,917.65</b>	<b>18,221.61</b>



## SCHEDULES TO ACCOUNTS (Contd.)

(₹ in Million)

For the Year Ended	30.09.2011	30.09.2010
<b>18. MANUFACTURING / OPERATING</b>		
Stores, Spares & Tools	221.34	289.68
Power & Fuel	236.81	181.25
Machining/Erection Charges	226.12	244.02
Designing & Consultancy	4.77	29.56
Cane Development Expenses	81.97	56.86
Repairs & Maintenance:		
- Plant & Machinery	295.87	268.29
- Building	24.07	28.24
- General	19.96	28.71
Factory/Operational Expenses	68.82	64.33
Packing & Forwarding	167.07	197.61
	<b>1,346.80</b>	<b>1,388.55</b>
<b>19. PERSONNEL</b>		
Salaries, Wages & Bonus	1,049.40	1,345.35
Compensation under VRS	38.23	44.98
Gratuity	34.13	60.55
Contribution to Provident & Other Funds	89.69	109.47
Welfare	66.91	97.41
	<b>1,278.36</b>	<b>1,657.76</b>
<b>20. ADMINISTRATION</b>		
Travelling & Conveyance	109.68	158.86
Rent	39.95	38.49
Insurance	14.14	16.38
Rates & Taxes	62.25	51.39
Directors' Fee	1.12	1.25
Directors' Commission	0.90	5.75
Loss on Sale/Write off of Fixed Assets	2.20	0.35
Loss on Sale/Write off of Stores & Spares	0.55	-
Provision for Loss on Foreign Exchange Derivatives	63.12	-
Provision for Bad & Doubtful Debts/Advances	45.60	-
Provision for Cost to Completion on construction contracts	4.20	-
Warranty Expenses *1	19.86	35.78
Liquidated Damages *2	-	(19.00)
Provision against Investments (Long Term Trade) in Subsidiary Companies	0.89	-
Provision for Slow/Non Moving Inventory	2.50	-
Office & Other Administration Expenses	271.86	353.45
	<b>638.82</b>	<b>642.70</b>

\*1 Includes Net Provision for Warranty Expenses of ₹ 19.74 Million (₹ 23.94 Million)

\*2 Represents Provision for Liquidated Damages Written Back Net of Expenses ₹ Nil (₹ 3.79 Million)

## SCHEDULES TO ACCOUNTS (Contd.)

	(₹ in Million)	
For the Year Ended	30.09.2011	30.09.2010
<b>21. FINANCING</b>		
Interest on		
- Debentures	124.50	124.50
- Fixed Loans	432.48	502.07
- Others	378.87	197.70
Other Finance charges	10.70	21.62
	946.55	845.89
Add : Exchange Rate Fluctuation on Foreign Currency Denominated Loan	0.01	3.75
	946.56	849.64
<b>22. SELLING</b>		
Commission	52.20	76.49
Royalty	24.71	24.86
Packing & Forwarding	88.45	130.81
Rebate & Discount	26.12	7.43
After Sales Expenses & Others	23.59	20.13
	215.07	259.72
<b>23. AMORTISATION</b>		
Voluntary Retirement Scheme	-	13.01
Capitalised Lease Assets	12.78	13.49
Intangible Assets	33.22	44.07
	46.00	70.57
<b>24. PROVISION FOR TAXATION</b>		
For Current Year		
- Current Tax	41.81	236.31
(includes Wealth Tax ₹ 0.75 Million (Previous Year ₹ 0.75 Million))		
- Deferred Tax	(49.47)	123.55
	(7.66)	359.86
For Earlier Years (Net)		
- Current Tax	0.21	(18.42)
(includes Wealth Tax ₹ 0.03 Million (Previous Year ₹ Nil))		
- Deferred Tax	-	11.34
	0.21	(7.08)
	(7.45)	352.78
Less: MAT Credit Entitlement	40.66	88.03
	(48.11)	264.75

## SCHEDULES TO ACCOUNTS (Contd.)

### 25. NOTES TO ACCOUNTS

#### 1. SIGNIFICANT ACCOUNTING POLICIES

##### A) Basis of preparation of Financial Statements

These financial statements have been prepared on a going concern basis to comply in all material respects with the applicable accounting standards notified under section 211(3C) of the Companies Act, 1956 and the relevant provisions of the Companies Act, 1956.

##### B) Fixed Assets

- i. Fixed assets are stated at cost of acquisition (except in case of revaluation of certain assets where these are stated at revalued amounts) less accumulated depreciation. Cost includes taxes, duties (excluding excise duty, service tax and VAT for which Cenvat/VAT credit is available), freight and other incidental expenses relating to acquisition and installation. In respect of new projects, all direct expenses including borrowing costs incurred upto the date of commencement of commercial production or when related asset is put to use are capitalized.
- ii. Discarded fixed assets are stated at lower of net book value (at the time of discarding of assets) and net realisable value. Wherever, the net book value of the assets can not be reasonably determined, it is stated at net realisable value.

##### C) Recognition of Income/Expenditure

- i. Income from sale of products and services is recognised on despatch of goods or when the services are rendered and includes income from third party exports and export incentives. Gross sales are stated at contractual realisable values inclusive of excise duty and are net of sales tax and trade discounts.
- ii. Income from carbon credits is recognized on the delivery of the carbon credits to the customers' account as evidenced by the receipt of confirmation of execution of delivery instructions.
- iii. Revenue from fixed price construction contracts is recognized on the percentage of completion method, measured by the proportion that contract costs incurred for work performed upto the reporting date bear to the estimated total contract cost. Contract costs for this purpose include :
  - a. Costs that relate directly to the specific contract;
  - b. Costs that are attributable to contract activity in general and can be allocated to the contract; and
  - c. Such other costs as are specifically chargeable to the customer under the terms of contract.

Foreseeable losses, if any, are provided for immediately.
- iv. Off-season expenses relating to sugar and bagasse based co-generation units, other than interest, selling and non-operating expenses/income incurred/earned during off-

season, are deferred and are absorbed over the duration of the ensuing operating season.

- v. Income/Expenditure relating to prior periods and prepaid expenses which do not exceed ₹ 10,000/- in each case, are treated as Income/Expenditure of current year.

##### D) Foreign Currency Transactions

- i. Transactions denominated in foreign currencies are recorded at the exchange rate prevailing at the date of transaction.
- ii. Foreign currency monetary items (including forward contracts) are translated at year end rates. Exchange differences arising on settlement of transactions and translation of monetary items (including forward contracts) are recognised as income or expense in the year in which they arise.
- iii. The premium or discount on forward exchange contracts not relating to firm commitments or highly probable forecast transactions and not intended for trading or speculative purposes is amortised as expense or income over the life of the contracts.
- iv. In respect of derivative contracts relating to firm commitments or highly probable forecast transactions, provision is made for mark to market losses, if any, at the balance sheet date. Gains, if any, on such transactions are not recognized till settlement.

##### E) Inventories

- i. Inventories of raw materials, components, stores and spares are valued at lower of cost and net realisable value. By-products used as raw material are valued at transfer cost. Cost for the purpose of valuation of raw materials and components, stores and spares is considered on the following basis :

##### Raw Materials & Components

Manufacturing Units	Basis
Sugar	First in first out
Gears, Co-generation & Distillery	Weighted Average
Water Business Group	Specific Cost

##### Stores and Spares

Manufacturing Units	Basis
Water Business Group	Specific Cost
Other Units	Weighted Average

- ii. Finished goods and Work-in-progress are valued at lower of cost and net realisable value. The cost of finished goods and work-in-progress includes raw material costs, direct cost of conversion and proportionate allocation of indirect costs incurred in bringing the inventories to their present location and condition. Excise duty is included in the value of finished goods.

## SCHEDULES TO ACCOUNTS (Contd.)

- iii. Patterns, Loose tools, Jigs and Fixtures are written-off equally over three years.
- iv. By-products (excluding those used as raw materials) and scrap are valued at estimated net realisable value.

### F) Depreciation

- i. Depreciation on fixed assets is provided on the straight line method at the rates specified in Schedule XIV of the Companies Act, 1956 other than the following assets which are depreciated at higher rates on the straight line basis over their estimated useful economic life as follows:

Particulars	Rates adopted
a) Plant & Machinery used in Co-Generation Plants (including captive Co-Generation Plants) installed after 1.4.2004	6.33%
b) Mobile phone costing above ₹ 5,000/-	50%
c) Certain assets relating to cane development	40%

- ii. Cost of Leasehold Land is amortised over the lease period.
- iii. Fixture and Fittings and improvements to leasehold buildings not owned by the Company are amortised over the lease period or estimated useful life of such fixture, fittings and improvements, whichever is lower.
- iv. The additional depreciation on increase in cost on account of revaluation of certain assets, is adjusted against the Revaluation Reserve and is thus not charged to Profit & Loss Account for the year.

### G) Research & Development

Revenue expenditure on research & development is charged under respective heads of account. Capital expenditure on research and development is included as part of cost of fixed assets and depreciated on the same basis as other fixed assets.

### H) Investments

Investments are valued at cost inclusive of expenses incidental to their acquisition. Long term investments are carried at cost. Provision is made for diminution in value, if such diminution is, in the opinion of the management, other than temporary in nature. Current investments are valued at lower of cost and fair value.

### I) Employee Benefits

#### i. Short Term Employee Benefits:

All employee benefits payable wholly within 12 months after the end of the period in which the employees render the related services are classified as short term employee benefits and are recognized as expense in the period in which the employee renders the related service. The Company recognizes the undiscounted amount of short term employee benefits expected to be paid (including

compensated absences) in exchange for services rendered as a liability.

#### ii. Long Term Employee Benefits:

##### a). Defined Contribution Plans

Defined contribution plans are retirement benefit plans under which the Company pays fixed contributions to separate entities (funds) or financial institutions or state managed benefit schemes. The Company's contribution to defined contribution plans is recognized in the Profit & Loss account in the financial year to which they relate.

The Company operates the following defined contribution plans.

- Provident Fund Plan & Employee Pension Scheme:

The Company makes specified monthly contributions towards Employee Provident Fund/ Employee Pension Scheme to fund administered and managed by the Government of India / funds (set up by the Company and administered through Trusts). The Company has an obligation to make good the shortfall, if any, between the return on investments of the Trusts and notified interest rate.

- Employee State Insurance

The Company makes specified monthly contributions towards Employees State Insurance Scheme.

- Superannuation Scheme

The Company has taken Group Superannuation Policies with Life Insurance Corporation of India for superannuation payable to specific employees. Contribution towards aforesaid fund is charged to the Profit & Loss account in the financial year to which it relates.

##### b). Defined Benefit Plans

Defined benefit plans are retirement benefit plans under which the Company pays certain defined benefits to the employees at the time of their retirement/ resignation/ death based on rules framed for such schemes. Company operates following defined benefit plans:

- Gratuity

The Company provides for gratuity obligations through a defined benefit retirement plan (the 'Gratuity Plan') covering all employees. The Gratuity Plan provides a lump sum payment to vested employees at retirement or termination of employment based on the respective employee salary and years of employment with the Company. The Company provides for its liability under the Gratuity Plan based on actuarial valuation.

- Earned Leaves / Sick Leaves

The Company provides for the liability at year end on account of unavailed accumulated leaves on the basis of actuarial valuation.

## SCHEDULES TO ACCOUNTS (Contd.)

### iii. Employee Stock Options:

Compensation cost in respect of stock options granted to eligible employees is recognised using the intrinsic value of the stock options and is amortised over the vesting period of such options granted.

### J) Borrowing costs

Borrowing costs attributable to the acquisition of qualifying assets are capitalised upto the period such assets are ready for its intended use. All other borrowing costs are charged to Profit & Loss Account.

### K) Government Grants

Recognition

Government grants are recognised where:

- i. There is reasonable assurance of complying with the conditions attached to the grant.
- ii. Such grant/benefit has been earned and it is reasonably certain that the ultimate collection will be made.

Presentation in Financial Statements:

- i. Government grants relating to specific fixed assets are adjusted with the value of the fixed assets.
- ii. Government grants in the nature of promoters' contribution, i.e. which have reference to the total investment in an undertaking or by way of contribution towards total capital outlay, are credited to capital reserve.
- iii. Government grants related to revenue items are either adjusted with the related expenditure/revenue or shown under "Other Income", in case direct linkage with cost/income is not determinable.

### L) Accounting for assets acquired under lease

In respect of plant & machinery acquired on lease before 1st April 2001, the principal value of the lease (including sale value on the expiry of lease), representing fair value of the assets, is amortised over technically estimated lives of such assets and unamortised value of such lease rentals are stated separately under "Fixed Assets". Lease rentals of other assets, acquired before 1st April 2001 are charged off in the period in which these accrue.

### M) Taxes on Income

- i. Current tax on income is determined on the basis of taxable income computed in accordance with the applicable provisions of the Income Tax Act, 1961.
- ii. Deferred tax is recognised for all timing differences between the accounting income and the taxable income for the year, and quantified using the tax rates and laws enacted or substantively enacted as on the Balance Sheet date.
- iii. Deferred tax asset is recognised and carried forward only to the extent that there is a reasonable certainty that

sufficient future taxable income will be available against which such deferred tax assets can be realized, except in the case of unabsorbed depreciation or carry forward of losses under the Income Tax Act, 1961, deferred tax asset is recognized only to the extent that there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realized.

- iv. Minimum Alternate Tax (MAT) credit is recognized as an asset only when and to the extent there is convincing evidence that the Company will be in a position to avail of such credit under the provisions of the Income Tax Act, 1961.

### N) Intangible Assets

Intangible assets are recognised as per the criteria specified in Accounting Standard (AS) 26 "Intangible Assets" and are amortised on straight line basis as follows:

	Period of amortization
Computer Software	36 months
Design & Drawings	72 months
Technical Know-how fees	72 months

### O) Impairment of Asset

Impairment of individual assets/cash generating unit (a group of assets that generates identified independent cash flows) is identified using external and internal sources of information and impairment loss if any, is determined and recognised in accordance with the Accounting Standard (AS) 28 "Impairment of Assets".

### P) Provisions, Contingent liabilities and Contingent assets

Provisions are recognised for liabilities that can be measured only by using a substantial degree of estimation, if

- i) the Company has a present obligation as a result of a past event.
- ii) a probable outflow of resources is expected to settle the obligation and
- iii) the amount of the obligation can be reliably estimated.

Reimbursement expected in respect of expenditure required to settle a provision is recognised only when it is virtually certain that the reimbursement will be received.

Contingent Liability is disclosed in the case of

- i) a present obligation arising from a past event, when it is not probable that an outflow of resources will be required to settle the obligation.
- ii) a possible obligation, unless the probability of outflow of resources is remote.

Contingent Assets are neither recognised nor disclosed.

## SCHEDULES TO ACCOUNTS (Contd.)

### 2. Contingent liabilities (to the extent not provided for)

#### a) Claims against the Company not acknowledged as debts

			(₹ in Million)	
			As on 30.09.2011	As on 30.09.2010
i)	Claims which are being contested by the Company and in respect of which the Company has paid amounts aggregating ₹ 65.14 Million (₹ 85.57 Million) under protest pending final adjudication of the cases:		273.32	249.50
	Sl. No.	Particulars	Amount of Contingent Liability	Amount Paid
	01.	Sales Tax	50.75 (48.00)	24.50 (22.98)
	02.	Excise Duty	137.54 (151.12)	35.42 (58.88)
	03.	Others	85.03 (50.38)	5.22 (3.71)
	The outflow arising from these claims is uncertain. Such outflow, if any, will be after adjusting likely reimbursement of ₹ Nil (₹ 12.02 Million) from customers.			
ii)	The Company is contingently liable in respect of short provision against disputed income tax liabilities of ₹ 458.75 Million (₹ 464.78 Million) against which ₹ 367.29 Million stands paid, mostly through adjustment and the balance amount has been stayed till disposal of first appeal. The disputed income tax liability includes ₹ 374.51 Million towards unrealized incentives. In the event such liability finally materialises, ₹ 353.61 Million will be adjusted against the corresponding capital reserve and if the incentives are ultimately not realized, a deduction from taxable income to that extent would be available to the Company in subsequent years.		458.75	464.78
iii)	Differential cane price for the sugar season 2007-08 pending disposal of the matter by the Hon'ble Supreme Court. As against price of ₹ 1250/MT advised by the State Government, the Company had accounted for and discharged its liability at ₹ 1100/MT in accordance with the interim order passed by the Supreme Court.		789.56	789.56
iv)	Statutory levies against which remission has been availed under U.P. Sugar Industry Promotion Policy 2004 issued by the State Government of Uttar Pradesh (refer note - 8(a))		247.92	173.55
v)	Indeterminate liability arising from claims / counter claims/ Interest in arbitration/ court cases, claims of some employees/ex-employees and in respect of service tax, if any, on certain activities of the Company which are being contested by the Company.			
b)	Guarantees/surety given on behalf of			
(i)	Subsidiary company		-	0.10
(ii)	Other companies		4.10	4.00

c) The amounts shown in item 2(a) represent the best possible estimates arrived at on the basis of available information. The uncertainties, possible payments and reimbursements are dependent on the outcome of the different legal processes which have been invoked by the Company or the claimants, as the case may be, and therefore can not be predicted accurately. The Company engages reputed professional advisors to protect its interests and has been advised that it has a strong legal position against such disputes.

The amounts shown in item 2(b) above represent guarantees given in the normal course of operations of

these companies and are not expected to result in any loss to the Company on the basis of such companies fulfilling their ordinary commercial obligations.

3. Advances recoverable in cash or in kind in schedule 11 "Loans & Advances" include

a) Due from the Company Secretary- ₹ 0.01 Million (₹ Nil). Maximum amount due at any time during the year ₹ 0.06 Million (₹ 0.04 Million).

b) ₹ Nil (₹ 0.02 Million) on account of Security Deposit paid to the Managing Director.

4. Estimated amount of Contracts remaining to be executed on capital account and not provided for :

## SCHEDULES TO ACCOUNTS (Contd.)

₹ 149.27 Million (₹ 295.51 Million) against which advances paid amounted to ₹ 78.55 Million (₹ 85.72 Million).

5. Under a Scheme of Arrangement (Scheme) sanctioned by the High Court of Judicature at Allahabad, under sections 391 to 394 of the Companies Act, 1956 between the Company, Triveni Turbine Ltd (TTL) and their respective shareholders and creditors, the Steam Turbine Business (Demerged Undertaking) of the Company has been demerged and vested with TTL retrospectively with effect from 1st October, 2010 (appointed date) as per the Scheme. The Demerged Undertaking has been vested with the TTL on a going concern basis along with all the assets and liabilities relating thereof. The said Scheme has become effective from 21st April, 2011 (effective date) and accordingly:
- The business and operations of the Demerged Undertaking were deemed to be demerged from the Company with retrospective effect from 1st October 2010.
  - The related assets and liabilities of the Demerged Undertaking, at the opening of business on 1st October 2010 were deemed to have been transferred from the Company to TTL with effect from that date at their respective book values.
  - The business of the Demerged Undertaking was deemed to have been carried out by the Company, in trust for and on behalf of TTL from the appointed date till the effective date.
  - The broad details of the assets and liabilities transferred from the Company and vested with TTL as at 1st October, 2010 are as under:

Particulars	(₹ in Million)	
	Amount	Amount
<b>ASSETS</b>		
Fixed Assets	1201.79	
Capital work in progress	15.07	
Total Fixed Assets		1216.86
Investments		0.50
Current Assets, Loans and Advances	1788.22	
Current Liabilities and Provisions	2513.42	
Net Current Assets		(-725.20)
Total Assets		492.16
<b>Loans</b>		
(a) Secured Loans	686.04	
(b) Unsecured Loans	90.41	
Total Loans		776.45
Excess of liabilities over assets		284.29

- Pending completion of procedural formalities, the titles to certain assets transferred and arising out of business conducted, could not, where necessary, be transferred in the name of TTL. Hence, the same are being held, in trust, by the Company.
6. The financials of the Company incorporate the effect of the demerger of the Demerged Undertaking of the Company and vesting of the same in TTL w.e.f. October 1, 2010. In accordance with the Scheme -
- 28,000,000 equity shares of ₹ 1/- each fully paid-up held by the company stands converted to 2,800,000 8% cumulative, redeemable preference shares of ₹ 10/- each fully paid-up.
  - 257,880,150 equity shares of ₹ 1/- each fully paid-up of TTL have been issued to the shareholders of the Company as per the prescribed allotment ratio in consideration for the transfer of the Demerged Undertaking.
  - In respect of the assets and liabilities pertaining to the Demerged Undertaking, the deferred tax assets and liability have been reassessed by the Company and consequently reduction in net deferred tax liability of ₹ 55.15 Million has been adjusted with General Reserve.
  - Excess of liabilities over assets transferred of ₹ 284.29 Million have been adjusted with Capital Reserve in accordance of the Scheme.
7. Pursuant to the Undertaking given by the Company to SEBI in connection with granting relaxation of Rule 19(2)(b) of the Securities Contracts (Regulation) Rules, 1957 for listing of equity shares of Triveni Turbine Limited (TTL), Company's investment in the equity shares of TTL will remain under a lock-in period upto November 29, 2014.
- The Company had, in respect of eligible projects, accounted for capital subsidy and remissions and reimbursement of certain statutory levies and expenses, in accordance with and as prescribed under U.P. Sugar Industry Promotion Policy 2004 ("Policy") issued by the State Government of Uttar Pradesh. Till September 30, 2010, the Company had accounted for recoverable incentives of ₹ 1,400.25 Million (including capital subsidy) and had availed of remissions of ₹ 173.55 Million under the Policy.
- On premature termination of the Policy by the State Government with effect from June 4, 2007, the Company has challenged the action of the State Government in withdrawing the said Policy and not granting the incentives to the Company, in the Lucknow Bench of the Allahabad High Court. Pending final adjudication in the matter, the High Court vide its interim order dated 09.05.2008 has permitted limited protection of remissions which were being enjoyed on the date when the Policy was revoked.

## SCHEDULES TO ACCOUNTS (Contd.)

The Company has been legally advised that it continues to be entitled to all the benefits under the Policy. However, during the current year, the Company has accounted for only remissions of ₹ 74.37 Million as permitted by the High Court in the interim order and further eligible reimbursements of ₹ 125.51 Million will be accounted for in accordance with the final order of the High Court.

b) The Company had availed of a loan amounting to ₹ 943.20 Million (₹ 943.20 Million) under the "Scheme for Extending Financial Assistance to Sugar Undertakings 2007" notified by the Government of India. Under the said scheme interest subvention @ 12% per annum is granted by the Government on such loan. The outstanding loan as at the end of the year amounts to ₹ 207.61 Million (₹ 719.26 Million)

9. The Company has made provisions for employee benefits in accordance with the Accounting Standard (AS) 15 "Employee Benefits". During the year, the Company has recognized the following amounts in its financial statements :

### i) Defined contribution plans

Particulars	(₹ in Million)	
	30.09.2011	30.09.2010
a) Employers' contribution to Provident Fund	74.47	87.93
b) Employers' contribution to Employee State Insurance	0.80	1.11
c) Employers' contribution to Superannuation Scheme	14.42	20.43

### ii) Defined Benefit Plans

Disclosures required by Accounting Standard (AS) 15 are given here-under:

Change in present value of obligation

	(₹ in Million)			
	Gratuity (Partly funded)		Compensated Absence (un-funded)	
	30.09.2011	30.09.2010	30.09.2011	30.09.2010
a) Present value of obligation as at the beginning of the year	286.07	251.80	88.06	66.86
b) Transferred to TTL as per the Scheme of Arrangement	-58.32	-	-19.60	-
c) Interest cost	23.39	20.63	7.27	5.52
d) Current service cost	20.52	22.20	10.36	13.44
e) Benefits paid	-33.19	-32.58	-6.24	-4.88
f) Actuarial (gain)/loss on obligation	-2.64	24.02	-12.67	7.12
g) Present value of obligation as at the end of the year	235.83	286.07	67.18	88.06

Change in the fair value of plan assets

	(₹ in Million)			
	Gratuity (Partly funded)		Compensated Absence (un-funded)	
	30.09.2011	30.09.2010	30.09.2011	30.09.2010
a) Fair value of the plan assets at the beginning of the period (1/4/2010)	81.35	76.04	-	-
b) Expected return on plan assets	6.51	6.03	-	-
c) Contributions	26.78	22.57	-	-
d) Benefits paid	-29.16	-23.55	-	-
e) Actuarial (gain)/loss on plan assets	0.63	0.26	-	-
f) Fair value of plan assets as at the end of the period (31/03/2011)	86.11	81.35	-	-



## SCHEDULES TO ACCOUNTS (Contd.)

Amounts recognized in balance sheet

(₹ in Million)

	Gratuity (Partly funded)		Compensated Absence (un-funded)	
	30.09.2011	30.09.2010	30.09.2011	30.09.2010
a) Present value of obligation as at the end of the period	235.83	286.07	67.18	88.06
b) Fair value of plan assets as at the end of the period	86.11	81.35	-	-
c) Funded status	-149.72	-204.72	-67.18	-88.06
d) Net assets/(liability) recognized in the balance sheet	-149.72	-204.72	-67.18	-88.06

Amounts recognized in the statement of profit & loss

(₹ in Million)

	Gratuity (Partly funded)		Compensated Absence (un-funded)	
	30.09.2011	30.09.2010	30.09.2011	30.09.2010
a) Current Service cost	20.52	22.20	10.36	13.44
b) Interest cost	23.39	20.63	7.26	5.52
c) Expected return of plan assets	-6.51	-6.03	-	-
d) Net actuarial (gain)/loss recognized during the period	-3.27	23.75	-12.67	7.12
e) Expenses recognized in the statement of profit & loss	34.13	60.55	4.95	26.08

Experience adjustment

(₹ in Million)

	Gratuity				Compensated Absence			
	30.09.2011	30.09.2010	30.09.2009	30.09.2008	30.09.2011	30.09.2010	30.09.2009	30.09.2008
Defined Benefit Obligation	235.83	286.07	251.80	226.53	67.18	88.06	66.86	45.73
Fair Value of Plan Assets	86.11	81.35	76.04	69.70	-	-	-	-
Surplus/ (Deficit)	-149.72	-204.72	-175.76	-156.83	-67.18	-88.06	-66.86	-45.73
Experience adjustment on plan liabilities	2.63	-27.39	-5.88	-	12.67	-8.92	-2.22	-
Experience adjustment on plan assets	0.63	-0.11	0.68	-	-	-	-	-

Expected contribution to the gratuity plan during next year ₹ 28.55 Million.

Major actuarial assumptions

(₹ in Million)

	Gratuity (Partly funded)		Compensated Absence (un-funded)	
	30.09.2011	30.09.2010	30.09.2011	30.09.2010
a) Discounting rate	8.25%	8.25%	8.25%	8.25%
b) Future salary increase	5.50%	5.50%	5.50%	5.50%
c) Expected rate of return on plan assets	8.00%	8.00%	N.A	N.A
d) Mortality table	LIC (1994-1996) duly modified			
e) Method used	Projected unit credit method			

## SCHEDULES TO ACCOUNTS (Contd.)

The estimates of future salary increase considered in actuarial valuation take account of inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

The entire plan assets of the gratuity fund are invested in fixed interest yielding securities & deposits. The expected rate of return on plan assets of the gratuity fund has been arrived at taking into consideration the prevalent returns on prescribed categories of investments authorized to be made by the fund.

10. Information in respect of construction contracts in progress is provided below.

		(₹ in Million)	
Sl. No.	Particulars	30.09.2011	30.09.2010
1.	Amount of contract revenue recognized as revenue in the year	1,431.27	1,231.49
2.	The aggregate amount of costs incurred and recognized profits (less recognized losses) upto the reporting date	3,194.04	1,762.77
3.	Advances Received	389.67	212.51
4.	Retentions	208.33	98.31
5.	Gross amount due from customers for contract work as an asset	1,065.14	452.43
6.	Gross amount due to customers for contract work as an liability	-	-

11. Plant and machinery at Deoband unit existing as on 1st November, 1986 was revalued during the financial year 1986-87. The revaluation had been conducted by an approved value, to reflect the assets at their present value. A property at Delhi, earlier held as stock in trade was revalued during the financial year 1999-00, at estimated market value and converted to fixed assets. The increase in the value of such assets over their book values, consequent to the revaluation, had been credited to revaluation reserve in the respective year of revaluation. The revalued assets are stated net of accumulated depreciation thereon.

12. Disclosures required under Accounting Standard (AS) 29 "Provisions, Contingent Liabilities and Contingent Assets" are as under:

i) Movement in provisions:

		(₹ in Million)			
Sl. No.	Particulars of Disclosures	Nature of Provision			
		Warranty		Liquidated Damages	
		30.09.2011	30.09.2010	30.09.2011	30.09.2010
1.	Opening Balance	96.05	83.93	91.12	113.91
2.	Less Transferred pursuant to Scheme of Arrangement	43.29	-	91.12	-
3.	Provision made during the year	20.03	41.25	-	24.43
4.	Provision utilized during the year	5.47	11.81	-	-
5.	Provision reversed no longer required	0.29	17.32	-	47.22
6.	Closing Balance	67.03	96.05	Nil	91.12

ii) Nature of provisions :

**Warranties :** The Company gives warranties on certain products and services, undertaking to repair the items that fail to perform satisfactorily during warranty period. Provision made as at the end of year represents the amount of the expected cost of meeting such as obligations of rectification/replacement. The timing of the outflows is expected to be within a period of one to two years.

## SCHEDULES TO ACCOUNTS (Contd.)

13. Pursuant to compliance of Accounting Standard (AS) 18 "Related Party Disclosures", the relevant information is provided here below:

a) Related party where control exists

i) Mr D.M. Sawhney, Chairman & Managing Director (Key Management Person).

ii) Wholly owned subsidiaries

Upper Bari Power Generation Private Limited

Triveni Engineering Limited

Triveni Energy Systems Limited

Triveni Turbine Limited \* 1

iii) Other Subsidiaries

GE Triveni Limited \* 1

\* 1. As a result of Scheme of Arrangement, ceased to be the subsidiaries of the Company w.e.f. October 1, 2010.

b) The details of related parties with whom transactions have taken place during the year:

i) Wholly owned Subsidiaries (Group A)

Upper Bari Power Generation Private Limited (UBPGL)

Triveni Engineering Limited (TEL)

Triveni Energy Systems Limited (TESL)

ii) Associates (Group B)

TOFSL Trading & Investments Limited (TOFSL)

The Engineering & Technical Services Limited (ETS)

Triveni Entertainment Limited (TENL)

Triveni Turbine Ltd. (TTL) \*2

\*2. As a result of the Scheme of Arrangement, became an associate of the Company w.e.f. October 1, 2010

iii) Key Management Personnel (Group C)

Mr D M Sawhney, Chairman & Managing Director (DMS)

Mr Tarun Sawhney, Joint Managing Director (TS)

iv) Relatives of Key Management Personnel (Group D)

Mrs Rati Sawhney (RS-Wife of DMS)

Mr Nikhil Sawhney (NS-Son of DMS) \*3

\*3. Ceased to be the Executive Director of the Company w.e.f. May 10, 2011 and thereafter continues as a Non Executive Director.

v) Companies/Parties in which key management personnel or their relatives have substantial interest/significant influence (Group E)

Kameni Upaskar Limited (KUL)

Tirath Ram Shah Charitable Trust (TRSCT)

c) Details of Transactions

# SCHEDULES TO ACCOUNTS (Contd.)

## c) Details of transactions with the related parties during the year ended 30.09.2011 :

Sl. No.	Nature of Transaction	Group - A				Group - B				Group - C			Group - D		Group - E		TOTAL
		TTL	UBPGL	TESL	TEL	GETL	TTL	TOFSL	ETS	TENL	DMS	TS	NS	RS	KUL	TR SCT	
1	Sales and Rendering Services	-	-	-	-	-	465.00	0.08	0.06	0.06	-	-	-	-	-	-	465.20
2	Purchases and receiving Services	(-)	(-)	(-)	(-)	(-)	(-)	(0.08)	(0.06)	(0.06)	-	-	-	-	-	-	(0.20)
3	Purchase of Fixed Assets	(1.63)	(-)	(-)	(-)	(-)	25.86	(-)	(-)	(-)	-	-	-	-	-	0.11	25.97
4	Rent Paid	(5.05)	(-)	(-)	(-)	(-)	0.23	(-)	(-)	(-)	-	-	-	-	-	0.23	(1.66)
5	Rent & Other Charges Recd.	(-)	(-)	(-)	(-)	(-)	-	(-)	(-)	(-)	1.80	-	-	-	-	5.40	(5.05)
6	Amount Advanced	(0.30)	(-)	(-)	(-)	(-)	2.40	(-)	(-)	(-)	(0.84)	-	-	-	3.60	-	5.40
7	Rebate & Discount Paid	(9.60)	(-)	(-)	(0.02)	(-)	450.35	(-)	(-)	(-)	-	-	-	-	(3.30)	-	(4.14)
8	Expenses incurred by the Company on behalf of party (net)	(0.21)	(-)	(-)	(-)	(1.51)	41.13	(-)	(-)	(-)	-	-	-	-	-	2.40	(0.30)
9	Interest Received	(-)	(-)	(-)	0.07	(-)	18.17	(-)	(-)	(-)	-	-	-	-	-	-	450.35
10	Interest Paid	(-)	(-)	(-)	(0.07)	(-)	-	(-)	(-)	(-)	-	-	-	-	-	-	(9.62)
11	Remuneration *	(-)	(-)	(-)	(-)	(-)	-	(-)	(-)	(-)	23.25	13.60	0.03	-	-	18.24	20.50
12	Refund against amount received on behalf of the party	(-)	(-)	(-)	(-)	(-)	-	(-)	(-)	(-)	(14.80)	-	-	-	-	-	(0.21)
13	Recoveries against leased accommodation	(-)	(-)	(-)	(-)	(-)	-	(-)	(-)	(-)	5.00	-	-	-	-	0.03	0.03
14	Investment in Shares	(-)	(-)	(-)	(-)	(-)	-	(-)	(-)	(-)	-	-	-	-	-	-	(0.03)
15	Sale of Investment in Shares	(-)	(-)	(-)	(-)	(0.50)	-	(-)	(-)	(-)	-	-	-	-	-	-	52.03
16	Provision against Investment/Advances	(-)	(-)	(-)	1.75	(-)	-	(-)	(-)	(-)	(38.15)	(14.80)	-	-	-	-	(68.21)
17	Charity & Donations	(-)	(-)	(-)	(-)	(-)	-	(-)	(-)	(-)	-	-	-	-	-	-	5.00
18	Outstanding balances as on 30.09.2011	(-)	(-)	(-)	(-)	(-)	-	(-)	(-)	(-)	-	-	-	-	-	-	(10.00)
	A. Receivable	(167.99)	(0.02)	(-)	1.28	(1.51)	269.54	(0.04)	(0.03)	(0.02)	-	-	-	-	-	-	270.85
	B. Payable	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(0.02)	-	-	-	-	-	-	(170.88)
	C. Guarantees / Surety Outstanding	(0.10)	(-)	(-)	(-)	(-)	0.10	(4.00)	(-)	2.26	0.11	2.68	-	-	-	0.05	5.10
	D. Fixed Deposit	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(2.20)	(0.11)	(0.02)	-	-	-	(0.04)	(2.37)
		(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(0.25)	(-)	(-)	(-)	(4.10)
		(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(0.25)

\* For TS gratuity is not included as it is provided on actuarial valuation for the entire Company.

Note: Transactions with TTL also include the transactions during the period between the appointed date and the effective date of demerger. Further, pending execution of documents with the banks in respect of loans transferred to TTL, pursuant to the Scheme of Arrangement, term loan repayments and interest thereon has initially been paid by the Company.

## SCHEDULES TO ACCOUNTS (Contd.)

14. Pursuant to compliance of clause 32 of the Listing Agreement, on disclosure of Loans/Advances in the nature of loans, the relevant information is provided hereunder:

S. No.	Particulars	(₹ in Million)	
		As on 30.9.2011	Maximum amount due During the year
1.	Loans & Advances to Subsidiaries (Note1)		
	- Triveni Turbine Ltd	-	-
		(167.99)	(175.60)
	- Upper Bari Power Generation Pvt. Ltd	-	(0.02)
		(0.02)	(0.02)
	- Triveni Engineering Limited	1.28	1.28
		(1.21)	(1.21)
	- Triveni Energy Systems Ltd	-	0.00
		(0.00)	(0.00)
	- GE Triveni Ltd	-	-
		(1.51)	(1.51)
2.	Loans & Advances to Associates (Note 1)		
	- Triveni Turbine Limited	179.21	232.55
		(Nil)	(Nil)
3.	Loans & Advances to firms/companies in which directors are interested	-	-
		(Nil)	(Nil)
4.	Investment by the loanee in the shares of Triveni Engineering & Industries Ltd. and its subsidiaries	-	-
		(Nil)	(Nil)

**Note.** There is no repayment schedule for the loans and advances to subsidiary companies mentioned above which are repayable on demand. In respect of loan to Triveni Turbine Ltd., each tranche of loan is repayable in 12 quarterly installments subject to its option to accelerate the repayment.

15. a) The Company has taken various residential, office, godown and other premises under operating leases. These are not non-cancellable leases having the unexpired period ranges upto 5 years and are renewable by mutual consent on mutually agreeable terms. The Company has given refundable interest free security deposits under certain agreements. There is no contingent rent or restriction imposed in the lease agreement. Lease payments under operating lease are recognized in the Profit & Loss Account under "Rent" in Schedule 20.

b) The Company has also given certain portion of its office/factory premises under operating leases. These leases are not non-cancellable and are extendable by mutual consent and at mutually agreeable terms. The gross carrying amount, accumulated depreciation and depreciation recognized in profit and loss account in respect of such portion of the leased premises are not separately identifiable. There is no impairment loss in respect of such premises. No contingent rent has been recognized in the profit and loss account.

16. The breakup of net deferred tax liability is provided below :

Particulars	(₹ in Million)	
	Deferred tax liability (deferred tax asset)	
	As on 30.09.2011	As on 30.09.2010
Difference in written down values of Fixed Assets as per books & tax	1,246.95	1,379.33
Expenses deferred in books but claimed in tax	25.64	69.57
Expenses allowable on Payment basis	(205.70)	(245.76)
Others (net)	(102.81)	(134.44)
<b>Net deferred tax liability</b>	<b>964.08</b>	<b>1,068.70</b>

## SCHEDULES TO ACCOUNTS (Contd.)

17. Pursuant to the Employees Stock Option Scheme (ESOP 2009) framed by the Company, 200,000 stock options had been granted to eligible employees of the Company during the financial year 2009-10. Subsequent thereto, under a Scheme of Arrangement (Scheme) between the Company, M/s Triveni Turbine Ltd. (TTL) and their respective shareholders and creditors, which was duly approved by the Hon'ble High Court of Allahabad vide its order dated 19.04.2011, the steam turbine undertaking of the Company was demerged and vested in TTL with effect from 01.10.2010 being the appointed date of the Scheme. Consequent thereto, the employees of the Steam Turbine Undertaking (including those who were granted stock options under ESOP 2009) became the employees of TTL. In the Scheme it was provided that the preferred alternative with respect to the stock options granted prior to the demerger, subject to the approval of SEBI/Stock Exchanges, was that, in respect of the employees of the Demerged Company (including the employees transferred to TTL under the Scheme) to whom stock options have been granted (whether the same are vested or not) (the "Specified Employees"), TTL shall, for every one (1) stock option held by such Specified Employees in the Company, issue one (1) employee stock option under a stock option scheme (which shall have terms and conditions similar to the ESOP 2009), to be created by TTL ("New Stock Option Scheme"). Each stock option under the New Stock Option Scheme, when exercised, would entitle the Specified Employees holding such stock option, one (1) equity share of ₹ 1/- each of TTL. Necessary modifications in the existing Scheme would consequently be required to be made to enable continuance of the stock options in the hands of the Specified Employees as well as adjustment of the exercise price. The Company is in the process of revising and finalizing the ESOP 2009 in line with the provisions contained in the Scheme, including splitting the original exercise price of the options granted, in a manner which conforms in spirit to the extant guidelines issued by SEBI. The modified ESOP 2009 shall be given effect upon its acceptance by SEBI/Stock exchanges. In case the modified ESOP 2009 is not found acceptable by SEBI/Stock Exchanges, the second alternative specified in the Scheme would be followed in respect of the stock options, whereby only such grantees who are employees of the Company would only be entitled to exercise their options to receive one equity share of the Company for each option which vest upon them. The outstanding options held by the employees transferred to TTL shall lapse and necessary modifications shall be made in ESOP 2009.

Pending final determination in the matter as aforesaid, the required disclosures of the ESOP 2009 are as under:

### (A) Employee Stock Option Scheme:

No. of Options Granted	200,000
Method of Accounting	Intrinsic Value
Vesting Plan	Graded Vesting as under:
	50% after 12 months
	50% after 24 months
Normal Exercise Period	Within 2 years from the date of vesting
Grant Date	April 30, 2010
Grant Price (₹ per share)	108.05 *
Market Price on the date of grant of option (₹)	108.05 *

\* Refers to the exercise price and the market price on date of grant of the options by the Company, prior to the demerger of the Steam Turbine undertaking of the Company.

### (B) Movement of Options Granted

	30.09.2011	30.09.2010
Outstanding at the beginning of the year	200,000	Nil
Granted during the year	Nil	200,000
Exercised during the year	Nil	Nil
Lapsed during the year	Nil	Nil
Outstanding at the end of the year	200,000	200,000
Unvested at the end of the year	100,000	200,000
Exercisable at the end of the year	100,000	Nil

## SCHEDULES TO ACCOUNTS (Contd.)

The options outstanding as at the end of the year have a weighted average contractual life of 27.5 months and are exercisable at the grant price of ₹ 108.05, Pending final determination in the matter regarding modification of ESOP 2009 as stated above, the exercise price of ₹108.05 is without considering any modification/adjustment which may be required to be carried out post demerger of the steam turbine undertaking of the Company.

### (C) Fair Valuation

The fair value of options used to compute proforma net income and earning per equity share has been done by an independent firm of Chartered Accountants on the date of grant of options using Black Scholes Model.

The key assumptions in Black Scholes Model for calculating fair value as on the date of grant are :

(a) Risk free rate	6.15%
(b) Option life	Vesting period + Average of Exercise period (1 year)
(c) Expected volatility	84.31%
(d) Expected dividend	80%

The weighted average fair value of each option of the Company as on the date of grant, works out to ₹ 56.60, which had been arrived at without considering the subsequent demerger of the steam turbine undertaking of the Company.

Had the compensation cost for the stock options granted under ESOP 2009 been determined based on fair value approach, the Company's net profit and earning per share would have been as per the proforma amounts indicated below:

	(₹ in Million)	
	30.09.2011	30.09.2010
Net Profit (as reported)	130.58	908.41
Add : Compensation expense under ESOP considered in the net profit	Nil	Nil
Less : Compensation expense under ESOP as per fair value *	5.98	3.37
Net Profit (fair value basis)	124.60	905.04
Basic earning per share (as reported) – ₹/Share	0.51	3.52
Basic earning per share (fair value basis) – ₹/Share	0.48	3.51
Diluted earning per share (as reported) – ₹/Share	0.51	3.52
Diluted earning per share (fair value basis) – ₹/Share	0.48	3.51

\* The compensation expenses for the year on fair value basis has been computed without considering the effect of any modification / adjustment which may be required to be made to ESOP 2009 to give effect to the demerger of the steam turbine division.

### 18. Earnings Per Share has been computed as follows:

	30.09.2011	30.09.2010
1 Net profit after tax as per Profit & Loss Account (₹ in Million)	130.58	908.41
2. No. of Equity Shares of ₹ 1/- during the year (weighted average)	257,880,150	257,880,150
3. Earning per equity share of ₹ 1/- each Basic and Diluted*(1)/(2) (in ₹)	0.51	3.52

\* In view of the fair value of shares of the Company, calculated on the basis of average of the weekly closing prices on the National Stock Exchange during the period of six months ended 30-09-2011 (which includes period from 03.05.2011, being the record date of demerger), being lower than the exercise price of the stock options granted under ESOP 2009 Scheme (Refer Note 17), the options granted to the employees are not considered dilutive in nature.

# SCHEDULES TO ACCOUNTS (Contd.)

## 19. Information on Segment Reporting of the Company for the year ended 30.09.2011

(₹ in Million)

	SUGAR						ENGINEERING						OTHERS		Total											
	Sugar		Co-generation		Distillery		Total Sugar		Steam Turbines		Gears		Water			Total Engineering		Other Operations		Eliminations						
	30.09.11	30.09.10	30.09.11	30.09.10	30.09.11	30.09.10	30.09.11	30.09.10	30.09.11	30.09.10	30.09.11	30.09.10	30.09.11	30.09.10		30.09.11	30.09.10	30.09.11	30.09.10	30.09.11	30.09.10	30.09.11				
<b>REVENUE</b>																										
External Sales	13045.05	13394.83	525.68	707.04	789.42	895.11	14360.15	14976.98	-	5910.02	1313.59	818.16	1863.56	1607.38	3177.15	8335.56	174.64	108.25	-	-	-	-	17711.94	23440.79		
Inter-segment Sales	983.82	1252.61	644.93	760.34	-	0.23	1628.75	2013.18	-	5.23	1.51	281.99	2.39	2.93	3.90	290.15	7.23	4.36	(1639.88)	(2307.69)	-	-	17711.94	23440.79		
<b>Total Sales</b>	<b>14028.87</b>	<b>14647.44</b>	<b>1170.61</b>	<b>1467.38</b>	<b>789.42</b>	<b>895.34</b>	<b>15988.90</b>	<b>17010.16</b>	-	<b>5915.25</b>	<b>1315.10</b>	<b>1100.15</b>	<b>1865.95</b>	<b>1610.31</b>	<b>3181.05</b>	<b>8625.71</b>	<b>181.87</b>	<b>112.61</b>	<b>(1639.88)</b>	<b>(2307.69)</b>	-	-	<b>17711.94</b>	<b>23440.79</b>		
Other Income	59.00	27.34	0.70	1.54	6.54	0.82	66.24	29.70	-	43.99	15.63	10.77	24.28	(0.63)	39.91	54.13	(0.38)	0.40	-	-	-	-	105.77	84.23		
<b>Total Revenue</b>	<b>14087.87</b>	<b>14674.78</b>	<b>1171.31</b>	<b>1468.92</b>	<b>795.96</b>	<b>896.16</b>	<b>16055.14</b>	<b>17039.86</b>	-	<b>5959.24</b>	<b>1330.73</b>	<b>1110.92</b>	<b>1890.23</b>	<b>1609.68</b>	<b>3220.96</b>	<b>8679.84</b>	<b>181.49</b>	<b>113.01</b>	<b>(1639.88)</b>	<b>(2307.69)</b>	-	-	<b>17817.71</b>	<b>23525.02</b>		
<b>RESULT</b>																										
Segment result	73.53	(573.29)	365.52	270.05	89.64	80.97	528.69	(222.27)	-	1304.28	418.45	345.28	231.96	219.47	650.41	1869.03	0.64	2.27	(47.65)	32.48	-	-	1132.09	1681.51		
Unallocated expenses (Net)																							(168.61)	(150.24)		
<b>Operating profit</b>																							<b>963.48</b>	<b>1531.27</b>		
Interest expense																								(946.56)	(849.64)	
Interest income																								23.75	45.38	
Dividend Income/Profit on sale of unused land and Surplus on disposal of investments (Net)																										
Income taxes (including deferred tax)																									41.80	446.15
<b>Net profit</b>																								<b>48.11</b>	<b>(264.75)</b>	
<b>OTHER INFORMATION</b>																								<b>130.58</b>	<b>908.41</b>	
Segment assets	13061.66	14040.41	1838.22	2071.06	1324.68	1254.54	16274.56	17366.01	-	3005.58	1118.01	799.74	2377.57	1626.02	3495.58	5431.34	31.28	24.74					19751.42	22822.09		
Unallocated assets																								2508.87	2238.12	
<b>Total assets</b>																								<b>22060.29</b>	<b>25060.21</b>	
Segment liabilities	816.73	880.39	50.93	77.67	50.58	32.68	918.24	990.74	-	2513.42	247.79	164.64	1142.83	815.68	1390.62	3493.94	1.07	2.82					2309.93	4487.50		
Unallocated liabilities																								9434.00	10663.17	
<b>Total liabilities</b>																								<b>11748.93</b>	<b>15150.67</b>	
Capital expenditure	115.82	197.27	2.27	14.58	7.93	12.67	126.02	324.52	-	237.44	193.04	69.75	32.60	33.78	225.64	340.97	0.02	0.22								
Depreciation	491.54	496.18	150.42	141.82	54.69	56.19	696.65	694.19	-	85.33	49.43	37.98	8.36	7.42	57.79	130.73	0.51	0.49								
Amortisation	28.35	42.72	2.28	2.29	1.75	1.83	32.38	46.84	-	16.21	1.19	1.76	9.11	2.44	10.30	20.41	0.00	0.00								

### Notes:

(i) In accordance with the Accounting Standard (AS) 17 "Segment Reporting", the Company's operations have been categorized into 5 major business segments, which constitute 99.02% (99.54%) of the total turnover of the Company. These business segments are classified under the two major businesses in which the Company is engaged in, and are briefly described hereunder:

#### Sugar & Allied Businesses

a) Sugar: The Company is a manufacturer of white crystal sugar, having an aggregate sugarcane crushing capacity of 61,000 TCD (tonnes crushed per day) spread over seven manufacturing plants situated in the State of Uttar Pradesh. After meeting the captive requirements, the Company also sells the surplus molasses and bagasse, which are produced as a by-product in the manufacture of sugar.

b) Co-generation: The business segment, apart from meeting power and steam requirement of sugar unit, also exports power to the State grid. This installed capacity of 68 MW spread over Khatauli and Deoband sugar mills.

c) Distillery: The 160 kilo-liters per day capacity distillery located at Alcaharnagar, Uttar Pradesh, uses the molasses produced in manufacture of sugar as the principal raw material in production of various categories of alcohol.

#### Engineering Businesses

a) High Speed Gears: This business segment manufactures high speed gears and gear boxes at the manufacturing facility located at Mysore, Karnataka

b) Water/Wastewater Treatment: This business segment operates from Noida, Uttar Pradesh and provides engineered to order process equipment and comprehensive solutions in the water and wastewater management.

(ii) The Other Operations: mainly include trading of various packaged fast moving consumer goods (under the Company's brand name), including sugar.

(iii) There are no geographical segments or the volume of exports is not significant and the major turnover of the Company takes place indigenously. There is no major reliance on a few customers or suppliers.

(iv) Inter-segment transfer are priced based on competitive market prices or determined to yield a desired margin or agreed on a negotiated basis. These are then eliminated on consolidation.

(v) Segment result is the segment revenue less segment expenses. Segment expenses include all expenses directly attributable to the segments and portion of the enterprise expenses that can be allocated on a reasonable basis to the segments. Interest expense is not included in segment expenses and accordingly, segment liabilities do not include any corresponding borrowings.



## SCHEDULES TO ACCOUNTS (Contd.)

20. Based on the intimation received by the Company from its suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006, the relevant information is provided below:-

Sl. No	Particulars	(₹ in Million)	
		As on 30.09.2011	As on 30.09.2010
1.	Amounts due to Micro and Small Enterprises as on		
	i) Principal amount	0.68	27.59
	ii) Interest due on above	Nil	Nil
2.	i) Principal amount paid after due date or appointed day during the year	Nil	Nil
	ii) Interest paid during the year on (i) above	Nil	Nil
3.	Interest due & payable (but not paid) on principal amounts paid during the year after the due date or appointed day.	Nil	Nil
4.	Total interest accrued and remaining unpaid as on	Nil	Nil
5.	Further interest in respect of defaults of earlier years due and payable in current year upto the date when actually paid	Nil	Nil

21. (a) The Managing Director and Whole Time Directors have drawn remuneration during the year in terms of their respective appointment, except that no commission/performance bonus has been paid to any of them during the year and the Managing Director has not drawn the basic salary and house rent allowance, to which he was otherwise entitled to, with effect from 01.04.2011. The terms of their appointment provided that in the absence of or inadequacy of profits in any financial year during the term of their office, the aforesaid managerial personnel shall be paid the remuneration and perquisites they were entitled to, other than commission/performance bonus, as the Minimum Remuneration with the approval of the Central Government.

The profits for the current year are inadequate and the remuneration paid to the managerial personnel are in excess of remuneration prescribed under Section 309 (3) read with Schedule XIII of the Companies Act, 1956. The excess remuneration paid in the case of the Managing Director is ₹ 17.29 Million; continuing Whole Time Director is ₹ 8.69 Million and in the case of the Whole Time Director who has resigned from the services of the Company during the year is ₹ 6.34 Million. Accordingly, the Company has applied to the Central Government for waiver of the excess remuneration paid to the aforesaid managerial personnel and in case such waiver is not granted, the excess remuneration paid shall be recovered from the concerned managerial personnel.

The details of managerial remuneration paid/payable during the year is as under :

(i) **Managing Director's Remuneration :**

	(₹ in Million)	
	30.09.2011	30.09.2010
Salary	19.20	29.45
Performance Bonus/Commission	-	5.00
Contribution to PF & Other Funds - ₹ 1500/- (₹ 1500/-)	-	-
Gratuity	1.16	0.91
Other Perquisites	2.89	2.79
<b>TOTAL</b>	<b>23.25</b>	<b>38.15</b>

(ii) **Whole Time Directors' Remuneration**

	(₹ in Million)	
	30.09.2011	30.09.2010
Salary	19.41	19.35
Performance Bonus/Commission	-	3.50
Contribution to PF & Other Funds	2.71	2.85
Gratuity * 1	2.16	-
Other Perquisites	4.50	4.36
<b>TOTAL</b>	<b>28.78</b>	<b>30.06</b>

\* 1 Represents gratuity to a whole-time director who retired during the year. Gratuity provision in respect of continuing whole-time director not reflected above since provided on actuarial valuation for the entire Company.

## SCHEDULES TO ACCOUNTS (Contd.)

### (b) Computation of Net Profit in accordance with Section 349 of the Companies Act, 1956.

(₹ in Million)

	30.09.2011	30.09.2010
Profit before Tax as per Profit & Loss Account	82.47	1,173.16
<b>Add</b>		
Remuneration paid/payable to Managing Director and Whole Time Directors	52.03	68.21
Director's Fees & Commission to Non-Executive Directors	2.02	7.00
Loss on sale/write off / impairment of fixed assets	2.20	0.35
	<b>138.72</b>	<b>1,248.72</b>
<b>Less</b>		
Profit on Sale of Long Term Investment	-	439.56
Profit on Sale of Fixed Assets	41.57	-
Other Capital Receipts	-	13.30
Net Profit as per section 198 of the Companies Act, 1956	<b>97.15</b>	<b>795.86</b>
<b>- Managing Director</b>		
Maximum permissible remuneration to Managing Director under section 198 of the Companies Act, 1956 @ 5% of the profit computed above	4.86	39.79
Less: Already paid /provided through salary	23.25	33.15
Balance payable as Performance Bonus/Commission	-	6.64
<b>Restricted to</b>	<b>-</b>	<b>5.00</b>
<b>- Whole Time directors</b>		
Maximum permissible Commission/Performance Bonus to two Whole Time Directors @ 0.25% each (Total 0.50%) of the profit computed above.	0.49	3.98
<b>Amount Restricted - to be paid equally to two whole time Directors</b>	<b>-</b>	<b>3.50</b>
<b>- Non Executive directors</b>		
Maximum permissible managerial remuneration to non-executive directors under section 198 of the Companies Act, 1956 @ 1% of the profit computed above.	0.97	7.96
<b>Restricted to</b>	<b>0.90</b>	<b>5.75</b>

### 22. Amount paid/payable to Auditors

Included under Office and other administration expenses in Schedule 20 :

(₹ in Million)

	Statutory Auditors		Branch Auditors		Cost Auditors	
	30.09.2011	30.09.2010	30.09.2011	30.09.2010	30.09.2011	30.09.2010
Audit Fees*	3.16	3.16	0.45	0.79	0.18	0.18
Fees for tax matters including tax audit *	2.42	2.20	0.38	0.56	-	-
Management & Other Services	1.67	1.63	0.24	0.50	-	-
Reimbursement of Expenses	0.45	0.27	0.17	0.97	0.04	0.01
<b>TOTAL</b>	<b>7.70</b>	<b>7.26</b>	<b>1.24</b>	<b>2.82</b>	<b>0.22</b>	<b>0.19</b>

\* Excluding Service Tax.

## SCHEDULES TO ACCOUNTS (Contd.)

23. a) Derivative Instruments outstanding for hedging foreign currency risks (including firm commitments and highly probable forecasted transactions)

Currency Pair	As on 30.09.2011		Foreign Currency in Million As on 30.09.2010	
	Payables	Receivables	Payables	Receivables
<b>1. Forward Exchange Contracts</b>				
USD/INR	3.57	11.45	5.04	12.27
EURO/USD **	1.10		1.71	
GBP/USD **	0.07			
JPY/USD**		850.00		862.65
AUD/USD **	3.25		2.92	
<b>2. Currency Options</b>				
USD/INR	0.58		3.89	
JPY/USD**	44.06		324.34	
<b>3. Currency &amp; Interest Swaps</b>				
USD/INR			1.97	
JPY/USD**			164.38	

\*\* Wherever an exposure other than USD has been hedged directly to INR, the hedging contracts have been separately categorized in their cross currency and USD/INR components.

- b) Year end foreign exchange exposures that have not been hedged by a derivative instrument or otherwise :

Currency Pair	As on 30.09.2011			Foreign Currency in Million As on 30.09.2010		
	Payables	Receivables	Net	Payables	Receivables	Net
USD/INR	3.93	0.05	3.89	4.24	0.48	3.76
The above is inclusive of the USD equivalent of the following foreign currencies:						
EURO	0.36	-	0.36	0.99	0.08	0.91
GBP	-	-	-	0.16	0.04	0.12
JPY	1.35	-	1.35	39.10	-	39.10
CHF	-	-	-	0.06	-	0.06
AUD	0.24	-	0.24	0.03	0.02	0.01

24. Amount deposited with other than scheduled banks along with maximum amount outstanding with these banks during the year.

Name of the Banks	Balance as on 30.09.2011	Maximum amount outstanding at any time during the year	Maximum amount outstanding at any time during the year (₹ in Million)	
			Balance as on 30.09.2010	Maximum amount outstanding at any time during the year
<b>Fixed Deposits</b>				
Zila Sahakari Bank Ltd	0.42	0.42	-	-
<b>Current Accounts</b>				
Zila Sahakari Bank Ltd	0.08	0.99	0.82	2.52
District Co-operative Bank	0.02	11.41	0.06	8.16
Prathma Bank	0.08	99.85	0.10	78.79
Gulshan Mercantile Urban Co-opetive Bank	-	0.01	0.01	0.01

## SCHEDULES TO ACCOUNTS (Contd.)

25. Depreciation charged to the profit & loss account is net of ₹ 0.12 Million (₹ 5.94 Million) being write back of excess depreciation charged in earlier years.

26. Details of Prior Period Items (Net) is as under :

		(₹ in Million)	
Sl. No.	Particulars	30.09.2011	30.09.2010
<b>A.</b>	<b>EXPENDITURE</b>		
1	Raw Material Purchases	0.07	-
2	Repairs & Maintenance – Plant & Machinery	-	(0.01)
3	Repairs & Maintenance – General	-	0.01
4	Salaries, Wages & Bonus	-	0.09
5	Contribution to Gratuity, Provident & Other Funds	-	0.97
6	Exchange Rate Fluctuation Loss	-	2.38
7	Insurance	0.03	-
8	Office & Other Administration Expenses	2.78	1.32
9	Rates & Taxes	0.31	-
10	Interest Paid-Fixed Loans	-	0.75
11.	Packing & Forwarding	0.13	(0.01)
12	Depreciation	1.93	1.74
	<b>TOTAL EXPENDITURE (A)</b>	<b>5.25</b>	<b>7.24</b>
<b>B.</b>	<b>INCOME</b>		
1	Sale Domestic	-	(3.09)
2	Sales-Export	(0.29)	-
3	Rent	0.07	-
	<b>TOTAL INCOME (B)</b>	<b>(0.22)</b>	<b>(3.09)</b>
	<b>PRIOR PERIOD ITEMS (NET) (A-B)</b>	<b>5.47</b>	<b>10.33</b>

27. Exceptional/ Non-Recurring Income (net) of ₹ 41.57 Million (₹ 450.86 Million) comprises the following :

- i) Profit of ₹ 41.57 Million (Nil) on the sale of unused land.
- ii) Profit of ₹ Nil (₹ 439.56 Million) on the sale of long term trade investment.
- iii) Provision of ₹ Nil (₹ 88.70 Million) against amounts recoverable in disputed matters, mostly relating to project/sugar machinery business earlier carried by the Company.
- iv) Provision no longer required and written back of ₹ Nil (₹ 100 Million) in respect of Loans and Advances to Triveni Turbine Limited, in view of the demerger of the steam turbine business of the Company and its consequent merger with Triveni Turbine Ltd.

28. Statement of additional information

		(₹ in Million)	
		2010-2011	2009-2010
a)	<b>Value of imports on CIF basis :</b>		
	Raw Materials	385.65	446.00
	Components & spare parts	6.27	7.58
	Capital Goods	68.44	119.44
b)	<b>Expenditure in foreign currency</b>		
	i) Travelling	6.25	15.91
	ii) Royalty	24.71	22.79
	iii) Technical know-how	0.03	0.86
	iv) Interest on Loans	17.17	32.26
	v) Others	5.09	43.26
c)	<b>Earnings in foreign currency</b>		
	Exports of goods on F.O.B. basis	182.28	720.69
	Service Charges	-	54.37
	Others (Carbon Credit)	-	99.86

## SCHEDULES TO ACCOUNTS (Contd.)

### d) Consumption of raw material, spare parts, components and stores :

	2010-2011		2009-2010	
	₹ in Million	%	₹ in Million	%
i) Raw Material				
- Directly imported	438.24	3.81%	2,172.15	11.93%
- Indigenous	11,074.52	96.19%	16,029.62	88.07%
Total	11,512.76	100.00%	18,201.77	100.00%
ii) Spare Parts				
- Directly imported	5.41	2.45%	5.18	1.79%
- Indigenous	215.93	97.55%	284.50	98.21%
Total	221.34	100.00%	289.68	100.00%

### e) Licensed and Installed Capacities & Actual Production:

Class of Goods	Units	Licensed Capacity		Installed Capacity *1		Actual Production *2	
		2010-2011	2009-2010	2010-2011	2009-2010	2010-2011	2009-2010
Sugar	MT	NA	NA	61,000 TCD	61,000 TCD	419,284.50	505,126.10
Molasses	MT	NA	NA	NA	NA	237,081.28	247,573.13
Steam Turbines	MW	NA	NA	1000	1000	-	717
High Speed Reduction	Nos.	NA	NA	500	500	839	883
Gears						*3	*3
Mechanical Equipment - Water/ Waste Water						-	-
Alcohol	KL	NA	NA	160 KLPD	160 KLPD	19,091.27	28,241.51
Power (Cogeneration Plant)	000'KWH	NA	NA	68 MW	68 MW	199,074.43	220,059.31

\* 1 As certified by officials of the company.

\* 2 Includes captive consumption.

\* 3 Manufacturing outsourced, Product range is varying and is not capable of being expressed in common units.

\* 4 Excluding 6.83 K.L. (8.72 KL) of Denaturants added

N.A. - Not Applicable

TCD - Metric Tons of cane crushed per day.

MT - Metric Tons

KWH - Kilo Watt per hour

MW - Mega Watt

KL - Kilo Litre

KLPD - Kilo Litre per day

## SCHEDULES TO ACCOUNTS (Contd.)

### f) Opening Stock, Closing Stock & Sales

#### i) Manufactured Goods

Class of Goods	Units	Year	Opening Stock		Closing Stock		Sales (Gross)	
			Qty	Value (₹ in Million)	Qty	Value (₹ in Million)	Qty	Value (₹ in Million)
Sugar *1	MT	2010-11	133,136.80	3,361.18	115,333.80	3,231.37	437,087.50	12,040.74
		2009-10	65,985.70	1,387.57	133,136.80	3,361.18	437,145.00	12,789.35
Molasses *2	MT	2010-11	61,295.77	137.94	44,490.21	123.79	132,644.06	309.90
		2009-10	70,463.76	231.29	61,295.77	137.94	137,953.91	448.83
Steam Turbines *3	MW	2010-11	-	-	-	-	-	-
		2009-10	-	-	*6 6	*6 18.22	711	2,752.80
High Speed Reduction Gears *3	Nos	2010-11	-	-	-	-	839	1,164.69
		2009-10	-	-	-	-	717	628.74
Mechanical Equipment - Water/ Waste Water	₹ in Million	2010-11	-	-	-	-	-	182.81
		2009-10	-	-	-	-	-	210.92
Alcohol *4	KL	2010-11	275.26	6.56	669.42	16.71	18,635.00	553.80
		2009-10	5,358.48	130.15	275.26	6.56	33,173.00	887.11
Power *3 (Cogeneration Plant)	000' KWH	2010-11	924.39	3.59	1,493.08	4.22	131,219.01	525.68
		2009-10	2,294.38	7.18	924.39	3.59	151,295.37	607.19
Boughtout, Spares & Others *5	₹ in Million	2010-11	-	29.32	-	18.14	-	667.10
		2009-10	-	18.35	-	29.32	-	3,162.46
Total		2010-11	-	3,538.59	-	3,394.23	-	15,444.72
		2009-10	-	1,774.54	-	3,556.81	-	21,487.40

\*1 Closing stock of sugar is after adjusting Nil M.T. (830.00 M.T.) on account of reprocessing loss.

\*2 Closing stock of molasses is after adjusting excess/wastage of 319.60 M.T. (380.19 M.T.)

Excludes 1,20,923.23 M.T. (1,18,407.02 M.T.) for captive consumption.

\*3 Excludes Nil (166) Nos. High Speed Reduction Gears & 67,286.73'KWH (70,133.93'KWH) Power for captive consumption.

\*4 Excluding Wastage of 251.08 KL (160.45 KL) & Closing WIP 182.14 KL

\*5 Product being diverse, it is not feasible to give quantitative details.

\*6 Transferred to Triveni Turbine Limited pursuant to Scheme of arrangement.

#### ii) Trading Goods

Class of Goods	Units	Year	Opening Stock		Purchases		Closing Stock		Sales (Gross)	
			Qty	Value (₹ in Million)	Qty	Value (₹ in Million)	Qty	Value (₹ in Million)	Qty	Value (₹ in Million)
Sugar	MT	2010-11	-	-	11,744	322.99	-	-	11,744	358.22
		2009-10	-	-	-	-	-	-	-	-
Others*		2010-11	-	0.88	-	82.81	-	1.79	-	77.18
		2009-10	-	1.09	-	19.63	-	0.88	-	18.39
Total		2010-11	-	0.88	-	405.80	-	1.79	-	435.40
		2009-10	-	1.09	-	19.63	-	0.88	-	18.39

\* No. of items being diverse, it is not feasible to give quantitative details.

## SCHEDULES TO ACCOUNTS (Contd.)

### iii) Service Income & Others

Class of Goods	Year	Opening Stock		Closing Stock		Sales (Gross)	
		Qty	Value (₹ in Million)	Qty	Value (₹ in Million)	Qty	Value (₹ in Million)
Project Execution Receipts	2010-11	-	-	-	-	-	1,431.27
	2009-10	-	-	-	-	-	1,347.82
Services	2010-11	-	-	-	-	-	269.51
	2009-10	-	-	-	-	-	467.87
Others	2010-11	-	-	-	-	-	131.04
	2009-10	-	-	-	-	-	19.45
Total	2010-11	-	-	-	-	-	1,831.82
	2009-10	-	-	-	-	-	1,835.14

### g) Break up of Raw Material and Components Consumed

Class of Goods	Unit	2010-2011		2009-2010	
		Qty.	₹ in Million	Qty.	₹ in Million
Sugar Cane*	MT	4,560,872	9,943.95	4,590,574	11,669.32
Raw Sugar		-	-	87,952	1,703.08
Bought outs			235.30		2,642.36
Others			1,333.51		2,187.01
Total			11,512.76		18,201.77

\* Net of cane driage 4,737.60 M.T. (5,924.04 M.T.).

29. Previous year figures have been rearranged wherever necessary to make them comparable with the current year's figures.

30. In view of the transfer of Steam Turbine business pursuant to the Scheme of Arrangement as explained in Note No.5 above, current year figures are not comparable with the previous year figures.

31. Schedule '11' to '25' form an integral part of the Balance Sheet and Profit & Loss Account

Place : Noida (U.P.)  
Date : November 28, 2011

Dhruv M. Sawhney  
Chairman &  
Managing Director

Lt.Gen.K.K.Hazari (Retd)  
Director & Chairman  
Audit Committee

Geeta Bhalla  
Company  
Secretary

Suresh Taneja  
Vice President  
& CFO

# BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

## I. Registration Details:

Registration No.        
 Balance Sheet Date          
 Date Month Year

State Code

## II. Capital Raised during the year (₹ in Million)

Public Issue

Bonus Issue

Rights Issue

Private Placement

## III. Position of Mobilisation and Deployment of funds (₹ in Million)

Total Liabilities

.

Total Assets

.

### Sources of Funds:

Paid up Capital

.

Secured Loans

.

Deferred Tax Liability (Net)

.

Reserves and Surplus

.

Unsecured Loans

.

### Application of Funds:

Net Fixed Assets\*

.

Net Current Assets

.

\* Include Plant & Machinery acquired under lease.

Investments

.

Miscellaneous Expenditure

## IV. Performance of the Company (₹ in Million)

Turnover (including Other Income)

.

Profit before tax

.

Earning per Share in ₹

.

Total Expenditure

.

Profit after tax

.

Dividend Rate %

## V. Generic names of three principal products/services of Company

Item Code No.

Product Description

MANUFACTURE OF SUGAR

CO-GENERATION

MANUFACTURE OF GEARS



## AUDITORS' REPORT

To  
The Board of Directors of  
**Triveni Engineering & Industries Limited**

1. We have audited the attached Consolidated Balance Sheet of Triveni Engineering & Industries Limited Group, as at 30th September 2011 and also the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year ended on that date, both annexed thereto. These financial statements are the responsibility of Triveni Engineering & Industries Limited's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of subsidiary Upper Bari Power Generation Limited. The financial statements of Upper Bari Power Generation Limited have been audited by other auditor whose report has been forwarded to us and considered by us in preparing our report and our opinion, in so far as it relates to the amounts included in respect of the subsidiary is based solely on the report of the other auditor.
4. We did not audit the financial statements of Indian Associates TOFSL Trading & Investments Limited, Triveni Entertainment Limited and Triveni Turbine Limited. The financial statements of TOFSL Trading & Investments Ltd and Triveni Entertainment Ltd have been audited by other auditors and whose reports have been furnished to us, and our opinion, in so far as it relates to the amounts included in respect of these associates is based solely on the reports of the other auditors. The Financial Statement of Triveni Turbine Ltd are unaudited.
5. We report that the consolidated financial statements have been prepared by the Triveni Engineering & Industries Limited's management in accordance with the requirements of Accounting Standard (AS) 21, "Consolidated Financial Statements" and Accounting Standard (AS) 23, "Accounting for investments in Associates in Consolidated Financial Statements" and on the basis of the separate audited financial statements of the Company and its subsidiaries for the year ended 30th September 2011 and its associates TOFSL Trading & Investments Ltd, Triveni Entertainment Ltd and Engineering & Technical Services Ltd for the year ended 31st March 2011 and Unaudited Financial Statements of Triveni Turbine Ltd for the year 30th September 2011 included in the consolidated financial statement.
6. Without qualifying our opinion, we invite attention to the Note No.15 of Schedule 25 stating that remuneration of ₹ 32.32 Million paid to the Managing Director and the two Whole Time Directors is in excess of the permissible limit under Section 309(3) read with Schedule XIII of the Companies Act, 1956. The Company has applied to the Central Government for permission to waive recovery of the said excess managerial remuneration as informed to us.
7. On the basis of the information and explanations given to us and on the consideration of the separate audit reports on individual audited financial statements of the Company, its subsidiaries and its associates, in our opinion, the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India;
  - (a) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at 30th September 2011;
  - (b) in the case of the Consolidated Profit and Loss Account, of the profits of the Group for the year ended on that date;
  - (c) in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

For and on behalf of  
**J. C. Bhalla & Company**  
Chartered Accountants  
Firm Regn. No. 001111N

**Sudhir Mallick**

Partner

Membership No.80051

Place : Noida (U.P.)

Date : November 28, 2011

Consolidated Financial Statements of Triveni Engineering  
& Industries Limited and its Subsidiary Companies

**CONSOLIDATED BALANCE SHEET**

		(₹ in Million)	
As At	SCHEDULE	30.09.2011	30.09.2010
<b>SOURCES OF FUNDS</b>			
<b>SHAREHOLDERS' FUNDS</b>			
Share Capital	1	257.88	257.88
Reserves & Surplus	2	10,461.78	9,739.21
<b>TOTAL</b>		<b>10,719.66</b>	<b>9,997.09</b>
<b>LOAN FUNDS</b>			
Secured Loans	3	7,541.39	8,509.75
Unsecured Loans	4	717.35	831.82
		8,258.74	9,341.57
<b>DEFERRED TAX LIABILITY (NET)</b> (Refer Note:23 of Schedule 25)		964.08	1,062.96
<b>TOTAL</b>		<b>19,942.48</b>	<b>20,401.62</b>
<b>APPLICATION OF FUNDS</b>			
<b>FIXED ASSETS</b>			
Gross Block	5	15,562.96	16,647.91
Less : Depreciation		4,998.46	4,523.71
Net Block		10,564.50	12,124.20
Capital Work-in-Progress	5	172.95	223.24
Intangible Assets	5A	35.76	72.85
Discarded Fixed Assets Pending Disposal/Sale		4.66	3.22
Plant & Machinery acquired under Lease		120.78	133.56
Goodwil		-	0.01
		10,898.65	12,557.08
<b>INVESTMENTS</b>	6	512.89	381.39
<b>CURRENT ASSETS, LOANS AND ADVANCES</b>			
Inventories	7	3,935.74	4,911.62
Sundry Debtors	8	1,924.45	2,790.28
Cash and Bank Balances	9	155.99	192.80
Other Current Assets	10	1,071.39	457.55
Loans and Advances	11	3,964.51	3,852.50
		11,052.08	12,204.75
<b>LESS : CURRENT LIABILITIES AND PROVISIONS</b>			
Liabilities	12	1,946.63	3,975.98
Provisions	13	574.51	765.62
		2,521.14	4,741.60
<b>NET CURRENT ASSETS</b>		<b>8,530.94</b>	<b>7,463.15</b>
<b>TOTAL</b>		<b>19,942.48</b>	<b>20,401.62</b>
Notes to Accounts	25		

This is the Consolidated Balance Sheet referred to in our report of even date.

For and on behalf of

**J.C.BHALLA & COMPANY**

Chartered Accountants

**SUDHIR MALLICK**

Partner

Place : Noida (U.P.)

Date : November 28, 2011

**Dhruv M. Sawhney**

Chairman &

Managing Director

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

Director & Chairman

Audit Committee

**Geeta Bhalla**

Company

Secretary

**Suresh Taneja**

Vice President

& CFO

## CONSOLIDATED PROFIT AND LOSS ACCOUNT

(₹ in Million)

For the Year Ended	SCHEDULE	30.09.2011	30.09.2010
<b>INCOME</b>			
Gross Sales & Other Operating Income	14	17,711.94	23,454.09
Less : Excise Duty		640.41	845.45
Net Sales & Other Operating Income		17,071.53	22,608.64
Other Income	15	203.02	256.73
Increase/(Decrease) in Work-in-Progress/Finished Goods	16	(116.61)	1,791.59
Income from Associates (Refer Note:19(c) of Schedule 25)		210.27	18.87
		<b>17,368.21</b>	<b>24,675.83</b>
<b>EXPENDITURE</b>			
Materials	17	11,917.65	18,240.64
Manufacturing/Operating	18	1,346.80	1,387.24
Personnel	19	1,278.36	1,667.14
Administration	20	636.72	677.89
Financing	21	946.56	849.71
Selling	22	215.07	259.79
Depreciation * 1		766.34	838.07
Amortisation	23	46.00	71.10
Off-season Expenses charged/(deferred) (Net)		(45.51)	(20.24)
Prior Period Items - (Refer Note:17 of Schedule 25)		5.47	10.33
		<b>17,113.46</b>	<b>23,981.67</b>
<b>Profit before Exceptional/Non - Recurring Items, Extra Ordinary Items &amp; Taxation</b>		<b>254.75</b>	<b>694.16</b>
Add/(Less) Exceptional/Non - Recurring Items (Net) (Refer Note:18 of Schedule 25)		41.57	263.56
<b>Profit before Extra Ordinary Items &amp; Taxation</b>		<b>296.32</b>	<b>957.72</b>
Add/(Less) Share of Extra Ordinary Charge in respect of Associate (Refer Note:19(c) of Schedule 25)		(122.21)	-
<b>Profit before Taxation</b>		<b>174.11</b>	<b>957.72</b>
Provision for Taxation	24	(48.09)	260.22
<b>Profit after Taxation</b>		<b>222.20</b>	<b>697.50</b>
Surplus Brought Forward		262.83	518.58
<b>AVAILABLE FOR APPROPRIATION</b>		<b>485.03</b>	<b>1,216.08</b>
<b>APPROPRIATIONS</b>			
Dividend Adjustment of Previous Year (Current Year ₹ 4120/- & Previous Year ₹ 2827/-)		-	-
Tax on Dividend of Previous Year (Current year ₹ 685/- & Previous Year ₹ 480/-)		-	-
Interim Dividend Paid - Equity Shares		-	103.15
Tax on Interim Dividend on Equity Shares		-	17.13
Final Dividend Proposed on Equity shares		51.58	90.26
Provision for Tax on Final Dividend on Equity Shares		8.37	14.99
Transfer to Molasses Storage Fund Reserve		3.87	2.72
Transfer to Debenture Redemption Reserve		50.00	75.00
Transfer to General Reserve		9.80	650.00
Surplus Carried Forward		361.41	262.83
		<b>485.03</b>	<b>1,216.08</b>
Earning per equity share of ₹ 1/- each (Refer Note:22 of Schedule 25)			
- Basic and Diluted (In ₹) - Before Extra Ordinary Items		1.34	2.70
- Basic and Diluted (In ₹) - After Extra Ordinary Items		0.86	2.70
Notes to Accounts	25		

\*1 Net of ₹ 3.25 Million (₹ 3.25 Million) additional depreciation on revalued assets transferred from Revaluation Reserve.

This is the Consolidated Profit & Loss Account referred to in our report of even date.

For and on behalf of

**J.C.BHALLA & COMPANY**

Chartered Accountants

**SUDHIR MALLICK**

Partner

Place : Noida (U.P.)

Date : November 28, 2011

**Dhruv M. Sawhney**  
Chairman &  
Managing Director

**Lt.Gen.K.K.Hazari (Retd)**  
Director & Chairman  
Audit Committee

**Geeta Bhalla**  
Company  
Secretary

**Suresh Taneja**  
Vice President  
& CFO

## CASH FLOW STATEMENT

	(₹ in Million)	
For the Year Ended	30.09.2011	30.09.2010
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>Profit before Tax</b>	174.11	957.72
Add : Depreciation	768.27	839.81
: Amortisation		
- Machinery Lease Rentals	12.77	13.49
- Intangible Assets	33.22	44.60
- Miscellaneous Expenditure	-	13.01
Less : Incomes/(Losses) from Associates	88.06	18.87
Less : Incomes/Expenses treated separately		
Dividend Income	0.24	6.59
Profit/(Loss) on sale of assets	39.37	(22.90)
Profit on sale of Investments	-	352.26
Interest Expenses	(946.56)	(850.46)
Interest Income	23.71	45.41
<b>Operating Profit before Working Capital changes</b>	<b>1,783.55</b>	<b>2,318.86</b>
<b>Changes in Working Capital</b>		
Changes in Inventories	134.49	(315.28)
Changes in Receivables	158.57	(362.55)
Changes in Other Current Assets	(612.71)	(285.22)
Changes in Other Trade Receivables	18.38	178.84
Changes in Current Liabilities	346.68	(1,039.64)
Direct Taxes Paid (Net) including Wealth Tax	(131.16)	(481.65)
<b>Net Changes in Working Capital</b>	<b>(85.75)</b>	<b>(2,305.50)</b>
<b>Cash Flow from Operating Activities</b>	<b>1,697.80</b>	<b>13.36</b>
<b>B. CASH FLOW FROM INVESTMENT ACTIVITIES</b>		
Purchase of Fixed/Intangible Assets	(366.01)	(674.78)
Sale of Fixed/Intangible Assets	50.53	45.37
Purchase of Investments	-	(2,356.74)
Sale / Redemption of Investments	-	2,955.00
Interest Income	23.77	92.69
Dividend Income	0.24	6.59
<b>Net Cash Flow in Investment Activities</b>	<b>(291.47)</b>	<b>68.13</b>

## CASH FLOW STATEMENT (Contd.)

(₹ in Million)

For the Year Ended	30.09.2011	30.09.2010
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Increase/(Decrease) in Short Term Borrowings (Net)	21.81	(15.90)
Increase/(Decrease) in Long Term Borrowings (Net)	(194.32)	(1,113.89)
Increase/(Decrease) in Cash Credit	(134.78)	2,130.91
Interest Paid	(953.04)	(841.18)
Redemption of Preference Shares (including premium)	0.34	(0.11)
Dividend Paid (Including Tax on Distributed Profit)	(105.38)	(331.70)
<b>Net Cash Flow used in Financing Activities</b>	<b>(1,365.37)</b>	<b>(171.87)</b>
<b>Net Increase/(Decrease) in Cash &amp; Cash Equivalents</b>	<b>40.96</b>	<b>(90.38)</b>
Opening Cash & Cash Equivalents	151.51	241.89
Adjustment of Cash & Cash Equivalents pursuant to the Scheme of Arrangement & desubsidiaration of companies	80.88	-
<b>Closing Cash &amp; Cash Equivalents</b>	<b>111.59</b>	<b>151.51</b>
Add : Bank Balances under Lien	33.94	31.02
Bank Balances under Unclaimed Dividend / Preference Capital Redemption	10.46	10.27
<b>Cash &amp; Cash Equivalents as per Schedule 9 of Balance Sheet</b>	<b>155.99</b>	<b>192.80</b>
Notes to Accounts Schedule 25.		

This is the Consolidated Cash Flow Statement referred to in our report of even date.

For and on behalf of

**J.C.BHALLA & COMPANY**  
Chartered Accountants

**SUDHIR MALLICK**

Partner  
Place : Noida (U.P.)  
Date : November 28, 2011

**Dhruv M. Sawhney**  
Chairman &  
Managing Director

**Lt.Gen.K.K.Hazari (Retd)**  
Director & Chairman  
Audit Committee

**Geeta Bhalla**  
Company  
Secretary

**Suresh Taneja**  
Vice President  
& CFO

## SCHEDULES TO ACCOUNTS

As At	30.09.2011	30.09.2010
(₹ in Million)		
<b>1. SHARE CAPITAL</b>		
<b>AUTHORISED</b>		
500,000,000 Equity Shares of ₹ 1/- each	500.00	500.00
20,000,000 Preference Shares of ₹ 10/- each	200.00	200.00
	<b>700.00</b>	<b>700.00</b>
<b>ISSUED</b>		
257,888,150 Equity Shares of ₹ 1/- each	257.89	257.89
	<b>257.89</b>	<b>257.89</b>
<b>SUBSCRIBED &amp; PAID UP</b>		
257,880,150 Equity Shares of ₹ 1/- each	257.88	257.88
Add :Paid up value of 8,000 Equity Shares of ₹ 1/- each forfeited ₹ 1600/- (₹ 1600/-)	-	-
	<b>257.88</b>	<b>257.88</b>

	01.10.2010	ADDITIONS	DEDUCTIONS	30.09.2011
<b>2. RESERVES &amp; SURPLUS</b>				
Capital Reserve	1,048.29	284.29 * <sup>2</sup>	-	1,332.58
Revaluation Reserve - Fixed Assets	162.14	-	3.25 * <sup>1</sup>	158.89
Debenture Redemption Reserve	150.00	50.00 * <sup>1</sup>	-	200.00
Molasses Storage Fund Reserve	16.89	3.87 * <sup>1</sup>	-	20.76
Share Premium Account	2,653.85	-	-	2,653.85
General Reserve	5,312.83	289.08 * <sup>3</sup>	-	5,601.91
Surplus in Profit & Loss Account	262.83	361.41 * <sup>1</sup>	262.83 * <sup>1</sup>	361.41
Capital Redemption Reserve	39.74	-	-	39.74
Amalgamation Reserve	92.64	-	-	92.64
	<b>9,739.21</b>	<b>988.65</b>	<b>266.08</b>	<b>10,461.78</b>

\* 1 Transfer from/to Profit & Loss Account.

\* 2 Represents excess of liabilities over assets of Demerged Undertaking as per the Scheme of Arrangement. (Refer Note No.5(d) of Schedule 25.)

\* 3 Includes ₹ 55.15 Million arising on re-assessment of deferred tax assets and liabilities as on Oct 01, 2010, as per the Scheme of Arrangement. (Refer Note:5(c) of Schedule 25); ₹ 224.13 Million representing write back of losses considered in earlier years in respect of a subsidiary which became an associate during the year.(Refer Note:19(b) of Schedule 25.); and ₹ 9.80 Million transferred from Profit & Loss Account.

As At	30.09.2011	30.09.2010
<b>3. SECURED LOANS</b>		
Debenture	1,000.00	1,000.00
From Banks -		
Cash Credit/WCDL/Overdraft	2,297.13	2,436.08
Term Loans	3,709.90	4,471.80
From Others	534.36	601.87
	<b>7,541.39</b>	<b>8,509.75</b>
<b>4. UNSECURED LOANS</b>		
Fixed Deposits	15.32	36.24
Short Term Loan :-		
From Banks	623.89	663.02
From Others	23.61	31.25
Other Loans & Advances :-		
From Others	54.53	101.31
	<b>717.35</b>	<b>831.82</b>

## SCHEDULES TO ACCOUNTS (Contd.)

### 5. FIXED ASSETS

(₹ in Million)

	GROSS BLOCK					DEPRECIATION					NET BLOCK	
	As at 01.10.2010	Less: Trfd Pursuant to Scheme of Arrangement	Additions	Deductions/ Adjustments	As at 30.09.2011	Upto 30.09.2010	Less: Trfd Pursuant to Scheme of Arrangement	For the Year *3	Deductions/ Adjustments	Upto 30.09.2011	As at 30.09.2011	As at 30.09.2010
Land - (Free Hold)*1	506.29	36.42	-	0.11	469.76	-	-	-	-	-	469.76	506.29
Land - (Lease Hold)	39.08	-	-	-	39.08	0.01	-	2.39	-	2.40	36.68	39.07
Buildings & Roads *2	2,861.80	332.58	79.24	2.00	2,606.46	406.36	47.41	70.33	1.13	428.15	2,178.31	2,455.44
Railway Siding	0.02	-	-	-	0.02	0.02	-	-	-	0.02	-	-
Plant & Machinery	12,845.56	959.49	264.91	(8.65)	12,159.63	3,926.66	183.11	674.65	9.02	4,409.18	7,750.45	8,918.89
Furniture & Fixture	182.67	67.20	9.20	5.33	119.34	67.56	14.63	7.15	0.38	59.70	59.64	115.11
Computers	155.84	49.16	8.60	1.83	113.45	97.45	31.62	12.57	2.03	76.37	37.08	58.40
Vehicles	56.65	5.74	12.04	7.73	55.22	25.65	3.14	4.54	4.41	22.64	32.58	31.00
<b>This Year</b>	<b>16,647.91</b>	<b>1,450.59</b>	<b>373.99</b>	<b>8.35</b>	<b>15,562.96</b>	<b>4,523.71</b>	<b>279.91</b>	<b>771.63</b>	<b>16.97</b>	<b>4,998.46</b>	<b>10,564.50</b>	<b>12,124.20</b>
Previous Year	16,114.72	-	624.52	91.32	16,647.91	3,710.22	-	849.00	35.51	4,523.71	12,124.20	-
<b>Capital Work in Progress*4</b>											<b>172.95</b>	<b>223.24</b>

#### Includes:

- \*1 Land costing ₹ 41.69 Million (₹ 41.69 Million) pending transfer in the name of the Company.
- \*2 'Cane yard outside' not owned by the Company costing ₹ 3.29 Million (₹ 3.29 Million).
- \*3 Transferred to Revaluation Reserve ₹ 3.25 Million (₹ 3.25 Million).
- \*4 Advance against capital expenditure ₹ 78.55 Million (₹ 85.72 Million).

### 5A. INTANGIBLE ASSETS (OTHER THAN INTERNALLY GENERATED)

(₹ in Million)

	GROSS BLOCK					DEPRECIATION					NET BLOCK	
	As at 01.10.2010	Less: Trfd Pursuant to Scheme of Arrangement	Additions	Deductions/ Adjustments	As at 30.09.2011	Upto 30.09.2010	Less: Trfd Pursuant to Scheme of Arrangement	For the Year *3	Deductions/ Adjustments	Upto 30.09.2011	As at 30.09.2011	As at 30.09.2010
Computer Software	208.90	79.37	27.25	8.58	148.20	157.87	69.35	32.71	8.57	112.66	35.54	51.03
Designs & Drawings	43.16	43.16	-	-	-	22.07	22.07	-	-	-	-	21.09
Technical Know How	7.95	-	-	4.87	3.08	7.22	-	0.51	4.87	2.86	0.22	0.73
<b>This Year</b>	<b>260.01</b>	<b>122.53</b>	<b>27.25</b>	<b>13.45</b>	<b>151.28</b>	<b>187.16</b>	<b>91.42</b>	<b>33.22</b>	<b>13.44</b>	<b>115.52</b>	<b>35.76</b>	<b>72.85</b>
Previous Year	255.92	-	16.35	12.26	260.01	150.38	-	44.60	7.82	187.16	72.85	-

Note: Intangible assets have not incurred any impairment during the year.

## SCHEDULES TO ACCOUNTS (Contd.)

(₹ in Million)

As At	30.09.2011	30.09.2010
<b>6. INVESTMENTS</b>		
<b>LONG TERM</b>		
OTHER THAN TRADE		
<b>GOVERNMENT SECURITIES</b>		
<b>UNQUOTED</b>		
National Saving Certificates	0.01	0.01
<b>OTHER SECURITIES</b>		
<b>SHARES - Fully paid-up</b>		
<b>QUOTED</b>		
13,500 (13,500) Equity shares of ₹ 2/- each of Housing Development Finance Corporation Ltd	0.02	0.02
2,500 (500) Equity shares of ₹ 2/- (₹ 10/-) each of HDFC Bank Ltd.	0.01	0.01
4,835 (4,835) Equity shares of ₹ 10/- each of Punjab National Bank	0.23	0.23
76 (76) Equity shares of ₹ 10/- each of Central Bank of India	0.01	0.01
<b>UNQUOTED</b>		
1,821 (1,821) Ordinary shares of ₹ 10/- each of NBI Industrial Finance Co. Ltd.	0.01	0.01
<b>TRADE</b>		
<b>OTHER SECURITIES</b>		
<b>UNQUOTED</b>		
<b>SHARES - Fully paid-up - Associates</b>		
Equity Shares at original cost (including ₹ 0.19 Million (Previous Year ₹ 0.19 Million) of Goodwill (Net of Capital Reserve) arising on acquisition of associates as per equity method)		
434,730 (434,730) Equity shares of ₹ 10/- each of Triveni Entertainment Ltd	4.35	4.35
99,993 (99,993) Equity shares of ₹ 10/- each of The Engineering & Technical Services Ltd	1.00	1.00
400,060 (400,060) Equity shares of ₹ 10/- each of TOFSL Trading & Investments Ltd	4.00	4.00
72,000,000 (Nil) Equity shares of ₹ 1/- each of Triveni Turbine Ltd.	72.00	-
2,800,000 (Nil) Preference shares of ₹ 10/- each of Triveni Turbine Ltd.	28.00	-
Accumulated Income/(Loss) from Associates	109.35	9.35
	403.25	371.75
	<b>512.89</b>	<b>381.39</b>



## SCHEDULES TO ACCOUNTS (Contd.)

(₹ in Million)

As At	30.09.2011	30.09.2010
<b>7. INVENTORIES</b>		
Patterns	4.33	12.85
Loose Tools, Jigs & Fixtures	2.72	15.93
Stocks		
- Stores & Spares	319.47	303.64
- Finished Goods	3,396.02	3,557.68
- Raw Materials & Components	158.75	542.46
Less : Provision for obsolescence/slow moving stock	(9.09)	(6.59)
- Work-in-Progress	52.35	473.93
- Scrap	11.19	11.72
	<b>3,935.74</b>	<b>4,911.62</b>
<b>8. SUNDRY DEBTORS - (Unsecured)</b>		
Over Six Months		
Considered Good	580.93	516.38
Considered Doubtful	117.87	105.77
	698.80	622.15
Less : Provision for doubtful debts	117.87	105.77
	580.93	516.38
Other Debts - Considered Good	1,343.52	2,273.90
	<b>1,924.45</b>	<b>2,790.28</b>
<b>9. CASH AND BANK BALANCES</b>		
Cash, Stamps & Cheques in hand	59.38	24.52
Balance with Post Office in		
- Saving Account	0.14	0.08
Balance with Scheduled Banks in		
- Current Accounts	51.58	114.90
- Savings Accounts	0.07	0.07
- Fixed and Margin Deposits	44.22	52.24
Balance with other than Scheduled Banks in		
- Current Accounts	0.18	0.99
- Fixed Deposits	0.42	-
	<b>155.99</b>	<b>192.80</b>
<b>10. OTHER CURRENT ASSETS</b>		
Interest accrued on deposits and investments	6.25	5.12
Due from Customers (Construction and project related activity)	1,065.14	452.43
	<b>1,071.39</b>	<b>457.55</b>
<b>11. LOANS AND ADVANCES</b>		
(Unsecured, Considered Good unless otherwise stated)		
Advances, pre-payments and other recoverable in cash or in kind or for value to be received		
- Considered Good	2,945.31	2,937.95
- Considered Doubtful	162.90	155.53
	3,108.21	3,093.48
Less : Provision for doubtful advances	162.90	155.53
	2,945.31	2,937.95
Balances with Central Excise, Custom etc,	367.25	390.60
MAT Credit Entitlement	384.98	344.32
Advance Payment of Tax (Net of Provision for Tax)	266.97	179.63
	<b>3,964.51</b>	<b>3,852.50</b>

## SCHEDULES TO ACCOUNTS (Contd.)

As At	30.09.2011	30.09.2010
(₹ in Million)		
<b>12. LIABILITIES</b>		
Trade & Other Creditors		
i. Total outstanding dues to Micro Enterprises and Small Enterprises	0.68	27.59
ii. Total outstanding dues of Creditors other than Micro Enterprises and Small Enterprises	1,532.45	2,324.89
Advance from customers	286.47	1,489.21
Unclaimed Preference Share Redemption	8.82	8.49
Investors Education & Protection Fund shall be credited by the following amounts (not due as at the year end)		
- Unclaimed Dividend	1.64	1.77
- Unclaimed Matured Deposits	2.78	3.69
- Interest Accrued on above	0.70	1.09
Interest Accrued but Not Due	113.09	119.25
	<b>1,946.63</b>	<b>3,975.98</b>
<b>13. PROVISIONS</b>		
Proposed Dividend	51.58	90.26
Income Tax on Distributed Profits	8.37	14.99
Gratuity	149.72	204.72
Warranty	67.03	96.05
Provision against Foreign Exchange Derivatives Loss	63.12	-
Compensated Absences	80.67	104.72
Provision for Cost to Completion for construction contracts	4.20	-
Excise Duty on Closing Stock	143.52	160.02
Others	6.30	94.86
	<b>574.51</b>	<b>765.62</b>

## SCHEDULES TO ACCOUNTS (Contd.)

		(₹ in Million)	
For the Year Ended		30.09.2011	30.09.2010
<b>14. GROSS SALES &amp; OTHER OPERATING INCOME</b>			
- Domestic		17,529.03	22,566.22
- Exports		182.28	775.06
- Export Incentives		0.63	12.95
- Income from Carbon Credit		-	99.86
		<b>17,711.94</b>	<b>23,454.09</b>
<b>15. OTHER INCOME</b>			
Dividend (Gross)			
- Long Term Investments - Other than Trade	0.24		0.21
- Current Investments - Other than Trade	-	0.24	6.38
Rent		3.56	1.34
Interest received on deposits and other accounts		23.72	45.41
Credit Balances/Amount written back		12.60	51.36
Liquidated Damages/Others Recovered		-	29.46
Excess Provision of Expenses Written Back		12.94	8.76
Exchange Rate Fluctuation Gains		24.73	36.81
Provision for Bad & Doubtful Debts/Advances Written Back		-	10.94
Provision for Slow/Non Moving Inventory Written Back		-	3.23
Profit on Disposal of Investment in a Subsidiary		1.51	-
Miscellaneous		123.72	62.83
		<b>203.02</b>	<b>256.73</b>
<b>16. INCREASE/(DECREASE) IN WORK-IN-PROGRESS/FINISHED GOODS</b>			
Stock At Commencement			
- Work-In-Progress	473.93		
Less: Transferred pursuant to the Scheme of Arrangement	432.82	41.11	422.56
- Finished Goods	3,556.80		
Less: Transferred pursuant to the Scheme of Arrangement	18.22	3,538.58	1,774.53
		3,579.69	2,197.09
Stock At Close			
- Work-In-Progress		52.35	473.93
- Finished Goods		3,394.23	3,556.80
		3,446.58	4,030.73
Add/(Less) :Impact of Excise Duty on Finished Goods		16.50	(42.05)
Net Increase/(Decrease)		<b>(116.61)</b>	<b>1,791.59</b>
<b>17. MATERIALS</b>			
Raw Material & Components			
Stock at Commencement	542.46		
Less: Transferred pursuant to the Scheme of Arrangement	368.17	174.29	2,076.04
Purchases		11,497.22	16,668.20
		11,671.51	18,744.24
Less : Stock at Close		158.75	542.46
		11,512.76	18,201.78
Cost of Trading Goods Sold			
Stock at Commencement		0.88	19.24
Purchases		405.80	20.50
		406.68	39.74
Less : Stock at Close		1.79	0.88
		404.89	38.86
		<b>11,917.65</b>	<b>18,240.64</b>

## SCHEDULES TO ACCOUNTS (Contd.)

	(₹ in Million)	
For the Year Ended	30.09.2011	30.09.2010
<b>18. MANUFACTURING / OPERATING</b>		
Stores, Spares & Tools	221.34	288.05
Power & Fuel	236.81	181.25
Machining/Erection Charges	226.12	244.02
Designing & Consultancy	4.77	29.56
Cane Development Expenses	81.97	56.86
Repairs & Maintenance:		
- Plant & Machinery	295.87	268.29
- Building	24.07	28.24
- General	19.96	28.76
Factory/Operational Expenses	68.82	64.60
Packing & Forwarding	167.07	197.61
	<b>1,346.80</b>	<b>1,387.24</b>
<b>19. PERSONNEL</b>		
Salaries, Wages & Bonus	1,049.40	1,354.51
Compensation under VRS	38.23	44.98
Gratuity	34.13	59.97
Contribution to Provident & Other Funds	89.69	109.88
Welfare	66.91	97.80
	<b>1,278.36</b>	<b>1,667.14</b>
<b>20. ADMINISTRATION</b>		
Travelling & Conveyance	109.68	159.37
Rent	39.95	43.59
Insurance	14.14	16.49
Rates & Taxes	62.26	54.07
Directors' Fee	1.12	1.25
Directors' Commission	0.90	5.75
Loss on Sale/Write off of Fixed Assets	2.20	22.90
Loss on Sale/Write off of Stores & Spares	0.55	-
Provision for Loss on Foreign Exchange Derivatives	63.12	-
Provision for Bad & Doubtful Debts/Advances	44.34	-
Provision for Cost to Completion on construction contracts	4.20	-
Warranty Expenses	19.86	35.78
Liquidated Damages	-	(19.00)
Provision for Slow/Non Moving Inventory	2.50	-
Office & Other Administration Expenses	271.90	357.69
	<b>636.72</b>	<b>677.89</b>

## SCHEDULES TO ACCOUNTS (Contd.)

(₹ in Million)

For the Year Ended	30.09.2011	30.09.2010
<b>21. FINANCING</b>		
Interest on		
- Debentures	124.50	124.50
- Fixed Loans	432.48	502.09
- Others	378.87	197.75
Other Finance charges	10.70	21.62
	946.55	845.96
Add : Exchange Rate Fluctuation on Foreign Currency Denominated Loan	0.01	3.75
	<b>946.56</b>	<b>849.71</b>
<b>22. SELLING</b>		
Commission	52.20	76.49
Royalty	24.71	24.86
Packing & Forwarding	88.45	130.81
Rebate & Discount	26.12	7.43
After Sales Expenses & Others	23.59	20.20
	<b>215.07</b>	<b>259.79</b>
<b>23. AMORTISATION</b>		
Voluntary Retirement Scheme	-	13.01
Capitalised Lease Assets	12.78	13.49
Intangible Assets	33.22	44.60
	<b>46.00</b>	<b>71.10</b>
<b>24. PROVISION FOR TAXATION</b>		
For Current Year		
- Current Tax (includes Wealth Tax ₹ 0.75 Million (Previous Year ₹ 0.75 Million))	41.83	236.33
- Deferred Tax	(49.47)	119.00
	(7.64)	355.33
For Earlier Years (Net)		
- Current Tax (includes Wealth Tax ₹ 0.03 Million (Previous Year ₹ Nil))	0.21	(18.42)
- Deferred Tax	-	11.34
- Fringe Benefit Tax	-	0.01
	0.21	(7.07)
	(7.43)	348.26
Less : MAT Credit Entitlement	40.66	88.04
	<b>(48.09)</b>	<b>260.22</b>

## SCHEDULES TO ACCOUNTS (Contd.)

### 25. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

#### 1. SIGNIFICANT ACCOUNTING POLICIES

##### A) Basis and Principles of Consolidation

- i) The consolidated financial statements have been prepared on a going concern basis to comply with the requirements of Clause 32 of the Listing Agreement and in accordance with Accounting Standard (AS) 21 on Consolidated Financial Statements, Accounting Standard (AS) 23 "Accounting for Investments in Associates in Consolidated Financial Statements" and Accounting Standard (AS) 3 "Cash Flow Statements".
- ii) The consolidated financial statements comprise the financial statements of Triveni Engineering & Industries Ltd. (Holding Company) incorporated in India, its 100% subsidiaries, all incorporated in India, namely Upper Bari Power Generation Private Ltd., Triveni Engineering Ltd and Triveni Energy Systems Ltd. The consolidated financial statements also incorporate proportionate accumulated income/(expenses) of Associates Triveni Turbine Ltd, based on its un-audited financial statements for the year ended September 30, 2011 and TOFSL Trading & Investments Ltd, The Engineering & Technical Services Ltd and Triveni Entertainment Ltd ., based on their respective audited financial statements for the year ended March 31, 2011.
- iii) The consolidated financial statements have been prepared based on a line-by-line consolidation using uniform accounting policies. The effects of inter company transactions are eliminated in consolidation.
- iv) The difference between the cost of investment in the associates and the share of net assets at the time of acquisition of shares in the associates is identified in the financial statement as Goodwill or Capital Reserve as the case may be.
- v) Investments other than in associates have been accounted as per Accounting Standard (AS) 13 "Accounting for Investments".

##### B) Basis of preparation of Financial Statements

These financial statements have been prepared to comply in all material respect with all the applicable accounting standards notified under section 211(3C) of the Companies Act, 1956 and the relevant provisions of the Companies Act, 1956.

##### C) Fixed Assets

- i. Fixed assets are stated at cost of acquisition (except in case of revaluation of certain assets where these are

stated at revalued amounts) less accumulated depreciation. Cost includes taxes, duties (excluding excise duty, service tax and VAT for which Cenvat/VAT credit is available), freight and other incidental expenses relating to acquisition and installation. In respect of new projects, all direct expenses including borrowing costs incurred upto the date of commencement of commercial production or when related asset is put to use are capitalized.

- ii. Discarded fixed assets are stated at lower of net book value (at the time of discarding of assets) and net realisable value. Wherever, the net book value of the assets can not be reasonably determined, it is stated at net realisable value.

##### D) Recognition of Income/Expenditure

- i. Income from sale of products and services is recognised on despatch of goods or when the services are rendered and includes income from third party exports and export incentives. Gross sales are stated at contractual realisable values inclusive of excise duty and net of sales tax and trade discounts.
- ii. Income from carbon credits is recognized on the delivery of the carbon credits to the customers' account as evidenced by the receipt of confirmation of execution of delivery instructions.
- iii. Revenue from fixed price construction contracts is recognized on the percentage of completion method, measured by the proportion that contract costs incurred for work performed upto the reporting date bear to the estimated total contract cost. Contract costs for this purpose include :
  - a. Costs that relate directly to the specific contract;
  - b. Costs that are attributable to contract activity in general and can be allocated to the contract; and
  - c. Such other costs as are specifically chargeable to the customer under the terms of contract.Foreseeable losses, if any, are provided for immediately.
- iv. Off-season expenses relating to sugar and bagasse based co-generation units, other than interest, selling and non-operating expenses/income earned during off-season, are deferred and are absorbed over the duration of the ensuing operating season.
- v. Income/Expenditure relating to prior periods and prepaid expenses which do not exceed ₹ 10,000/- in each case, are treated as Income/Expenditure of current year.

## SCHEDULES TO ACCOUNTS (Contd.)

### E) Foreign Currency Transactions

- i. Transactions denominated in foreign currencies are recorded at the exchange rate prevailing at the date of transaction.
- ii. Foreign currency monetary items (including forward contracts) are translated at year end rates. Exchange differences arising on settlement of transactions and translation of monetary items (including forward contracts) are recognised as income or expense in the year in which they arise.
- iii. The premium or discount on forward exchange contracts not relating to firm commitments or highly probable forecast transactions and not intended for trading or speculative purposes is amortised as expense or income over the life of the contracts.
- iv. In respect of derivative contracts relating to firm commitments or highly probable forecast transactions, provision is made for mark to market losses, if any, at the balance sheet date. Gains, if any, on such transactions are not recognized till settlement.

### F) Inventories

- i. Inventories of raw materials, components, stores and spares are valued at lower of cost and net realisable value. By-products used as raw material are valued at transfer cost. Cost for the purpose of valuation of raw materials and components, stores and spares is considered on the following basis :

#### Raw Materials & Components

Manufacturing Units	Basis
Sugar	First in first out
Gears, Co-generation & Distillery	Weighted Average
Water Business Group	Specific Cost

#### Stores and Spares

Manufacturing Units	Basis
Water Business Group	Specific Cost
Other Units	Weighted Average

- ii. Finished goods and Work-in-progress are valued at lower of cost and net realisable value. The cost of finished goods and work-in-progress includes raw material costs, direct cost of conversion and proportionate allocation of indirect costs incurred in bringing the inventories to their present location and condition. Excise duty is included in the value of finished goods.

- iii. Patterns, Loose tools, Jigs and Fixtures are written off equally over three years.
- iv. By-products (excluding those used as raw materials) and scrap are valued at estimated net realisable value.

### G) Depreciation

- i) Depreciation on fixed assets is provided on the straight line method at the rates specified in Schedule XIV of the Companies Act, 1956 other than the following assets which are depreciated at higher rates on the straight line basis over their estimated useful economic life as follows :

	Rates adopted	
a) Plant & Machinery used in Co-Generation Plants (including captive Co-Generation plants) installed after 1.4.2004	-	6.33%
b) Mobile phone costing above ₹ 5,000/-	-	50%
c) Certain assets relating to cane development	-	40%
ii) Cost of Leasehold Land is amortised over the lease period.		
iii) Fixture and Fittings and improvements to leasehold buildings not owned by the Company are amortised over the lease period or estimated useful life of such fixture, fittings and improvements, whichever is lower.		
iv) The additional depreciation, on increase in cost on account of revaluation of certain assets is, adjusted against the Revaluation Reserve and is thus not charged to Profit & Loss Account for the year.		

### H) Research & Development

Revenue expenditure on research & development is charged under respective heads of account. Capital expenditure on research and development is included as part of cost of fixed assets and depreciated on the same basis as other fixed assets.

### I) Investments

Investments are valued at cost inclusive of expenses incidental to their acquisition. Long term investments are carried at cost. Provision is made for diminution in value, if such diminution is, in the opinion of the management, other than temporary in nature. Current investments are valued at lower of cost and fair value. Investment in

## SCHEDULES TO ACCOUNTS (Contd.)

associate companies are accounted under the equity method prescribed under Accounting Standard (AS) 23 "Accounting for Investment in Associates in Consolidated Financial Statements"

### J) Employee Benefits

#### 1) Short Term Employee Benefits:

All employee benefits payable wholly within 12 months after the end of the period in which the employees render the related services are classified as short term employee benefits and are recognized as expense in the period in which the employee renders the related service. The Company recognizes the undiscounted amount of short term employee benefits expected to be paid (including compensated absences) in exchange for services rendered as a liability.

#### 2) Long Term Employee Benefits:

##### a). Defined Contribution Plans

Defined contribution plans are retirement benefit plans under which the Company pays fixed contributions to separate entities (funds) or financial institutions or state managed benefit schemes. The Company's contribution to defined contribution plans is recognized in the Profit & Loss account in the financial year to which they relate.

The Company operates the following defined contribution plans.

##### i) Provident Fund Plan & Employee Pension Scheme:

The Company makes specified monthly contributions towards Employee Provident Fund/ Employee Pension Scheme to fund administered and managed by the Government of India / funds (set up by the Company and administered through Trusts). The rate notified by the Government is also adopted by the Trusts. The Company has an obligation to make good the shortfall, if any, between the return on investments of the Trusts and notified interest rate.

##### ii) Employee State Insurance

The Company makes specified monthly contributions towards Employees State Insurance Scheme.

##### iii) Superannuation Scheme

The Company has taken Group Superannuation Policies with Life Insurance Corporation of India for superannuation payable to specific employees.

Contribution towards aforesaid fund is charged to the Profit & Loss account in the financial year to which it relates.

##### b) Defined Benefit Plans

Defined benefit plans are retirement benefit plans under which the Company pays certain defined benefits to the employees at the time of their retirement/resignation/death based on rules framed for such schemes. Company operates following defined benefit plans:

##### i) Gratuity

The Company provides for gratuity obligations through a defined benefit retirement plan (the 'Gratuity Plan') covering all employees. The Gratuity Plan provides a lump sum payment to vested employees at retirement or termination of employment based on the respective employee salary and years of employment with the Company. The Company provides for its liability under the Gratuity Plan based on actuarial valuation.

##### ii) Earned Leaves / Sick Leaves

The Company provides for the liability at year end on account of unavailed accumulated leaves on the basis of actuarial valuation.

##### c) Employee Stock Options :

Compensation cost in respect of stock options granted to eligible employees is recognized using the intrinsic value of the stock options and is amortised over the vesting period of such options granted.

### K) Borrowing costs

Borrowing costs attributable to the acquisition of qualifying assets are capitalised upto the period such assets are ready for its intended use. All other borrowing costs are charged to Profit & Loss Account.

### L) Government Grants

Recognition

Government grants are recognised where:

i) There is reasonable assurance of complying with the conditions attached to the grant.

ii) Such grant/benefit has been earned and it is reasonably certain that the ultimate collection will be made.

Presentation in Financial Statements:

i) Government grants relating to specific fixed assets are adjusted with the value of the fixed assets.

ii) Government grants in the nature of promoters'



## SCHEDULES TO ACCOUNTS (Contd.)

contribution, i.e. which have reference to the total investment in an undertaking or by way of contribution towards total capital outlay, are credited to capital reserve.

- iii) Government grants related to revenue items are either adjusted with the related expenditure/revenue or shown under "Other Income", in case direct linkage with cost/income is not determinable.

### M) Accounting for assets acquired under lease

In respect of plant & machinery acquired on lease before 1st April 2001, the principal value of the lease (including sale value on the expiry of lease), representing fair value of the assets, is amortised over technically estimated lives of such assets and unamortised value of such lease rentals are stated separately under "Fixed Assets". Lease rentals of other assets, acquired before 1st April 2001 are charged off in the period in which these accrue.

### N) Taxes on Income

- i) Current tax on income is determined on the basis of taxable income computed in accordance with the applicable provisions of the Income Tax Act, 1961.
- ii) Deferred tax is recognised for all timing differences between the accounting income and the taxable income for the year, and quantified using the tax rates and laws enacted or substantively enacted as on the Balance Sheet date.
- iii) Deferred tax asset is recognised and carried forward only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized, except in the case of unabsorbed depreciation or carry forward of losses under the Income Tax Act, 1961, deferred tax asset is recognized only to the extent that there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realized.
- iv) Minimum Alternate Tax (MAT) credit is recognized as an asset only when and to the extent there is convincing

evidence that the Company will be in a position to avail of such credit under the provisions of the Income Tax Act, 1961.

### O) Intangible Assets

Intangible assets are recognised as per the criteria specified in Accounting Standard (AS) 26 "Intangible Assets" and are amortised on straight line basis as follows:

	Period of amortisation
Computer Software	36 months
Design & Drawings	72 months
Technical Know-how fees	72 months

### P) Impairment of Asset

Impairment of individual assets/cash generating unit (a group of assets that generates identified independent cash flows) is identified using external and internal sources of information and impairment loss if any, is determined and recognised in accordance with the Accounting Standard (AS) – 28 - Impairment of Assets.

### Q) Provisions, Contingent liabilities and Contingent assets

Provisions are recognised for liabilities that can be measured only by using a substantial degree of estimation, if

- i) the Company has a present obligation as a result of a past event.
- ii) a probable outflow of resources is expected to settle the obligation and
- iii) the amount of the obligation can be reliably estimated.

Reimbursement expected in respect of expenditure required to settle a provision is recognised only when it is virtually certain that the reimbursement will be received.

Contingent Liability is disclosed in the case of

- i) a present obligation arising from a past event, when it is not probable that an outflow of resources will be required to settle the obligation.
- ii) a possible obligation, unless the probability of outflow of resources is remote.

Contingent Assets are neither recognised nor disclosed.

## SCHEDULES TO ACCOUNTS (Contd.)

### 2. Contingent liabilities (to the extent not provided for)

The contingent liabilities of the group are mainly that of the parent Company. The group, besides the contingent liabilities of the parent disclosed hereunder, is also contingently liable for ₹ 12.86 Million (₹ 1.19 Million) in respect of Associates, pro-rata to the investments in Associates, excluding the cases where the amount is not quantifiable.

#### a) Claims against the Company not acknowledged as debts

			(₹ in Million)	
			As on 30.09.2011	As on 30.09.2010
i)	Claims which are being contested by the Company and in respect of which the Company has paid amounts aggregating ₹ 65.14 Million (₹ 85.57 Million) under protest pending final adjudication of the cases:		273.32	250.86
	<b>Sl. No.</b>	<b>Particulars</b>	<b>Amount of Contingent Liability</b>	<b>Amount Paid</b>
	01.	Sales Tax	50.75 (48.00)	24.50 (22.98)
	02.	Excise Duty	137.54 (151.12)	35.42 (58.88)
	03.	Others	85.03 (51.74)	5.22 (3.71)
	The outflow arising from these claims is uncertain. Such outflow, if any, will be after adjusting likely reimbursement of ₹ Nil (₹ 12.02 Million) from customers.			
ii)	The Company is contingently liable in respect of short provision against disputed income tax liabilities of ₹ 458.75 Million (₹ 464.78 Million) against which ₹ 367.29 Million stands paid, mostly through adjustment and the balance amount has been stayed till disposal of first appeal. The disputed income tax liability includes ₹ 374.51 Million towards unrealized incentives. In the event such liability finally materialises, ₹ 353.61 Million will be adjusted against the corresponding capital reserve. In case the said incentives are ultimately not realized, a deduction from taxable income to that extent would be available to the Company in subsequent years.		458.75	464.78
iii)	Differential cane price for the sugar season 2007-08 pending disposal of the matter by the Hon'ble Supreme Court. As against price of ₹ 1250/MT advised by the State Government, the Company had accounted for and discharged its liability at ₹ 1100/MT in accordance with the interim order passed by the Supreme Court.		789.56	789.56
iv)	Statutory levies against which remission has been availed under U.P. Sugar Industry Promotion Policy 2004 issued by the State Government of Uttar Pradesh (refer note - 7(a))		247.92	173.55
v)	Indeterminate liability arising from claims / counter claims/ Interest in arbitration/ court cases, claims alleging infringement of technical know-how/copyrights, claims of some employees/ex-employees and in respect of service tax, if any, on certain activities of the Company which are being contested by the Company.			

#### b) Guarantee/surety given on behalf of associate companies ₹ 4.10 Million (₹ 4.00 Million).

c) The amounts shown in item 2(a) represent the best possible estimates arrived at on the basis of available information. The uncertainties, possible payments and reimbursements are dependent on the outcome of the different legal processes which have been invoked by the Company or the claimants, as the case may be, and therefore can not be predicted accurately. The Company engages reputed professional advisors to protect its interests and has been advised that it has strong legal position against such disputes.

The amounts shown in item 2(b) above represent guarantees given in the normal course of these companies operations and are not expected to result in any loss to the Company on the basis of such companies fulfilling their ordinary commercial obligations.

3. Estimated amount of Contracts remaining to be executed on Capital account and not provided for ₹ 149.27 Million (₹ 295.51 Million) against which advances paid amounted to ₹ 78.55 Million (₹ 85.72 Million).

4. Under a Scheme of Arrangement (Scheme) sanctioned by the High Court of Judicature at Allahabad, under sections 391 to 394 of the Companies Act, 1956 between the Company, Triveni Turbine Ltd (TTL) and their respective shareholders and creditors, the Steam Turbine Business (Demerged Undertaking) of the Company has been demerged and vested with TTL retrospectively with

## SCHEDULES TO ACCOUNTS (Contd.)

effect from 1st October, 2010 (appointed date) as per the Scheme. The Demerged Undertaking has been vested with the TTL on a going concern basis along with all the assets and liabilities relating thereof. The said Scheme has become effective from 21st April, 2011 (effective date) and accordingly:

- a) The business and operations of the Demerged Undertaking were deemed to be demerged from the Company with retrospective effect from 1st October 2010.
- b) The related assets and liabilities of the Demerged Undertaking, at the opening of business on 1st October 2010 were deemed to have been transferred from the Company to TTL with effect from that date at their respective book values.
- c) The business of the Demerged Undertaking was deemed to have been carried out by the Company, in trust for and on behalf of TTL from the appointed date till the effective date.
- d) The broad details of the assets and liabilities transferred from the Company and vested with TTL as at 1st October, 2010 are as under:

Particulars	(₹ in Million)	
	Amount	Amount
<b>ASSETS</b>		
Fixed Assets	1201.79	
Capital work in progress	15.07	
Total Fixed Assets		1216.86
Investments		0.50
Current Assets, Loans and Advances	1788.22	
Current Liabilities and Provisions	2513.42	
Net Current Assets		(-)725.20
Total Assets		492.16
Loans		
(a) Secured Loans	686.04	
(b) Unsecured Loans	90.41	
Total Loans		776.45
Excess of liabilities over assets		284.29

- e) Pending completion of procedural formalities, the titles to certain assets transferred and arising out of business conducted, could not, where necessary, be transferred in the name of TTL. Hence, the same are being held, in trust, by the Company.
5. The financials of the Company incorporate the effect of the demerger of the Demerged Undertaking of the Company and vesting of the same in TTL w.e.f. October 1, 2010. In accordance with the Scheme -
    - a) 28,000,000 equity shares of ₹ 1/- each fully paid-up held by the company stands converted to 2,800,000 8% cumulative, redeemable preference shares of ₹ 10/- each fully paid-up.
    - b) 257,880,150 equity shares of ₹ 1/- each fully paid-up of TTL have been issued to the shareholders of the Company

as per the prescribed allotment ratio in consideration for the transfer of the Demerged Undertaking.

- c) In respect of the assets and liabilities pertaining to the Demerged Undertaking, the deferred tax assets and liability have been reassessed by the Company and consequently reduction in net deferred tax liability of ₹ 55.15 Million has been adjusted with General Reserve.
  - d) Excess of liabilities over assets transferred of ₹ 284.29 Million have been adjusted with Capital Reserve in accordance of the Scheme.
6. Pursuant to the Undertaking given by the Company to SEBI in connection with granting relaxation of Rule 19(2)(b) of the Securities Contracts (Regulation) Rules, 1957 for listing of equity shares of Triveni Turbine Limited (TTL), Company's investment in the equity shares of TTL will remain under a lock-in period upto November 29, 2014.

7. a) The Company had, in respect of eligible projects, accounted for capital subsidy and remissions and reimbursement of certain statutory levies and expenses, in accordance with and as prescribed under U.P. Sugar Industry Promotion Policy 2004 ("Policy") issued by the State Government of Uttar Pradesh. Till September 30, 2010, the Company had accounted for recoverable incentives of ₹ 1,400.25 Million (including capital subsidy) and had availed of remissions of ₹ 173.55 Million under the Policy.

On premature termination of the Policy by the State Government with effect from June 4, 2007, the Company has challenged the action of the State Government in withdrawing the said Policy and not granting the incentives to the Company, in the Lucknow Bench of the Allahabad High Court. Pending final adjudication in the matter, the High Court vide its interim order dated 09.05.2008 has permitted limited protection of remissions which were being enjoyed on the date when the Policy was revoked.

The Company has been legally advised that it continues to be entitled to all the benefits under the Policy. However, during the current year, the Company has accounted for only remissions of ₹ 74.37 Million as permitted by the High Court in the interim order and further eligible reimbursements of ₹ 125.51 Million will be accounted for in accordance with the final order of the High Court.

- b) The Company had availed of a loan amounting to ₹ 943.20 Million under the "Scheme for Extending Financial Assistance to Sugar Undertakings 2007" notified by the Government of India. Under the said scheme interest subvention @ 12% per annum is granted by the Government on such loan. The outstanding loan as at the end of the year amounts to ₹ 207.61 Million (₹ 719.26 Million)

## SCHEDULES TO ACCOUNTS (Contd.)

8. The Company has made provisions for employee benefits in accordance with the Accounting Standard (AS) 15 "Employee Benefits". During the year, the Company has recognized the following amounts in its financial statements

i) **Defined contribution plans**

Particulars	(₹ in Million)	
	30.09.2011	30.09.2010
a) Employers' contribution to Provident Fund	74.47	87.93
b) Employers' contribution to Employee State Insurance	0.80	1.11
c) Employers' contribution to Superannuation Scheme	14.42	20.43

ii) **Defined Benefit Plans**

Disclosures required by Accounting Standard (AS) 15 are given here-under:

Change in present value of obligation

	(₹ in Million)			
	Gratuity (Partly funded)		Compensated Absence (un-funded)	
	30.09.2011	30.09.2010	30.09.2011	30.09.2010
a) Present value of obligation as at the beginning of the year	286.07	251.80	88.06	66.86
b) Transferred to TTL as per the Scheme of Arrangement	-58.32	-	-19.60	-
c) Interest cost	23.39	20.63	7.27	5.52
d) Current service cost	20.52	21.62	10.36	13.44
e) Benefits paid	- 33.19	-32.00	- 6.24	-4.88
f) Actuarial (gain)/loss on obligation	-2.64	24.02	-12.67	7.12
g) Present value of obligation as at the end of the year	235.83	286.07	67.18	88.06

Change in the fair value of plan assets

	(₹ in Million)			
	Gratuity (Partly funded)		Compensated Absence (un-funded)	
	30.09.2011	30.09.2010	30.09.2011	30.09.2010
a) Fair value of the plan assets at the beginning of the period (1/4/2010)	81.35	76.04	-	-
b) Expected return on plan assets	6.51	6.03	-	-
c) Contributions	26.78	22.57	-	-
d) Benefits paid	-29.16	-23.55	-	-
e) Actuarial (gain)/loss on plan assets	0.63	0.26	-	-
f) Fair value of plan assets as at the end of the period (31/03/2011)	86.11	81.35	-	-

## SCHEDULES TO ACCOUNTS (Contd.)

Amounts recognized in balance sheet

(₹ in Million)

	Gratuity (Partly funded)		Compensated Absence (un-funded)	
	30.09.2011	30.09.2010	30.09.2011	30.09.2010
a) Present value of obligation as at the end of the period	235.83	286.07	67.18	88.06
b) Fair value of plan assets as at the end of the period	86.11	81.35	-	-
c) Funded status	-149.72	-204.72	-67.18	-88.06
d) Net assets/(liability) recognized in the balance sheet	-149.72	-204.72	-67.18	-88.06

Amounts recognized in the statement of profit & loss

(₹ in Million)

	Gratuity (Partly funded)		Compensated Absence (un-funded)	
	30.09.2011	30.09.2010	30.09.2011	30.09.2010
a) Current Service cost	20.52	21.62	10.36	13.44
b) Interest cost	23.39	20.63	7.26	5.52
c) Expected return of plan assets	-6.51	-6.03	-	-
d) Net actuarial (gain)/loss recognized during the period	-3.27	23.75	-12.67	7.12
e) Expenses recognized in the statement of profit & loss	34.13	59.97	4.95	26.08

Experience adjustment

(₹ in Million)

	Gratuity				Compensated Absence			
	30.09.2011	30.09.2010	30.09.2009	30.09.2008	30.09.2011	30.09.2010	30.09.2009	30.09.2008
Defined Benefit Obligation	235.83	286.07	251.80	226.53	67.18	88.06	66.86	45.73
Fair Value of Plan Assets	86.11	81.35	76.04	69.70	-	-	-	-
Surplus/(Deficit)	-149.72	-204.72	-175.76	-156.83	-67.18	-88.06	-66.86	-45.73
Experience adjustment on plan liabilities	2.63	-27.39	-5.88	-	12.67	-8.92	-2.22	-
Experience adjustment on plan assets	0.63	-0.11	0.68	-	-	-	-	-

Expected contribution to the gratuity plan during next year ₹ 28.55 Million.

Major actuarial assumptions

(₹ in Million)

	Gratuity (Partly funded)		Compensated Absence (un-funded)	
	30.09.2011	30.09.2010	30.09.2011	30.09.2010
a) Discounting rate	8.25%	8.25%	8.25%	8.25%
b) Future salary increase	5.50%	5.50%	5.50%	5.50%
c) Expected rate of return on plan assets	8.00%	8.00%	N.A	N.A
d) Mortality table	LIC (1994-1996) duly modified			
e) Method used	Projected unit credit method			

## SCHEDULES TO ACCOUNTS (Contd.)

The estimates of future salary increase considered in actuarial valuation take account of inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

The entire plan assets of the gratuity fund are invested in fixed interest yielding securities & deposits. The expected rate of return on plan assets of the gratuity fund has been arrived at taking into consideration the prevalent returns on prescribed categories of investments authorized to be made by the fund.

9. Information in respect of construction contracts in progress is provided below.

Sl. No.	Particulars	(₹ in Million)	
		30.09.2011	30.09.2010
1.	Amount of contract revenue recognized as revenue in the year	1,431.27	1,231.49
2.	The aggregate amount of costs incurred and recognized profits (less recognized losses) upto the reporting date	3,194.04	1,762.77
3.	Advances Received	389.67	212.51
4.	Retentions	208.33	98.31
5.	Gross amount due from customers for contract work as an asset	1,065.14	452.43
6.	Gross amount due to customers for contract work as an liability	-	-

10. Plant and machinery at Deoband unit existing as on 1st November, 1986 was revalued during the financial year 1986-87. The revaluation had been conducted by an approved valuer, to reflect the assets at their present value. A property at Delhi, earlier held as stock in trade was revalued during the financial year 1999-00, at estimated market value and converted to fixed assets. The increase in the value of such assets over their book values, consequent to the revaluation, had been credited to revaluation reserve in the respective year of revaluation. The revalued assets are stated net of accumulated depreciation thereon.

11. Disclosures regarding provisions are as under :

i) Movement in provisions:

Sl. No.	Particulars of Disclosures	(₹ in Million)			
		Warranty		Liquidated Damages	
		30.09.2011	30.09.2010	30.09.2011	30.09.2010
1.	Opening Balance	96.05	83.93	91.12	113.91
	Less: Transferred pursuant to Scheme of Arrangement	43.29	-	91.12	-
2.	Provision made during the year	20.03	41.25	-	24.43
3.	Provision used during the year	5.47	11.81	-	-
4.	Provison reversed no longer required	0.29	17.32	-	47.22
5.	Closing Balance	67.03	96.05	Nil	91.12

ii) Nature of provisions :

**Warranties :** The Company extends warranties on certain products and services, undertaking to repair the items that fail to perform satisfactorily during warranty period. Provision made as at the end of year represents the amount of the expected cost of meeting such as obligations of rectification/replacement. The timing of the outflows is expected to be within a period of one to two years.

## SCHEDULES TO ACCOUNTS (Contd.)

### 12. Information regarding Related Party Transactions :

#### a) Related party where control exists

Mr D.M. Sawhney, Chairman & Managing Director (Key Management Person).

#### b) The details of related parties with whom transactions have taken place during the year :

##### i) Associates (Group A)

TOFSL Trading & Investments Limited (TOFSL)

The Engineering & Technical Services Limited (ETS)

Triveni Entertainment Limited (TENL)

Triveni Turbine Ltd. (TTL)\* 1

\* 1. As a result of the Scheme of Arrangement, became an associate of the Company w.e.f. October 1, 2010.

##### ii) Key Management Personnel (Group B)

Mr D. M. Sawhney, Chairman & Managing Director (DMS)

Mr Tarun Sawhney, Joint Managing Director (TS)

##### iii) Relatives of Key Management personnel (Group C)

Mrs Rati Sawhney (RS-Wife of DMS)

Mr Nikhil Sawhney (NS-Son of DMS) \*2

\*2. Ceased to be the Executive Director of the Company w.e.f. May 10, 2011 and thereafter continues as a Non Executive Director.

##### iv) Companies/Parties in which key management personnel or his relatives have substantial interest/significant influence (Group D)

Kameni Upaskar Limited (KUL)

Tirath Ram Shah Charitable Trust (TRSCT)

##### c) Details of Transactions

# SCHEDULES TO ACCOUNTS (Contd.)

## c) Details of transactions with the related parties during the year ended 30.09.2011 :

Sl. No.	Nature Of Transaction	Group - A				Group - B			Group - C			Group - D		TOTAL	
		TTL	TOFSL	ETS	TENL	DMS	TS	NS	RS	KUL	TRSTC				
1	Sales and Rendering Services	465.00	0.08	0.06	0.06	-	-	-	-	-	-	-	-	-	465.20
		(-)	(0.08)	(0.06)	(0.06)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(0.20)
2	Purchases and receiving Services	25.86	-	-	-	-	-	-	-	-	-	-	-	-	25.97
		(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(0.03)
3	Purchase of Fixed Assets	0.23	-	-	-	-	-	-	-	-	-	-	-	-	0.23
		(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
4	Rent Paid	-	-	-	-	1.80	-	-	-	-	-	-	3.60	-	5.40
		(-)	(-)	(-)	(-)	(0.84)	(-)	(-)	(-)	(-)	(-)	(-)	(3.30)	(-)	(4.14)
5	Rent & Other Charges Recd.	2.40	-	-	-	-	-	-	-	-	-	-	-	-	2.40
		(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
6	Amount Advanced	450.35	-	-	-	-	-	-	-	-	-	-	-	-	450.35
		(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
7	Rebate & Discount Paid	20.50	-	-	-	-	-	-	-	-	-	-	-	-	20.50
		(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
8	Expenses incurred by the Company on behalf of party (net)	41.13	-	-	-	-	-	-	-	-	-	-	-	-	41.13
		(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
9	Interest Received	18.17	-	-	-	-	-	-	-	-	-	-	-	-	18.17
		(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(0.14)
10	Interest Paid	-	-	-	-	-	-	-	-	-	-	-	0.03	-	0.03
		(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(0.03)	(-)	(0.03)
11	Remuneration *	-	-	-	-	23.25	15.18	-	-	-	13.60	-	-	-	52.03
		(-)	(-)	(-)	(-)	(38.15)	(15.26)	(-)	(-)	(14.80)	(-)	(-)	(-)	(-)	(68.21)
12	Refund against amount received on behalf of the party	-	-	-	-	-	5.00	-	-	-	-	-	-	-	5.00
		(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
13	Recoveries against leased accommodation	-	-	-	-	-	0.57	-	-	-	-	-	-	-	0.57
		(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
14	Sale of Investment in Shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		(-)	(-)	(-)	(-)	(246.20)	(-)	(-)	(-)	(-)	(-)	(-)	(196.96)	(-)	(443.16)
15	Charity & Donations	-	-	-	-	-	-	-	-	-	-	-	-	-	5.00
		(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(10.00)
16	<b>Outstanding balances as on 30.09.2011</b>														
	A. Receivable	269.54	-	-	0.03	-	-	-	-	-	-	-	-	-	269.57
		(-)	(0.04)	(0.03)	(0.05)	(0.02)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(0.14)
	B. Payable	-	-	-	-	2.26	0.11	2.68	-	-	-	-	-	-	5.10
		(-)	(-)	(-)	(-)	(2.20)	(0.11)	(0.02)	(-)	(-)	(-)	(-)	(-)	(-)	(2.37)
	C. Guarantees / Surety Outstanding	0.10	4.00	-	-	-	-	-	-	-	-	-	-	-	4.10
		(-)	(4.00)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(4.00)
	D. Fixed Deposit	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(0.25)	(-)	(0.25)

\* For TS gratuity is not included as it is provided on actuarial valuation for the entire Company.

Note : Transactions with TTL also include the transactions during the period between the appointed date and the effective date of demerger. Further, pending execution of documents with the banks in respect of loans transferred to TTL, pursuant to the Scheme of Arrangement, term loan repayments and interest thereon has initially been paid by the Company.



# SCHEDULES TO ACCOUNTS (Contd.)

## 13. Information on Segment Reporting of the Group for the year ended 30.09.2011

(₹ in Million)

	SUGAR												ENGINEERING						OTHERS			Consolidated Total																
	Sugar			Co-generation			Distillery			Total Sugar			Steam turbines			Gears			Water			Total Engineering			Other Operations			Eliminations										
	30.09.11	30.09.10	30.09.09	30.09.11	30.09.10	30.09.09	30.09.11	30.09.10	30.09.09	30.09.11	30.09.10	30.09.09	30.09.11	30.09.10	30.09.09	30.09.11	30.09.10	30.09.09	30.09.11	30.09.10	30.09.09	30.09.11	30.09.10	30.09.09	30.09.11	30.09.10	30.09.09	30.09.11	30.09.10	30.09.09								
<b>REVENUE</b>	13045.05	13394.03	13045.05	789.42	707.04	789.42	895.11	14360.15	14996.98	-	5910.02	1313.59	818.16	1863.56	1607.38	3177.15	8335.56	174.64	121.54	-	-	17711.94	23454.09	-	-	-	-	-	-	-	-	-						
External Sales	983.82	1252.61	644.93	760.34	-	0.23	1628.75	2013.18	-	5.23	281.99	2.39	2.93	3.90	290.15	7.23	5.99	(1639.88)	(2309.32)	(1639.88)	(2309.32)	17711.94	23454.09	-	-	-	-	-	-	-	-							
Inter-segment Sales	14028.87	14647.44	1170.61	1467.38	789.42	895.34	15988.90	17010.16	-	5915.25	1315.10	1100.15	1865.95	1610.31	3181.05	8625.71	181.87	127.53	(1639.88)	(2309.32)	(1639.88)	17711.94	23454.09	-	-	-	-	-	-	-	-	-						
Income from Associates	59.00	27.34	0.70	1.54	6.54	0.82	66.24	29.70	-	43.99	15.63	10.77	74.28	(0.63)	39.91	54.13	(0.38)	4.13	-	-	-	210.27	18.87	-	-	-	-	-	-	-	-	-						
Other Income	14028.87	14647.28	1171.31	1468.92	795.96	896.16	16055.14	17039.86	-	5959.24	1330.73	1110.92	1890.23	1609.68	3220.96	8679.84	181.49	131.66	(1639.88)	(2309.32)	(1639.88)	18027.98	23560.92	-	-	-	-	-	-	-	-	-						
<b>TOTAL REVENUE</b>	73.53	(573.29)	365.52	270.05	89.64	80.97	528.69	(222.27)	-	1304.28	418.45	345.28	231.96	219.47	650.41	1869.03	0.64	(44.76)	(47.65)	32.47	1132.09	1634.47	-	-	-	-	-	-	-	-	-	-						
Segment result																																						
Unallocated expenses (Net)																																						
<b>Operating profit</b>																																						
Interest expense																																						
Dividend Income/Profit on sale of unused land and Surplus on disposal of investments (Net)																																						
Extra Ordinary items																																						
Income taxes (including deferred tax)																																						
<b>Net profit</b>																																						
<b>OTHER INFORMATION</b>																																						
Segment assets	13061.66	14018.87	1838.22	2071.06	1324.68	1254.54	16224.56	17344.47	-	3005.58	1118.01	799.74	2377.57	1626.02	3495.58	5431.34	31.28	30.27																				
Unallocated assets																																						
<b>Total assets</b>																																						
Segment liabilities	816.73	880.39	50.93	77.67	50.58	32.68	918.24	990.74	-	2513.42	247.79	164.64	1142.83	815.88	1390.62	3493.94	1.07	4.02																				
Unallocated liabilities																																						
<b>Total liabilities</b>																																						
Capital expenditure	115.82	197.27	2.27	114.58	7.93	12.67	126.02	324.52	-	237.44	193.04	697.5	32.60	33.78	225.64	340.97	0.02	0.22																				
Depreciation	491.54	496.18	150.42	141.82	54.69	56.19	696.65	694.19	-	85.33	49.43	37.98	8.36	7.42	57.79	130.73	0.51	1.59																				
Amortisation	28.35	42.72	2.28	2.29	1.75	1.83	32.38	46.84	-	16.21	1.19	1.76	9.11	2.44	10.30	20.41	-	0.53																				

### Notes :

(i) In accordance with the Accounting Standard (AS) 17 "Segment Reporting", the Group's operations have been categorized into 5 major business segments, which constitute 99.02% (99.48% of the total turnover) of the Group. These business segments are classified under the two major businesses in which the Group is engaged in, and are briefly described hereunder :

#### Sugar & Allied Businesses

- Sugar : The Group is a manufacturer of white crystal sugar, having an aggregate sugarcane crushing capacity of 61,000 TCD (tonnes crushed per day) spread over seven manufacturing plants situated in the State of Uttar Pradesh. After meeting the captive requirements, the Group also sells the surplus molasses and bagasse, which are produced as a by-product in the manufacture of sugar.
- Co-generation : The business segment, apart from meeting some power and steam requirement of sugar unit, also exports power to the State grid. It has installed capacity of 68 MW spread over Khairuli and Deoband sugar mills.
- Distillery : The 160 kilo-liters per day capacity distillery located at Mizaffarnagar, Uttar Pradesh, uses the molasses produced in manufacture of sugar as the principal raw material in production of various categories of alcohol.

#### Engineering Businesses

- High Speed Gears : This business segment manufactures high speed gears and gear boxes at the manufacturing facility located at Mysore, Karnataka.

b) Water/Wastewater Treatment : This business segment operates from Noida, Uttar Pradesh and provides engineered to order process equipment and comprehensive solutions in the water and wastewater management.

(ii) The 'Other Operations' mainly include operations of Retail Stores at various rural and semi-urban locations pursued by Triveni Turbine Ltd. (Formerly known as Triveni Retail Ventures Limited), a wholly owned subsidiary and trading of var (under the Group's brand name), including sugar. Other subsidiaries have not yet commenced business.

(iii) There are no geographical segments as the volume of exports is not significant and the major turnover of the Group takes place indigenously. There is no major reliance on a few customers or suppliers.

(iv) Inter-segment transfer are priced based on competitive market prices or determined to yield a desired margin or agreed on a negotiated basis. These are then eliminated on consolidation.

(v) Segment result is the segment revenue less segment expenses. Segment expenses include all expenses directly attributable to the segments and portion of the enterprise expenses that can be allocated on a reasonable basis to the segments. It is not included in segment expenses and accordingly, segment liabilities do not include any corresponding borrowings.

(vi) Income from Associates excludes Group proportionate share of Extra-Ordinary loss of ₹ 122.21 Million, which is included in the Extra-Ordinary items.

## SCHEDULES TO ACCOUNTS (Contd.)

14. a) The Company has taken various residential, office, godown and other premises under operating leases. These are not non-cancellable leases having the unexpired period ranges upto 5 years and are renewable by mutual consent on mutually agreeable terms. The Company has given refundable interest free security deposits under certain agreements. There is no contingent rent or restriction imposed in the lease agreement. Lease payments under operating lease are recognised in the Profit & Loss Account under "Rent" in Schedule 20.
- b) The Company has also given certain portion of its office/factory premises under operating leases. These leases are not non-cancellable and are extendable by mutual consent and at mutually agreeable terms. The gross carrying amount, accumulated depreciation and depreciation recognised in profit and loss account in respect of such portion of the leased premises are not separately identifiable. There is no impairment loss in respect of such premises. No contingent rent has been recognised in the profit and loss account.
15. The Managing Director and Whole Time Directors have drawn remuneration during the year in terms of their respective appointment, except that no commission/performance bonus has been paid to any of them during the year and the Managing Director has not drawn the basic salary and house rent allowance, to which he was otherwise entitled to, with effect from 01.04.2011. The terms of their appointment provided that in the absence of or inadequacy of profits in any financial year during the term of their office, the aforesaid managerial personnel shall be paid the remuneration and perquisites they were entitled to, other than commission/performance bonus, as the Minimum Remuneration with the approval of the Central Government.

The profits for the current year are inadequate and the remuneration paid to the managerial personnel are in excess of remuneration prescribed under Section 309 (3) read with Schedule XIII of the Companies Act, 1956. The excess remuneration paid in the case of the Managing Director is ₹ 17.29 Million; continuing Whole Time Director is ₹ 8.69 Million and in the case of the Whole Time Director who has resigned from the services of the Company during the year is ₹ 6.34 Million. Accordingly, the Company has applied to the Central Government for waiver of the excess remuneration paid to the aforesaid managerial personnel and in case such waiver is not granted, the excess remuneration paid shall be recovered from the concerned managerial personnel.

16. Pursuant to the Employees Stock Option Scheme (ESOP 2009) framed by the Company, 2,00,000 stock options had been granted to eligible employees of the Company during the financial year 2009-10. Subsequent thereto, under a Scheme of Arrangement (Scheme) between the Company, M/s Triveni Turbine Ltd. (TTL) and their respective shareholders and creditors, which was duly approved by the Hon'ble High Court of Allahabad vide its order dated 19.04.2011, the steam turbine undertaking of the Company was demerged and vested in TTL with effect from 01.10.2010 being the appointed date of the Scheme.. Consequent thereto, the employees of the Steam turbine undertaking (including those who were granted stock options under ESOP 2009) became the employees of TTL. In the Scheme it was provided that the preferred alternative with respect to the stock options granted prior to the demerger, subject to the approval of SEBI/Stock Exchanges, was that, in respect of the employees of the Demerged Company ( including the employees transferred to TTL under the Scheme) to whom stock options have been granted (whether the same are vested or not) ( the "Specified Employees"), TTL shall, for every one (1) stock option held by such Specified Employees in the Company, issue one (1) employee stock option under a stock option scheme (which shall have terms and conditions similar to the ESOP 2009), to be created by TTL ("New Stock Option Scheme"). Each stock option under the New Stock Option Scheme, when exercised, would entitle the Specified Employees holding such stock option, one (1) equity share of ₹ 1/- each of TTL. Necessary modifications in the existing Scheme would consequently be required to be made to enable continuance of the stock options in the hands of the Specified Employees as well as adjustment of the exercise price. The Company is in the process of revising and finalizing the ESOP 2009 in line with the provisions contained in the Scheme, including splitting the original exercise price of the options granted, in a manner which conforms in spirit to the extant guidelines issued by SEBI. The modified ESOP 2009 shall be given effect upon its acceptance by SEBI/Stock exchanges. In case the modified ESOP 2009 is not found acceptable by SEBI/Stock Exchanges, the second alternative specified in the Scheme would be followed in respect of the stock options, whereby only such grantees who are employees of the Company would only be entitled to exercise their options to receive one equity share of the Company for each option which vest upon them. The outstanding options held by the employees transferred to TTL shall lapse and necessary modifications shall be made in ESOP 2009.

Pending final determination in the matter as aforesaid, the required disclosures of the ESOP 2009 are as under:

## SCHEDULES TO ACCOUNTS (Contd.)

### (A) Employee Stock Option Scheme:

No. of Options Granted	200,000
Method of Accounting	Intrinsic Value
Vesting Plan	Graded Vesting as under:
	50% after 12 months
	50% after 24 months
Normal Exercise Period	Within 2 years from the date of vesting
Grant Date	April 30, 2010
Grant Price (₹ per share)	108.05 *
Market Price on the date of grant of option (₹)	108.05 *

\* Refers to the exercise price and the market price on date of grant of the options by the Company, prior to the demerger of the Steam Turbine undertaking of the Company.

### (B) Movement of Options Granted

	30.09.2011	30.09.2010
Outstanding at the beginning of the year	200,000	Nil
Granted during the year	Nil	200,000
Exercised during the year	Nil	Nil
Lapsed during the year	Nil	Nil
Outstanding at the end of the year	200,000	200,000
Unvested at the end of the year	100,000	200,000
Exercisable at the end of the year	100,000	Nil

The options outstanding as at the end of the year have a weighted average contractual life of 27.5 months and are exercisable at the grant price of ₹ 108.05, Pending final determination in the matter regarding modification of ESOP 2009 as stated above, the exercise price of ₹108.05 is without considering any modification/adjustment which may be required to be carried out post demerger of the steam turbine undertaking of the Company.

### (C) Fair Valuation

The fair value of options used to compute proforma net income and earning per equity share has been done by an independent firm of Chartered Accountants on the date of grant of options using Black Scholes Model.

The key assumptions in Black Scholes Model for calculating fair value as on the date of grant are :

(a) Risk free rate	6.15%
(b) Option life	Vesting period + Average of Exercise period (1 year)
(c) Expected volatility	84.31%
(d) Expected dividend	80%

The weighted average fair value of each option of the Company as on the date of grant, works out to ₹ 56.60, which had been arrived at without considering the subsequent demerger of the steam turbine undertaking of the Company.

## SCHEDULES TO ACCOUNTS (Contd.)

Had the compensation cost for the stock options granted under ESOP 2009 been determined based on fair value approach, the Company's net profit and earning per share would have been as per the proforma amounts indicated below:

	(₹ in Million)	
	30.09.2011	30.09.2010
Net Profit (as reported)	222.20	697.50
Add : Compensation expense under ESOP considered in the net profit	Nil	Nil
Less : Compensation expense under ESOP as per fair value *	5.98	3.37
Net Profit (fair value basis)	216.22	694.13
Basic earning per share (as reported) – ₹/Share	0.86	2.70
Basic earning per share (fair value basis) – ₹/Share	0.84	2.69
Diluted earning per share (as reported) – ₹/Share	0.86	2.70
Diluted earning per share (fair value basis) – ₹/Share	0.84	2.69

\* The compensation expenses for the year on fair value basis has been computed without considering the effect of any modification / adjustment which may be required to be made to ESOP 2009 to give effect to the demerger of the steam turbine division.

17. Details of Prior Period Items (Net) is as under :

		(₹ in Million)	
Sl. No.	Particulars	30.09.2011	30.09.2010
<b>A.</b>	<b>EXPENDITURE</b>		
1	Raw Material Purchases	0.07	-
2	Repairs & Maintenance – Plant & Machinery	-	(0.01)
3	Repairs & Maintenance – General	-	0.01
4	Salaries, Wages & Bonus	-	0.09
5	Contribution to Gratuity, Provident & Other Funds	-	0.97
6	Exchange Rate Fluctuation Loss	-	2.38
7	Insurance	0.03	-
8	Office & Other Administration Expenses	2.78	1.32
9	Rates & Taxes	0.31	-
10	Interest Paid-Fixed Loans	-	0.75
11.	Packing & Forwarding	0.13	(0.01)
12	Depreciation	1.93	1.74
	<b>TOTAL EXPENDITURE (A)</b>	<b>5.25</b>	<b>7.24</b>
<b>B.</b>	<b>INCOME</b>		
1	Sale Domestic	-	(3.09)
2	Sales-Export	(0.29)	-
3	Rent	0.07	-
	<b>TOTAL INCOME (B)</b>	<b>(0.22)</b>	<b>(3.09)</b>
	<b>PRIOR PERIOD ITEMS (NET) (A-B)</b>	<b>5.47</b>	<b>10.33</b>

18. Exceptional / Non-Recurring Income (net) of ₹ 41.57 Million (₹ 263.56 Million) comprise the following:

- i) Profit of ₹ 41.57 Million (₹ Nil) on the sale of unused land.
- ii) Profit of ₹ Nil (₹ 352.26 Million) on the sale of long term trade investment.
- iii) Provision of ₹ Nil (₹ 88.70 Million) made against amounts recoverable in disputed matters, mostly relating project/sugar machinery business earlier carried out by the Company.

## SCHEDULES TO ACCOUNTS (Contd.)

19. (a) Upon issue of shares to the shareholders of the Company by Triveni Turbine Ltd.(TTL) and conversion of a part of the Company's equity investment of ₹ 28 Million in TTL into preference shares, pursuant to the Scheme of Arrangement (Scheme), TTL ceased to remain a subsidiary w.e.f 01.10.2010 (appointed date of the Scheme) and is now an associate of the Company. Further, as part of the Scheme the Company's investment in its wholly owned subsidiary GE Triveni Ltd.(GETL), was also transferred to TTL w.e.f. the appointed date of the Scheme resulting in profit on disposal of its equity investment in GETL of ₹ 1.51 Million.
- (b) The carrying amount of Investment in associate company TTL as on 30.09.2011 comprises the original cost of investment of ₹ 72 Million, as increased by Company's share of income of the associate for the year ended 30.09.2011 of ₹ 81.14 Million and as reduced by ₹ 56.56 Million being the Company's share of losses in the associate as on 01.10.2010, being the date when TTL ceased as a subsidiary and became an associate. Amount of ₹ 224.13 Million representing the excess losses already booked till 01.10.2010 in respect of TTL while it was a subsidiary, has been credited to General Reserves on its becoming an associate company.
- (c) The aggregate share of income from associates of ₹ 210.27 Million is without considering extraordinary charge of ₹ 122.21 Million being the proportionate share of extraordinary charge in TTL pertaining to write-off of goodwill in TTL, arising on account of demerger. The extraordinary charge has been separately disclosed in the statement of consolidated profit and loss.
- (d) In the previous year the Company had recognized losses in respect of its erstwhile wholly owned subsidiary companies of ₹ 40.90 Million in the case of TTL and ₹ 1.51 Million in the case of GETL.
20. Pursuant to compliance of Accounting Standard (AS) 23 "Accounting for Investments in Associates in Consolidated Financial Statements" the company has accounted investments in Associates under the equity method. The relevant information of the investment in Associates is provided herein-below:

(₹ in Million)					
Name of the Associate Companies	Country of Incorporation	Ownership interest and Voting Power	Original cost of Investments	Amount of Goodwill/ (Capital Reserve) included in original cost	Share of Accumulated Income/ (Loss) at the year end
1	2	3	4	5	6
TOFSL Trading & Investments Ltd	India	49.38%	4.00	0.18 *1	145.55
The Engineering & Technical Services Ltd.	India	47.60%	1.00	(0.43) *1	234.73
Triveni Entertainment Ltd	India	49.97%	4.35	0.44 *1	(1.61)
Triveni Turbine Ltd.	India	21.83%	72.00	Nil	24.58 *2
<b>Total</b>			<b>81.35</b>	<b>0.19</b>	<b>403.25</b>

\*1 As on the date on which these Companies became Associates on the merger of erstwhile Triveni Engineering & Industries Limited with this Company.

\*2 Net of ₹ 56.56 Million being the company share of losses on the date it became an associate.

## SCHEDULES TO ACCOUNTS (Contd.)

21. The requisite financial information in respect of the subsidiaries, as per general approval under Section 212 (8) of the Companies Act, 1956 accorded by Government of India, Ministry of Corporate Affairs, vide its General Circular No. 2/2011 dated 08/02/2011 for the financial year ended September 30, 2011 is given below.

Subsidiary Companies	(₹ in Million)		
	Upper Bari Power Generation Pvt. Ltd	Triveni Engineering Ltd	Triveni Energy Systems Ltd
Capital	0.50 (0.50)	0.50 (0.50)	0.50 (0.50)
Reserves	0.05 (0.04)	-1.75 (-1.66)	-0.39 (-0.38)
Total Assets	0.56 (0.57)	0.05 (0.06)	0.12 (0.13)
Total Liabilities	0.01 (0.01)	1.30 (1.23)	0.01 (0.01)
Investments (except in subsidiaries)	NIL (NIL)	NIL (NIL)	NIL (NIL)
Turnover (Net)	NIL (NIL)	NIL (NIL)	NIL (NIL)
Profit/(Loss) before Taxation	0.03 (0.03)	-0.09 (-0.08)	-0.01 (-0.00)
Provision for Taxation	0.02 (0.01)	NI (NIL)	0.00 (0.00)
Profit/(Loss) after Taxation	0.01 (0.02)	-0.09 (-0.08)	0.01 (-0.01)
Proposed Dividend	NIL (NIL)	NIL (NIL)	NIL (NIL)

22. Pursuant to compliance of AS-20 on Earning Per Share, the relevant information is provided here below:

	30.09.2011	30.09.2010
Net profit after tax (before extra-ordinary item net of tax expense thereon) (₹ in Million)	344.41	697.50
Net profit after tax (after extra-ordinary item) (₹ in Million)	222.20	697.50
No. of Equity shares of ₹ 1/- each	25,78,80,150	25,78,80,150
Basic/Diluted EPS before extra-ordinary items - ₹	1.34	2.70
Basic/Diluted EPS after extra-ordinary items - ₹	0.86	2.70

23. The breakup of net deferred tax liability is provided below :

Particulars	(₹ in Million)	
	Deferred tax liability (deferred tax asset)	
	As on 30.09.11	As on 30.09.10
Difference in written down values of Fixed Assets as per books & tax	1,246.95	1,373.71
Expenses deferred in books but claimed in tax	25.64	69.57
Expenses allowable on payment basis	(205.70)	(245.88)
Others (net)	(102.81)	(134.44)
Net deferred tax liability	964.08	1062.96

24. Previous year figures have been regrouped and rearranged wherever necessary to provide comparison with the current year's figures. However, in view of the transfer of Steam Turbine business pursuant to the Scheme of Arrangement as explained in Note No.4 above, current year figures are strictly not comparable with the previous year figures.

25. Figures given in brackets relate to the previous year.

26. Schedule "1" to "25" form an integral part of the Balance Sheet and Profit & Loss Account.

Place : Noida (U.P.)  
Date : November 28, 2011

Dhruv M. Sawhney  
Chairman &  
Managing Director

Lt.Gen.K.K.Hazari (Retd)  
Director & Chairman  
Audit Committee

Geeta Bhalla  
Company  
Secretary

Suresh Taneja  
Vice President  
& CFO

# COMPANY'S BUSINESS & OTHER DETAILS

## Registered Office

Deoband, District-Saharanpur  
Uttar Pradesh-247 554  
STD Code: 01336  
Phone: 222497, 222185, 222866  
Fax: 222220

## Corporate Office

'Express Trade Towers', 8th Floor  
15-16, Sector-16A  
Noida 201 301(U.P.)  
STD Code: 0120  
Phone: 4308000, Fax: 4311010-11

## Share department/Investors' grievances

'Express Trade Towers', 8th Floor  
15-16, Sector-16A  
Noida 201 301(U.P.)  
STD Code: 0120  
Phone: 4308000, Fax: 4311010-11  
Email: shares@trivenigroup.com

## Registrar and share transfer agents

For Equity shares held in physical and electronic mode  
(Correspondence Address)  
M/s Karvy Computershare Pvt. Ltd.,  
Unit: Triveni Engineering & Industries Limited  
Plot No. 17 to 24, Vittal Rao Nagar,  
Madhapur, Hyderabad-500 081.  
Tel.: 040-23420815-825  
Fax: 040-23420814  
Email: einward.ris@karvy.com

## Fixed deposit section

**Accounts Department**  
'Express Trade Towers', 8th Floor  
15-16, Sector-16A  
Noida 201 301(U.P.)  
STD Code: 0120  
Phone: 4308000, Fax: 4311010-11  
Email: hoacct@trivenigroup.com

## Gear business group

1,2,3 Belagola Industrial Area,  
Metagalli Post, K.R.S. Road,  
Mysore-570 016  
STD Code: 0821  
Phone: 4280501, 4280502, Fax: 2582694

## Water business group

Plot No.44, Block-A, Phase II Extension,  
Hosiery Complex, Noida,  
District-Gautam Budh Nagar, U.P.  
STD Code: 0120  
Phone: 4748000, Fax: 4243049  
Email: wbg@projects.trivenigroup.com

## Sugar business group

**Khatauli sugar unit**  
Khatauli, District-Muzaffarnagar,  
Uttar Pradesh-251 201  
STD Code: 01396  
Phone: 272561 & 272562, Fax: 272309

## Deoband sugar unit

Deoband, District-Saharanpur  
Uttar Pradesh-247 554  
STD Code: 01336  
Phone: 222497, 222185, 222866  
Fax: 222220

## Ramkola sugar unit

Ramkola, District-Kushinagar  
Uttar Pradesh-247 305  
STD Code: 05567  
Phone: 256021, 256071-2, 256182  
Fax: 256248

## Sabitgarh sugar unit

P.O. Karora, Tehsil Khurja  
District-Bulandshahar,  
Uttar Pradesh  
STD Code: 05738  
Phone: 228894, Fax: 228893

## Rani Nangal sugar unit

Rani Nangal, Thakurdwara  
District- Moradabad,  
Uttar Pradesh  
STD Code: 0595  
Phone: 2564350, 2564627, Fax: 2565002

## Milak Narayanpur sugar unit

Milak Narayanpur, P.O. Dadiyal  
District-Rampur  
Uttar Pradesh-244 925  
STD Code: 0595  
Phone: 2564350, 2564627, 2564215  
Fax: 2565002

## Chandanpur sugar unit

P.O. Chapna, Tehsil-Hasanpur,  
District-J.P. Nagar  
Uttar Pradesh-244 255  
STD Code: 05924  
Phone: 295040, Fax: 254006

## Co-generation Khatauli

Khatauli, District-Muzaffarnagar,  
Uttar Pradesh-251 201  
STD Code: 01396  
Phone: 272561 & 272562, Fax: 272309

## Co-generation Deoband

Deoband, District-Saharanpur  
Uttar Pradesh-247 554  
STD Code: 01336  
Phone: 222497, 222185, 222866  
Fax: 222220

## Distillery business

Village Bhikki Bilaspur,  
Jolly Road, District-Muzaffarnagar,  
Uttar Pradesh-251 001  
STD Code: 0131  
Phone: 2600659, 2600684, Fax: 2600569

## Branded sugar business

'Express Trade Towers', 8th Floor  
15-16, Sector-16A

Noida 201 301(U.P.)  
STD Code: 0120  
Phone: 4308000, Fax: 4311010-11

## SUBSIDIARY COMPANIES

### Triveni Engineering Limited

'Express Trade Towers', 8th Floor  
15-16, Sector-16A  
Noida 201 301(U.P.)  
STD Code: 0120  
Phone: 4308000, Fax: 4311010-11

### Triveni Energy Systems Limited

'Express Trade Towers', 8th Floor  
15-16, Sector-16A  
Noida 201 301(U.P.)  
STD Code: 0120  
Phone: 4308000, Fax: 4311010-11

### Upper Bari Power Generation Pvt. Limited

Rockwood Estate, The Mall,  
Shimla, Himachal Pradesh-171 001

## CORPORATE INFORMATION

### Chairman and Managing Director

Mr. Dhruv M. Sawhney (DIN 00102999)

### Joint Managing Director

Mr. Tarun Sawhney (DIN-00382878)

### Directors

Mr. Nikhil Sawhney (DIN-00029028)  
Dr. F.C. Kohli (DIN-00102878)  
Lt. Gen. K.K. Hazari (Retd.) (DIN-00090909)  
Mr. M.K. Daga (DIN-00062503)  
Mr. Shekhar Datta (DIN-00045591)  
Mr. R.C. Sharma (DIN-00107540)

### Company Secretary

Ms. Geeta Bhalla

### Bankers

Axis Bank Ltd.  
Canara Bank  
Central Bank of India  
Citi Bank N.A.  
HSBC Bank Ltd.  
ICICI Bank Ltd.  
IDBI Bank Ltd.  
Indusind Bank Ltd.  
Oriental Bank of Commerce  
Punjab National Bank  
State Bank of India  
State Bank of Patiala  
Yes Bank Ltd.

### Auditors

M/s J.C. Bhalla & Co.

### Branch Auditors

M/s Virmani & Associates

### Triveni Group website

www.trivenigroup.com



8<sup>th</sup> Floor, Express Trade Towers, Plot No. 15 & 16,  
Sector 16 - A, Noida - 201 301, Uttar Pradesh

[www.trivenigroup.com](http://www.trivenigroup.com)