

RED HERRING PROSPECTUS

Please read Section 60B of the Companies Act, 1956

Dated November 8, 2005

100% Book Built Issue

**TRIVENI ENGINEERING & INDUSTRIES LIMITED**

(Incorporated on July 27, 1932 under the Companies Act, 1913 as The Ganga Sugar Corporation Limited. The name of the Company was changed to Gangeshwar Limited on April 3, 1973 and subsequently to Triveni Engineering & Industries Limited on March 31, 2000. The registered office of our Company was changed in June, 1997 from Jeevan Tara Building, 1st Floor, 5, Parliament Street, New Delhi 110 001 to the present Registered Office.)

Registered Office: Deoband, District Saharanpur, Uttar Pradesh 247 554, India. **Tel:** +91 1336 222866; **Fax:** +91 1336 222220.

Contact Person: Mr. V.P. Ghuliani **Tel:** +91 120 5308000. **E-mail:** publicissue@trivenigroup.com; **Website:** www.trivenigroup.com

PUBLIC ISSUE OF 50,000,000 EQUITY SHARES OF RE. 1 EACH ("EQUITY SHARES") FOR CASH AT A PRICE OF RS. [●] PER EQUITY SHARE AGGREGATING RS. [●] MILLION, BY TRIVENI ENGINEERING & INDUSTRIES LIMITED ("TRIVENI", "THE COMPANY" OR "THE ISSUER"). THE ISSUE WILL CONSTITUTE 19.39% OF THE FULLY DILUTED SHARE CAPITAL OF OUR COMPANY.

PRICE BAND: RS. 42 To RS. 50 PER EQUITY SHARE OF FACE VALUE RE. 1 EACH.

THE ISSUE PRICE IS 42 TIMES THE FACE VALUE AT THE LOWER END OF THE PRICE BAND AND 50 TIMES THE FACE VALUE AT THE HIGHER END OF THE PRICE BAND.

In case of revision in the Price Band, the Bidding/Issue Period will be extended for three additional working days after revision of the Price Band subject to the Bidding/Issue Period not exceeding 10 working days. Any revision in the Price Band and the revised Bidding/Issue Period, if applicable, will be widely disseminated by notification to Bombay Stock Exchange Limited ("BSE") and the National Stock Exchange of India Limited ("NSE") by issuing a press release, and also by indicating the change on the websites of the Book Running Lead Managers and at the terminals of the Syndicate.

The Issue is being made through the 100% Book Building Process wherein up to 50% of the Issue shall be allocated on a discretionary basis to Qualified Institutional Buyers. Further, at least 15% of the Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders and at least 35% of the Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price.

RISK IN RELATION TO THE ISSUE

The Issue Price (as determined by the Company in consultation with the Book Running Lead Managers on the basis of assessment of market demand for the Equity Shares by way of book-building) should not be taken to be indicative of the market price of the Equity Shares after the Equity Shares allotted pursuant to the Issue are listed. No assurance can be given regarding an active and/or sustained trading in the Equity Shares or regarding the price at which the Equity Shares will be traded after listing of the Equity Shares allotted pursuant to the Issue.

GENERAL RISKS

Investments in equity and equity-related securities involve a degree of risk and investors should not invest any funds in this Issue unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in this Issue. For taking an investment decision, investors must rely on their own examination of the Company and the Issue including the risks involved. The Equity Shares offered in the Issue have not been recommended or approved by the Securities and Exchange Board of India ("SEBI"), nor does SEBI guarantee the accuracy or adequacy of this Red Herring Prospectus. Specific attention of the investors is invited to section titled "Risk Factors" beginning on page xiii of this Red Herring Prospectus.

ISSUER'S ABSOLUTE RESPONSIBILITY

The Company, having made all reasonable inquiries, accepts responsibility for and confirms that this Red Herring Prospectus contains all information with regard to the Company and the Issue, which is material in the context of the Issue, that the information contained in this Red Herring Prospectus is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this Red Herring Prospectus as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.

LISTING


The Equity Shares offered through this Red Herring Prospectus are proposed to be listed on the BSE and the NSE where the existing Equity Shares of our Company are listed. We have received in-principle approvals from BSE and NSE for the listing of the Equity Shares to be allotted pursuant to the Issue, vide letters dated August 5, 2005 and August 31, 2005, respectively. BSE is the Designated Stock Exchange. Our Equity Shares are also listed on the DSE and CSE, but the Company vide its application dated October 16, 2002 to CSE and application dated May 16, 2005 to DSE has applied for the delisting of our Equity Shares.

BOOK RUNNING LEAD MANAGERS


JM MORGAN STANLEY PRIVATE LIMITED
141, Maker Chambers III,
Nariman Point, Mumbai - 400 021.
Tel: + 91 22 5630 3030
Fax: + 91 22 2202 8224
E-mail: teifpo@jmmorganstanley.com
Website: www.jmmorganstanley.com


ICICI SECURITIES LIMITED
ICICI Centre, H.T. Parekh Marg,
Churchgate, Mumbai - 400 020.
Tel: + 91 22 2288 2460
Fax: + 91 22 2283 7045
E-mail: teifpo@isecltd.com
Website: www.iseonline.com

REGISTRAR TO THE ISSUE


KARVY COMPUTERSHARE PRIVATE LIMITED
Karvy House, 46, Avenue 4, Street no.1,
Banjara Hills, Hyderabad - 500 034.
Tel: +91 40 2343 1546.
Fax: +91 40 2343 1551.
E-mail: triveni.ipo@karvy.com
Website: www.karvy.com

ISSUE PROGRAMME**BID / ISSUE OPENS ON : FRIDAY. NOVEMBER 18, 2005****BID / ISSUE CLOSURES ON : FRIDAY. NOVEMBER 25, 2005**

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DEFINITIONS AND ABBREVIATIONS

General Terms

Term	Description
“Triveni” or “the Company” or “our Company” or “Triveni Engineering & Industries Limited”	Triveni Engineering & Industries Limited, a public limited company incorporated under the Companies Act, 1913.
“we” or “us” or “our”	Triveni Engineering & Industries Limited and where the context requires, its subsidiaries being Abohar Power Generation Limited, Triveni SRI Limited and Upper Bari Power Generation Limited.

Issue Related Terms

Term	Description
Allotment	Unless the context otherwise requires, the allotment of Equity Shares pursuant to the Issue.
Articles/Articles of Association	Articles of Association of our Company.
Auditors	J.C.Bhalla and Co., Chartered Accountants
Banker(s) to the Issue	ICICI Bank Limited, Standard Chartered Bank, The Hongkong and Shanghai Banking Corporation Limited, UTI Bank Limited and YES Bank Limited.
Bid	An indication to make an offer during the Bidding Period by a prospective investor to subscribe to our Equity Shares at a price within the Price Band, including all revisions and modifications thereto.
Bid Amount	The highest value of the optional Bids indicated in the Bid cum Application Form and payable by the Bidder on submission of the Bid in the Issue.
Bid/Issue Closing Date	The date after which the Syndicate will not accept any Bids for the Issue, which shall be notified in an English national newspaper and Hindi national newspaper, both with wide circulation.
Bid cum Application Form	The form in terms of which the Bidder shall make an indication to make offer to subscribe to the Equity Shares and which will be considered as the application for issue of the Equity Shares pursuant to the terms of this Red Herring Prospectus.
Bidder	Any prospective investor who makes a Bid pursuant to the terms of this Red Herring Prospectus and the Bid cum Application Form.
Bidding/ Issue Period	The period between the Bid/ Issue Opening Date and the Bid/ Issue Closing Date inclusive of both days and during which prospective Bidders can submit their Bids.
Bid/ Issue Opening Date	The date on which the Syndicate shall start accepting Bids for the Issue, which shall be the date notified in an English national newspaper and a Hindi national newspaper, both with wide circulation.

Term	Description
Board of Directors/Board	The board of directors of our Company or a committee constituted thereof.
Bonus Issue	Issue of 124,728,090 Equity Shares of Re.1 each issued and allotted in the ratio of 3:2 i.e., three new Equity Shares for every two existing Equity Shares credited as fully paid-up as allotted on June 17, 2005.
Bonus Shares	Equity Shares issued and allotted pursuant to the Bonus Issue.
Book Building Process	Book building route as provided in Chapter XI of the SEBI Guidelines, in terms of which the Issue is being made.
BRLMs/ Book Running Lead Managers	Book Running Lead Managers to the Issue, in this case being JM Morgan Stanley Private Limited and ICICI Securities Limited.
BSE	Bombay Stock Exchange Limited earlier known as The Stock Exchange, Mumbai.
CAN/ Confirmation of Allocation Note	Means the note or advice or intimation of allocation of Equity Shares sent to the Bidders who have been allocated Equity Shares after discovery of the Issue Price in accordance with the Book Building Process.
CSE	The Calcutta Stock Exchange Association Limited.
Cap Price	The higher end of the Price Band, above which the Issue Price will not be finalised and above which no Bids will be accepted.
Companies Act	The Companies Act, 1956 as amended from time to time.
Cut-off Price	Any price within the Price Band finalised by us in consultation with the BRLMs. A Bid submitted at Cut-off Price is a valid Bid at all price levels within the Price Band.
Delhi Stock Exchange/DSE	The Delhi Stock Exchange Association Limited.
Depository	A depository registered with SEBI under the SEBI (Depositories and Participant) Regulations, 1996, as amended from time to time.
Depositories Act	The Depositories Act, 1996, as amended from time to time.
Depository Participant	A depository participant as defined under the Depositories Act.
Designated Date	The date on which the Escrow Collection Banks transfer the funds from the Escrow Account to the Issue Account, which in no event shall be earlier than the date on which the Prospectus is filed with the RoC.
Designated Stock Exchange	Bombay Stock Exchange Limited.
Director(s)	Director(s) of Triveni Engineering & Industries Limited, unless otherwise specified.
Draft Red Herring Prospectus	The Draft Red Herring Prospectus dated May 31, 2005 as filed with SEBI.
Equity Shares	Equity shares of the Company of face value of Re. 1 each.
Erstwhile Triveni Engineering & Industries Limited	The erstwhile Triveni Engineering & Industries Limited, which merged with Gangeshwar Limited pursuant to the order of the Allahabad High Court dated March 6, 2000.

Term	Description
Escrow Account	Account opened with an Escrow Collection Bank(s) and in whose favour the Bidder will issue cheques or drafts in respect of the Bid Amount when submitting a Bid.
Escrow Agreement	Agreement to be entered into among the Company, the Registrar, the Escrow Collection Bank(s), the Senior Co-Manager and the BRLMs for collection of the Bid Amounts and for remitting refunds, if any, of the amounts collected, to the Bidders.
Escrow Collection Bank(s)	The banks, which are clearing members and registered with SEBI as Banker to the Issue at which the Escrow Account will be opened in this case being ICICI Bank Limited, Standard Chartered Bank, The Hongkong and Shanghai Banking Corporation Limited, UTI Bank Limited and YES Bank Limited.
FEMA	The Foreign Exchange Management Act, 1999, as amended from time to time, and the regulations framed thereunder.
FII	Foreign Institutional Investor (as defined under the Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995) registered with SEBI under applicable laws in India.
First Bidder	The Bidder whose name appears first in the Bid cum Application Form or Revision Form.
Floor Price	The lower end of the Price Band, below which the Issue Price will not be finalised and below which no Bids will be accepted.
Guwahati Stock Exchange	The Guwahati Stock Exchange Limited.
Indian GAAP	Generally accepted accounting principles in India.
Issue	Public issue of 50,000,000 Equity Shares at a price of Rs. [●] each for cash aggregating upto Rs. [●] million by our Company.
Issue Price	The final price at which Equity Shares will be allotted in terms of this Red Herring Prospectus, as determined by the Company in consultation with the BRLMs, on the Pricing Date.
Issue Account	Account opened with the Banker(s) to the Issue to receive monies from the Escrow Account for the Issue on the Designated Date.
Margin Amount	The amount paid by the Bidder at the time of submission of his/her Bid, being 0% to 100% of the Bid Amount.
Memorandum / Memorandum of Association	The memorandum of association of our Company.
NSE	National Stock Exchange of India Limited.
Non-Institutional Bidders	All Bidders that are not Qualified Institutional Buyers or Retail Individual Bidders and who have bid for an amount more than Rs. 100,000.
Non-Institutional Portion	The portion of the Issue being at least 7,500,000 Equity Shares available for allocation to Non-Institutional Bidders.
Non Residents	A person resident outside India, as defined under FEMA.

Term	Description
NRI/ Non Resident Indian	A person resident outside India, who is a citizen of India or a person of Indian origin and shall have the same meaning as ascribed to such term in the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000.
OCB/ Overseas Corporate Body	A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs including overseas trusts, in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly as defined under Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000.
Pay-in Date	Bid/Issue Closing Date or the last date specified in the CAN sent to the Bidders, as applicable.
Pay-in-Period	<p>(i) With respect to Bidders whose Margin Amount is 100% of the Bid Amount, the period commencing on the Bid/Issue Opening Date and extending until the Bid/Issue Closing Date, and</p> <p>(ii) with respect to Bidders whose Margin Amount is less than 100% of the Bid Amount, the period commencing on the Bid/Issue Opening Date and extending until the closure of the Pay-in Date, as specified in the CAN.</p>
Preference Shares	Preference shares issued by our Company from time to time.
Price Band	The price band of Rs. 42 to Rs. 50 including revisions thereof.
Pricing Date	The date on which the Company in consultation with the BRLMs finalises the Issue Price.
Promoters	<ol style="list-style-type: none"> 1. Natural persons: <ol style="list-style-type: none"> i. Mr. Dhruv M. Sawhney; ii. Mrs. Rati Sawhney; iii. Mr. Tarun Sawhney; and iv. Mr. Nikhil Sawhney. 2. Man Mohan Sawhney (HUF). 3. The companies which are Promoters are: <ol style="list-style-type: none"> i. Subhadra Trade and Finance Limited; ii. Umananda Trade and Finance Limited; iii. Dirc Investments Limited; iv. Dhankari Investments Limited; v. Accurate Traders Limited; vi. TOFSL Trading and Investment Limited; vii. The Engineering and Technical Services Limited; viii. Carvansera Limited; ix. Tarnik Investment and Trading Limited; and x. Kameni Upaskar Limited.

Term	Description
Prospectus	The prospectus, to be filed with the RoC after pricing containing, inter alia, the Issue Price that is determined at the end of the Book Building Process, the size of the Issue and certain other information.
Qualified Institutional Buyers or QIBs	Public financial institutions as specified in Section 4A of the Companies Act, FIIs, scheduled commercial banks, mutual funds registered with SEBI, multilateral and bilateral development financial institutions, venture capital funds registered with SEBI, foreign venture capital investors registered with SEBI, state industrial development corporations, insurance companies registered with the Insurance Regulatory and Development Authority, provident funds with minimum corpus of Rs. 250 million and pension funds with minimum corpus of Rs. 250 million.
QIB Portion	The portion of the Issue being up to 25,000,000 Equity Shares available for allocation to QIBs.
Registered Office of the Company	Deoband, District Saharanpur, Uttar Pradesh 247 554.
Registrar/ Registrar to the Issue	Registrar to the Issue, in this case being Karvy Computershare Private Limited.
Retail Individual Bidders	Bidders who apply or bid for Equity Shares of or for a value of not more than Rs. 100,000.
Retail Portion	The portion of the Issue being at least 17,500,000 Equity Shares available for allocation to Retail Individual Bidder(s).
Revision Form	The form used by the Bidders to modify the quantity of Equity Shares or the Bid Price in any of their Bid cum Application Forms or any previous Revision Form(s).
RHP or Red Herring Prospectus	This Red Herring Prospectus dated November 8, 2005 issued in accordance with Section 60B of the Companies Act, which does not have complete particulars of the price at which the Equity Shares are offered and the size of the Issue. This Red Herring Prospectus has been filed with the RoC at least three days before the Bid/Issue Opening Date and will become a Prospectus after filing with the RoC after pricing.
RoC	Registrar of Companies, Uttar Pradesh and Uttaranchal situated at West Cott Building, The Mall, Kanpur 208 001.
SCRR	The Securities Contracts (Regulation) Rules, 1957, as amended from time to time.
SEBI	The Securities and Exchange Board of India constituted under the SEBI Act.
SEBI Act	The Securities and Exchange Board of India Act, 1992, as amended from time to time.
SEBI Guidelines	The SEBI (Disclosure and Investor Protection) Guidelines, 2000 issued by SEBI, as amended and as applicable, including instructions and clarifications issued by SEBI from time to time.
Senior Co- Manager	Karvy Investor Services Limited.
Stock Exchanges	BSE and NSE.



Term	Description
Syndicate or members of the Syndicate	The BRLMs, the Senior Co- Manager and the Syndicate Members.
Syndicate Agreement	The agreement to be entered into among the Company and the members of the Syndicate, in relation to the collection of Bids in this Issue.
Syndicate Members	JM Morgan Stanley Retail Services Private Limited, ICICI Brokerage Services Limited and Karvy Stock Broking Limited.
TRS/ Transaction Registration Slip	The slip or document issued by any of the members of the Syndicate to a Bidder as proof of registration of the Bid.
U.S. GAAP	Generally accepted accounting principles in the United States of America.
Underwriters	The BRLMs, the Senior Co-Manager and the Syndicate Members.
Underwriting Agreement	The agreement among the members of the Syndicate and the Company to be entered into on or after the Pricing Date.

Industry Related Terms

Term	Description
ADB	Asian Development Bank
ALS	Advanced Licensing Scheme
APEC	Asia Pacific Economic Convention
BCM	Billion Cubic Metres
BHEL	Bharat Heavy Electricals Limited
BOOT	Build-Own-Operate-Transfer
Crushing Duration	The duration of the season in which sugarcane is crushed, which is typically between October/November till April/May in Uttar Pradesh.
CVD	Countervailing Duty
CVP	Continuous Vacuum Pan
DG	Distributed Generation
DIN 3	Level of accuracy generally used in gears and gearboxes for aircrafts.
ECA	Essential Commodities Act, 1955
EU	European Union
FPS	Fair Price Shops
Free sale sugar	The sugar which can be sold freely in the market, i.e. the sugar production less the levy sugar.
IPP	Independent Power Producer
IREDA	Indian Renewable Energy Development Agency Limited
ISMA	Indian Sugar Mills Association

Term	Description
Levy sugar	The portion of a sugar factory's production, which must be sold as per government directions through fair price shops and the public distribution system at government notified prices.
MAT	Minimum Alternate Tax
MMT	Million Metric Tonnes
MNES	Ministry of Non-Conventional Energy Sources
MoP	Ministry of Power
MT	Metric Tonnes
MU	Million Units
PDS	Public Distribution System
PPA	Power Purchase Agreement
SAP	State Advised Price
SCS	Syrup Clarification System
SERC	State Electricity Regulatory Commission(s)
SMP	Statutory Minimum Price
SRC	Short Retention Clarifier
SRI	Sugar Research Limited which also trades in the name of Sugar Research Institute of Australia.
Sugar Directorate	The Directorate of Sugar, Ministry of Consumer Affairs, Food and Public Distribution, Government of India.
Sugar Year or SY	Period of twelve months beginning October 1 ended September 30 of that particular year, unless otherwise stated.
T&D Losses	Transmission & Distribution Losses
TCD	Tonnes cane crushed per day
U.P. Sugar Policy	Sugar Industry Incentive Policy, 2004
UPPCL	Uttar Pradesh Power Corporation Limited
UPERC	Uttar Pradesh Electricity Regulatory Commission
USDA	United States Department of Agriculture
VFD's	Variable Frequency Drives
WTO	World Trade Organisation

Abbreviations

Term	Full Form
AS	Accounting Standards as issued by the Institute of Chartered Accountants of India.
CAGR	Compounded Annual Growth Rate
CIF	Cost-Insurance-Freight
EGM	Extraordinary General Meeting
EPC	Engineering Construction and Procurement Contract
EPS	Earnings per share
FCNR Account	Foreign Currency Non-Resident Account
FIPB	Foreign Investment Promotion Board
FY/ Fiscal	Financial year/ Fiscal year
Financial year /fiscal / FY	Period of twelve months ended March 31 of that particular year, unless otherwise stated.
Government/Gol	Government of India
GoK	Government of Karnataka
GoUP	Government of Uttar Pradesh
HUF	Hindu Undivided Family
I-SEC	ICICI Securities Limited
I.T. Act	The Income Tax Act, 1961, as amended from time to time.
JMMS	JM Morgan Stanley Private Limited
LC	Letters of credit
LIBOR	London Interbank Offered Rate
Lufkin	Lufkin Industries, Inc, USA.
NAV	Net Asset Value
NRE Account	Non-Resident External Account
NRO Account	Non-Resident Ordinary Account
NSDL	National Securities Depository Limited
p.a.	per annum
P/E Ratio	Price/Earnings Ratio
PAN	Permanent Account Number
PLR	Prime Lending Rate
RBI	The Reserve Bank of India

Abbreviation	Full Form
RCPS	Redeemable Cumulative Preference Shares
RoNW	Return on Net Worth
Skoda	Skoda Power,sro, Czech Republic
TEWL	Triveni Engineering Works Limited, a company which merged with the Erstwhile Triveni Engineering & Industries Limited.
TOFSL	Triveni Oil Field Services Limited.
U.S. Filter	U.S. Filter Corporation, USA and its affiliate Envirex.



PRESENTATION OF FINANCIAL, INDUSTRY AND MARKET DATA

Financial Data

Unless indicated otherwise, the financial data in this Red Herring Prospectus is derived from our restated unconsolidated financial statements prepared in accordance with Indian GAAP and included in this Red Herring Prospectus. Unless indicated otherwise, the operational data in this Red Herring Prospectus is presented on an unconsolidated basis and refers to the operations of our Company. Our fiscal year commences on April 1 and ends on March 31, so all references to a particular fiscal year are to the twelve-month period ended March 31 of that year. In this Red Herring Prospectus, any discrepancies in any table between the total and the sums of the amounts listed are due to rounding off.

In this Red Herring Prospectus, there are references to the terms 'segment revenue' and 'segment results'. The term 'segment revenue' of a particular business segment means the revenue earned by the respective segment including the revenue earned through inter segment sales and other income but not including the excise duty paid by the respective business segment unless stated otherwise. The term 'total segment revenue' means the aggregate segment revenue of all the segments of our business. The term 'segment results' means the profit earned by the respective segment of our business. This does not include incomes from investments by us, the unallocated expenses such as expenses on account of the head office, tax and the financing expenses of the Company. The term 'inter segment sales' means the sales from one segment of our business to another net of excise duty.

There are significant differences between Indian GAAP and U.S. GAAP; accordingly, the degree to which the Indian GAAP financial statements included in this Red Herring Prospectus will provide meaningful information is entirely dependent on the reader's level of familiarity with Indian accounting practice and Indian GAAP. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Red Herring Prospectus should accordingly be limited. We have not attempted to explain those differences or quantify their impact on the financial data included herein, and we urge you to consult your own advisors regarding such differences and their impact on our financial data.

Data relating to the Sugar Industry

In addition, data for the sugar industry is generally available for a sugar year, which commences on October 1 and ends on September 30, so all references to a particular Sugar Year are to the twelve-month period ended September 30 of that year. The information from ISMA, for the Sugar Year 2005, though published, is provisional and may be amended on finalisation.

As per the provisions of the Uttar Pradesh Sugarcane (Regulation of Supply and Purchase) Act, 1953, in the state of Uttar Pradesh, there are two kinds of areas allotted by the Cane Commissioner of Uttar Pradesh to each sugar mill. The first is termed 'Reserve Area' which is allotted to a sugar mill on an annual basis. If the requirement of a particular sugar mill is in excess of the sugarcane available in the Reserve Area, the Cane Commissioner of Uttar Pradesh, may, on application, assign another area from the reserve area of a nearby sugar mill, which is not able to crush the sugarcane produced in its reserve area. This second area is termed 'Assigned Area'. The Reserve Area and the Assigned Area are together termed the 'Cane Area'.

Currency of Presentation

All references to "Rupees" or "Rs." are to Indian Rupees, the official currency of the Republic of India. All references to "US\$", "U.S. Dollar" or "US Dollars" are to United States Dollars, the official currency of the United States of America. All references to "€" or "Euros" are to the official currency of European Union. All references to "£" or "Pounds" or "Cents" are to the official currency of the United Kingdom

For the convenience of the reader, this Red Herring Prospectus contains translations of some U.S. Dollar, Pound or Euro amounts into Indian Rupees which should not be construed as a representation that those Indian Rupee or Euro or U.S. Dollar or Pound amounts could have been, or could be, converted into Euros or Indian Rupees, as the case may be, at any particular rate, the rate stated below or at all.

Further, except as otherwise stated in this Red Herring Prospectus, all translations from Rupees to Euros and from Euros to Rupees contained in this Red Herring Prospectus is as per the RBI Reference Rate on October 20, 2005, which was Rs. 54.09 per “€ ” 1. Except as otherwise stated in this Red Herring Prospectus, all translations from Rupees to U.S. Dollars and from U.S. Dollars to Rupees contained in this Red Herring Prospectus is as per the RBI Reference Rate on October 20, 2005, which was Rs. 45.24 per US\$ 1. Except as otherwise stated in this Red Herring Prospectus, all translations from Rupees to Pounds and from Pounds to Rupees contained in this Red Herring Prospectus is as per the RBI Reference Rate on October 20, 2005, which was Rs. 79.93 per £ 1.

Market Data

Unless stated otherwise, industry data used throughout this Red Herring Prospectus has been obtained from industry publications. Industry publications generally state that the information contained in those publications has been obtained from sources believed to be reliable but that their accuracy and completeness are not guaranteed and their reliability cannot be assured. Although we believe industry data used in this Red Herring Prospectus is reliable, it has not been verified by any independent sources.



FORWARD-LOOKING STATEMENTS

We have included statements in this Red Herring Prospectus which contain words or phrases such as “will”, “aim”, “will likely result”, “believe”, “expect”, “will continue”, “anticipate”, “estimate”, “intend”, “plan”, “contemplate”, “seek to”, “future”, “objective”, “goal”, “project”, “should”, “will pursue” and similar expressions or variations of such expressions, that are “forward-looking statements”.

Actual results may differ materially from those suggested by the forward looking statements due to risks or uncertainties associated with our expectations with respect to, but not limited to, regulatory changes pertaining to the industries in India in which the Company has its businesses and our ability to respond to them, our ability to successfully implement our strategy, our growth and expansion, technological changes, our exposure to market risks, general economic and political conditions in India and our overseas markets which have an impact on our business activities or investments, the monetary and fiscal policies of India, inflation, deflation, unanticipated turbulence in interest rates, foreign exchange rates, equity prices or other rates or prices, the performance of the financial markets in India and globally, changes in domestic and foreign laws, regulations and taxes and changes in competition in our industry.

For further discussion of factors that could cause our actual results to differ, see the section titled “Risk Factors” on page xiii of this Red Herring Prospectus. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated. Neither our Company, nor the members of the Syndicate, nor any of their respective affiliates have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with SEBI requirements, our Company and the BRLMs will ensure that investors in India are informed of material developments until such time as the grant of trading permission by the Stock Exchanges for the Equity Shares allotted/transferred pursuant to the Issue.

RISK FACTORS

An investment in equity shares involves a degree of risk. You should carefully consider all the information in this Red Herring Prospectus, including the risks and uncertainties described below, before making an investment in our Equity Shares. To obtain, a complete understanding of our Company, you should read this section in conjunction with the sections titled “Our Business” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” on pages 82 and 232 of this Red Herring Prospectus as well as the other financial and statistical information contained in this Red Herring Prospectus. If the following risks occur, our business, results of operations and financial condition could suffer, and the price of the Equity Shares and the value of your investment in the Equity Shares could decline.

Internal Risk Factors and Risks Relating to our Business

Sugar production and Co-generation Business

Sugar Production Business

Sugarcane is the principal raw material used for the production of sugar. Our business depends on the availability of sugarcane and any shortage of sugarcane may adversely affect our results of operations. A variety of factors beyond our control may contribute to a shortage of sugarcane in any given crushing season. Some of the principle factors that could contribute to a shortage of sugarcane are set forth below.

Farmers are not required to grow sugarcane and may cultivate other crops.

We do not own any land for the cultivation of sugarcane and we purchase all of our sugarcane from over 167,000 independent farmers, directly or through farmers’ cooperative societies. Under state laws of Uttar Pradesh, we are bound by law to purchase sugarcane from farmers’ co-operative societies in areas reserved and assigned to us by the Cane Commissioner, together referred to as “Cane Area”. For further details on “Cane Area”, please see the section titled “Our Business” on page 82 of this Red Herring Prospectus and the section titled “Regulations and Policies” on page 108 of this Red Herring Prospectus. However, the farmers within our Cane Area have no legal or contractual obligation to cultivate sugarcane and may instead grow other more profitable crops. If the farmers within our Cane Area cultivate crops, or otherwise limit their cultivation of sugarcane, we may have a shortage of raw material. Any reduction in the supply of sugarcane may adversely affect our financial condition and results of operations.

Sugarcane grown within our Cane Area may be sold to manufactures of jaggery and khandsari instead of us.

According to the Hand Book of Sugar Statistics of ISMA dated July, 2005, the percentage of India’s sugarcane production utilised for alternate sugarcane based sweeteners, jaggery (gur) and khandsari was 32.3%, 20.3% and 27.7% in Sugar Year 2003-2004, 2002-2003 and 2001-2002, respectively. In addition, 11.9%, 11.9% and 11.7% of sugarcane production was utilised for ‘seed, feed and chewing’ in Sugar Year 2004, 2003 and 2002, respectively. Hence, a substantial portion of the total sugarcane grown may not be offered by the farmers to sugar manufacturers like us and may be diverted to manufacturers of alternate sugarcane based sweeteners known as jaggery and khandsari or other uses. For details of the sugarcane utilisation in India, see the section titled “Industry—Sugar Industry—Sugarcane Utilisation” on page 67 of this Red Herring Prospectus.

If the farmer is able to realize a higher price for sales of his sugarcane to jaggery and khandsari manufacturers or wants to harvest his crop earlier to realize sales of sugarcane sooner and grow other crops subsequently, the farmer may have an incentive to sell the sugarcane to parties other than us. To ensure that the farmers stay interested in selling sugarcane to sugar manufacturers like us, we may need to provide financial and other incentives to the farmers. Diversion of sugarcane within our Cane Area to the production of jaggery and khandsari reduces the sugarcane available to us and/or payment of financial and other incentives to such farmers, may adversely affect our financial condition and results of operation.



Our contracts with the farmers' co-operative societies for the supply of sugarcane may be violated by the farmers, which may result in lesser sugarcane supply to us.

The farmers' co-operative societies enter into contracts with sugar mills requiring the farmers to supply the basic quota of sugarcane in the Cane Areas to sugar manufacturers. For further details please see the section titled "Regulations and Policies" at page 108 of this Red Herring Prospectus. Any violation of these contracts by the farmers may result in lesser sugarcane supplied to us, which may in turn affect our business and operations.

We are transferring the 'Triveni Khushali Bazaar' business, which is part of our Sugar Business to our wholly owned subsidiary Triveni SRI Limited.

As part of our sugarcane development initiatives and for the welfare of the farmers, we had launched a new business initiative called "Triveni Khushali Bazaar" i.e Agri Business as part of our Sugar Business, in February 2005. This business aims to cater to the requirements of the farming community including tractors, farming implements, fertilisers, pesticides and other services such as facilitating institutional credit, etc. Our Company has decided in its meeting held on October 24, 2005, that for better management and efficiency, to discontinue with the business as part of the Sugar Business in the Company and to transfer the business to its wholly owned subsidiary Triveni SRI Limited. The Company has informed the stock exchanges of this intent vide letter dated October 25, 2005. The Company has also signed a business transfer agreement with Triveni SRI Limited dated October 25, 2005 effectuating the process for such a transfer. This transfer may have an impact on our financial results. For further details on the Agri Business, please see section titled "Our Business" on page 82 of the Red Herring Prospectus.

Adverse weather conditions and crop disease may adversely affect sugarcane crop yields and sugar recovery rates for any given harvest.

Our sugar production depends on the volume and sucrose content of the sugarcane that is supplied to us. Crop yields are affected by crop disease and weather conditions. Any reduction in the amount of sugar recovered as a consequence of crop disease, could have a material adverse effect on our results of operations. Additionally, a portion of our Cane Areas is not canal or tube well irrigated and adverse weather conditions could affect sugarcane yields in those areas. These factors could cause crop failures and reduce harvests and could result in significant competition for procuring sugarcane, resulting in high operating costs and consequently impacting our operating results.

The profitability of our sugar business depends significantly on the cost of our primary raw material, sugarcane and the selling price of sugar that we are able to obtain for sugar.

We are not able to set the cost of sugarcane and the selling price for our sugar. The main reasons that contribute to fluctuations in the profits of our sugar business is that the minimum price we are required to pay for sugarcane is currently determined by the Government of Uttar Pradesh, where our mills are located. We may be adversely affected by rising sugarcane prices, particularly in the event of a decrease in the price of sugar or in the quantity of sugar sold, which is determined by the Sugar Directorate. The government of Uttar Pradesh annually declares the sugarcane procurement price where our mills are located which is known as the State Advisory Price ("SAP"). The SAP is a minimum price we must pay sugarcane growers for sugarcane. The determination of the SAP is not directly related to the market price of sugar or the quality of sugarcane. Political motives may result in the declaration of higher SAPs. Rising SAPs, particularly if sugar prices remain stable or decrease during the same period, may adversely affect our results of operations and financial condition. In addition, other factors such as recovery rates from sugarcane, processing and conversion costs as well as other costs which include distribution, warehousing and financing costs can also impact the profitability of our sugar business. Further, the market prices of the by-products of the sugar manufacturing process may adversely affect our results of operations and financial condition. For details of the pricing of sugarcane, see the section titled "Management's Discussion and Analysis of Financial Conditions and Results of Operation—Factors Affecting Results of Operations—Sugarcane Pricing" on page 239 of this Red Herring Prospectus.

We operate in the sugar industry which is impacted by commodity cycles.

The sugar industry has historically been subject to commodity cycles and is sensitive to changes in domestic market prices, supply and demand. The market in India has experienced periods of limited supply, causing sugar prices and industry profit margins to increase, in the absence of imports of sugar. Sugar imports are governed by GoI's policy, which currently applies a 60% customs duty on imported white crystal sugar. In the event of any changes in these policies, import of sugar may be an attractive option and which, in turn, would drop domestic prices and thereby impact our financial condition.

Conversely, years of low production and declining sugar stocks may be followed by years of excess production that result in oversupply of sugar to the domestic markets, causing a decline in sugar prices and industry profit margins. In such circumstances exports may be considered a viable option, provided that the price of sugar in the global market supports such arbitrage. For further details on the sugar cycles see the section titled "Industry" on page 62 of this Red Herring Prospectus.

The prices of the sugar that we produce depend on forces of demand and supply and also depend on competition with alternates to sugar at prevailing market prices in India. While the consumption of sugar is fairly price inelastic, oversupply can lower prices significantly.

Similar to other agricultural commodities, sugar is subject to the economics of demand and supply. As a result, over a period of years it is possible to expect fluctuating sugar prices domestically. The Sugar Directorate determines the quantity and quality of sugar that may be produced in a factory during any year, and regulates the sale of sugar. Sugar mills may sell a specified percentage termed as "free sale sugar", which is currently at 90% of their production, in the open market and are thereby subject to the forces of demand and supply. However, the quantity to be sold is based on a monthly release mechanism governed by the Sugar Directorate, which determines the aggregate supply of sugar in the market. The remaining portion of a sugar factory's production, commercially termed as "levy sugar", is required to be sold as per Government directions through fair price shops and the public distribution system at Government notified prices, which could be below our cost of production. For further details see the sections titled "Our Business—Pricing of Sugar" and "Management's Discussion and Analysis of Financial Conditions and Results of Operation—Factors Affecting Results of Operations—Pricing of Sugar" on pages 98 and 237 of this Red Herring Prospectus.

Currently, sugar production in India is at relatively low levels while consumer demand continues to rise because of population growth and rising income levels resulting in a shift from traditional sweeteners such as gur and khandsari to sugar. For further details on the sugar consumption, see the section titled "Industry" on page 62 of this Red Herring Prospectus. Stronger demand may result in higher prices for sugar. Profitable sugar manufactures may make prompt payments to farmers who may in turn, switch to cultivating sugarcane rather than other crops which have become relatively less profitable. An increase in sugarcane cultivation may lead to an increase in sugar production and a subsequent reduction in sugar prices due to oversupply, which may materially and adversely affect our results of operation and our financial condition.

Our business strategy for expansion is subject to availability of new areas and governmental consents and permissions.

As part of our business strategy, we are expanding our operations by setting up new sugar mills and exploring sites for new sugar mills. These are subject to requisite government approvals. Any delay in the commencement of operations as scheduled at the new mills we are setting up may affect our ability to crush sufficient sugarcane in the subsequent sugarcane crushing season which may in turn, affect our profitability.

Even though the sugar industry is de-licensed, if we do not receive the requisite environmental and other regulatory approvals for our expansion plans or if the approvals are delayed, our operations and proposed expansion plans may be adversely affected. The Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India ("DIPP") has de-licensed the sugar industry, but restrictions on the location are imposed on the setting up of sugar factories. The DIPP has provided that a minimum distance of 15 kilometres must be maintained between an existing sugar



mill and a new mill. For further details, see the section titled “Regulations and Policies” on page 108 of this Red Herring Prospectus. However, we require approvals for pollution and land clearance from the Government of Uttar Pradesh, before we can commence operations. For further details on approvals see the section titled “Government and Other Approvals” on page 326 of this Red Herring Prospectus. Any future expansion of the sugar business is subject to receipt of government approvals and non-receipt of the approvals may hinder expansion plans which may adversely affect our financial condition and results of operations.

Our ability to expand our sugar business may be affected by the outcome of a litigation pending in the Supreme Court of India.

The High Court of Allahabad has passed an order dated August 24, 2005 quashing GoI notifications that provided for the delicensing of the sugar industry by omitting the requirement to obtain a license under the Industries (Development and Regulation) Act, 1951 for setting up new sugar mills or engaging in the substantial expansion of existing sugar mills. This order of the High Court of Allahabad has been challenged by M/s. Bajaj Hindusthan Limited in the Supreme Court. The Supreme Court has stayed the operation of the said judgement of the High Court of Allahabad vide its order dated September 19, 2005 till further orders. Upon application by us, we have been impleaded as a party to this special leave petition. The GoI and the GoUP have also been made parties to this special leave petition. For further details of the special leave petition, see the section titled “Outstanding Litigation and Material Developments—Miscellaneous” on page 299 of this Red Herring Prospectus. In the event the Supreme Court passes an order upholding the order of the High Court of Allahabad, our ability to expand our sugar business, including our expansion plans detailed in the section titled “Objects of the Issue” on page 17 of this of this Red Herring Prospectus, may be affected and we may have to seek licenses under the Industries (Development and Regulation) Act, 1951, which may not be granted within a reasonable time or at all.

Without prejudice to the outcome of this litigation, we have also filed an application dated, September 2, 2005 for grant of a license under Industries (Development and Regulation) Act, 1951 for our unit located at Sabitgarh and applications dated September 9, 2005 for expansion of the capacity of our sugar mills in Khatauli and Deoband. For further details relating to the application for license see section titled “Government and Other Approvals” on page 326 of this Red Herring Prospectus.

We may not be able to successfully integrate new mills into our existing business operations.

Integration of new mills into our existing operations may consume a considerable amount of management and financial resources. The new mills may result in unforeseen operating difficulties and expenditures. They may also require significant management attention that would otherwise be available for on-going development of our existing business. Any failure to integrate new mills into our existing business operations or any shortcoming in our expansion strategy could adversely affect our financial performance.

We may not be able to secure the requisite amount of financing or manage our strategic expansion process, which could have an adverse effect on our business, financial condition and results of operations.

We expect to experience significant growth through acquisitions, expansion of existing facilities and expansions through setting up of new facilities. Our turnover for fiscal 2005 was Rs. 9,607.76 million, an increase of 62.07% from Rs. 5,928.19 million for fiscal 2004 which had declined by 9.26% from our turnover for fiscal 2003 which was Rs. 6,533.12 million. Our continued growth will depend, among other things, on our ability to secure significant amounts of financing, to manage our expansion process, to restructure our units when required, to make timely capital investments, to manage strategic acquisitions or divestments, to control input costs and to maintain sufficient operational and financial controls. Our inability to secure significant amounts of financing or to manage the expansion process could have an adverse effect on our business, financial condition and results of operations.

We cannot assure that the cultivation of sugarcane by farmers in the Cane Area next to the sugar plant at Sabitgarh will be adequate for the plant’s requirement.

We have acquired the land and have received certain government approvals for a new sugar plant with a capacity of 7,000 TCD at Sabitgarh in western Uttar Pradesh. The Cane Commissioner, Uttar Pradesh, through order dated October 3, 2005,

assigned a total Cane Area of 12,409 hectares for the crushing season 2005-2006 for our sugar mill at Sabitgarh. While large parts of this sites cultivable Cane Area, is canal irrigated and there are no low lying areas (areas in which water is stagnated, which decreases the yield of sugar from the sugarcane grown in such areas), sugarcane is not grown extensively in this area and the farmers are not as familiar with the process of cultivation of sugarcane as the farmers in Cane Areas in our other sugar mills. We cannot assure that farmers in the Cane Area of the Sabitgarh mill will plant sufficient sugarcane. This may adversely impact the supply of easily accessible sugarcane, and consequently the results of operations and our financial condition. For details of the government approvals for the sugar mill in Sabitgarh, see the section titled “Government and Other Approvals” on page 326 of this Red Herring Prospectus.

Sugar is a heavily regulated industry.

Sugar is an essential commodity, and is included within the purview of the Essential Commodities Act, 1955 and consequently, its production, supply and distribution are regulated by the state and central government. The central government can regulate or prohibit the production, supply, distribution, trade and commerce in sugar, if it is of the opinion that the same is necessary or expedient for maintaining or increasing supplies, or for securing equitable distribution and availability at fair prices, or for securing any essential commodity for the defence of India or the efficient conduct of military operations. In furtherance of the above powers, the central government may order that any person engaged in the production of an essential commodity, such as sugar, sell the same to the central or state government.

The Cane Commissioner, on the basis of estimates received from producers, past data, and as per the U.P. Sugarcane (Regulations of Supply & Purchase) Act, 1953, determines the quantity of cane that each factory is entitled to receive. Factories cannot purchase sugarcane in excess of such prescribed quantities. Further, the Cane Commissioner also reserves and assigns areas for the supply of sugarcane to factories on an equitable distribution basis. There is legal recourse available to those factories which do not agree with the Cane Commissioner’s reservation order.

The purchase price of sugarcane is regulated and the central government fixes the minimum price of sugarcane, termed the Statutory Minimum Price, which must mandatorily be paid by sugar producers to sugarcane growers, within a specified time. The central government, through the Sugar Directorate, can further fix the quantity and quality of sugar, which may be produced in a factory during any year, and can regulate the sale of sugar. Mills must sell a specified percentage termed us “free sale sugar”, which is currently at 90% of their production in the open market and are thereby subject to the forces of demand and supply. However, the quantity to be sold is based on a monthly release mechanism governed by the Sugar Directorate. The remaining portion of a sugar factories production, commercially termed as “levy sugar”, must be sold as per government directions through fair price shops and the public distribution system at government notified prices, which could be below the cost of production.

Various taxes and levies are also imposed on the purchase, use, consumption and sale of sugarcane. The export of sugar is also regulated by the central government and it can fix the quantity of sugar that may be exported from time to time. For further details, see the section titled “Regulations and Policies” on page 108 of this Red Herring Prospectus. Any change in governmental or legal policies or the applicability of the present regulations and policies to our detriment, can adversely affect our business, operations and profitability.

Co-generation Business

Our co-generation business is bagasse based, which is derived from sugarcane. Any constraint in the availability of sugarcane may affect the current or future capacity utilisation of the co-generation plant.

One of the by-products of sugar production is bagasse, which is a fibrous residue obtained after the crushing and extraction of juice from sugarcane. Our co-generation business is primarily bagasse based. Though our recourse to external supply of raw materials is minimal, any constraint in the availability of sugarcane may affect the production and availability of bagasse and consequently, the current or future business of our co-generation plant.



As bagasse and other bio-mass based fuels are basic raw materials for the co-generation business, the price of these raw materials may have an impact on our profitability and business.

Bagasse and other bio-mass based products such as rice husk, cane trash, mustard stalk/husk woodchips, are raw materials for the co-generation business. These raw materials are also used in some industries such as paper and paper board. The availability of bagasse and other bio-mass based raw materials for co-generation is subject to changes in the consumption patterns and other market forces in such other industries. Additionally, other industries may offer higher prices which may divert the supply of externally sourced raw material, which may in turn adversely affect the availability or pricing of these raw materials and could impact our co-generation business and our profitability.

The Uttar Pradesh Power Corporation Limited (“UPPCL”) is currently our sole customer and any inability on their part to pay us for the power supplied would impact our business and profitability.

Our co-generation business is currently dependent on the UPPCL, as our sole customer. Their ability to purchase power from us and make payments determines the profitability of our business. While the Electricity Act, 2003, allows “open access” and hence assists us in selling to third parties, default by UPPCL and/or any inability on their part to pay us for the power supplied to them by us, would impact our business and profitability. We are not dependent on any single customer in any of our other businesses.

We have entered into a PPA with UPPCL for our co-generation plant in Khatauli, even though UPPCL has now become a transmission company.

We have also executed a PPA dated May 31, 2005 with UPPCL for the sale of power for a period of ten years. The basic rates for the electricity are as determined by the Uttar Pradesh Electricity Regulatory Commission (“UPERC”) and range between Rs.2.86 per KWh in financial year 2006 and Rs.3.02 per KWh in financial year 2010. In addition, the UPERC has allowed certain incentives subject to certain conditions. UPPCL, has been converted into a utility for transmission of power through a notification dated January 14, 2005. Distribution utilities are also required to be a party to PPAs. The PPA executed by us does not have the appropriate distribution utility as a party. However, UPERC has through order dated July 6, 2005 given an in-principle approval for purchase of power by the distribution companies from us. However, UPERC has noted that since UPPCL has now become a transmission utility only, the concerned distribution utility should also be a party to this PPA. We cannot assure you that the distribution utility will enter into a PPA within a reasonable period and on the same terms as PPA dated May 31, 2005 between us and UPPCL. UPPCL is regular in making payments for the power purchased till date, barring minor delays. There has been no default in payment till date. For details of the PPAs see the section titled “History and Certain Corporate Matters” on page 114 of this Red Herring Prospectus.

Turbine Business

Technological obsolescence of our product range can lead to an erosion of our customer base and declining market share, in case we are not able to keep up with global progress in Research & Development (R&D) in this regard.

The key determinant of the life-cycle cost of a turbine for a customer is the efficiency level at which the turbine operates. While we continuously endeavour to conform to global standards on performance and efficiency of our turbines, there is a possibility that in the future our R&D efforts may not keep pace with the globally competitive standards. For information on the current and future research and development efforts, please refer to the section titled “Our Business” on page 82 of this Red Herring Prospectus. In the event we do not keep pace with global technological progress in this regard, it could adversely impact our business and market share.

The global and domestic turbine user industries may slow down or saturate, adversely impacting our business and growth potential.

The current product range in our turbine business is primarily in the sub 15MW range, used by independent power producers, captive power generators and co-generation plants. For further details on the market size, growth rates and our product range, see sections titled “Our Business” and “Industry” on pages 82 and 62 of this Red Herring Prospectus.

The demand for our turbines is dependant, among other factors, on replacements, capacity expansions and additions in the user industries. Any saturation in the market size for this range of turbines or slow down of the global or domestic turbine user industries, will adversely impact the business and its ability to grow.

Delay in implementation of our current capacity expansion may lead to delays in delivery and dissatisfaction to our customers.

We are currently augmenting the manufacturing infrastructure capabilities in our Turbine Business. For further details on our Turbine Business, see section titled “Our Business” at page 82 of this Red Herring Prospectus. Any capacity constraints may lead to delays in delivery, which could cause us to lose customer orders and thereby adversely affect our performance in the turbine business.

Inability to effectively service customers would cause us to weaken our relationships with them.

We undertake service commitments with customers and operate on the basis of stringent servicing norms. For further details on our service commitment norms, see section titled “Our Business” at page 82 of this Red Herring Prospectus. If we are unable to fulfil our service obligations either in terms of service time or service quality, our customer base may be eroded and our business and reputation adversely affected.

Gear Business

Any substantial change in the technology for the manufacture of gears and gearboxes can impact our business and its profitability.

We have a renewed license agreement dated May 14, 2005, with Lufkin for high power gearboxes above 7.5 MW. We manufacture complete gears and gearboxes up to 25.0 MW. For all gearboxes with a capacity beyond 25.0 MW, rotating components are imported and other peripherals like casings, bearings, oil baffles are manufactured by us according to Lufkin design standards and thereby assembled and test run at sophisticated test bed with Bentley Nevada computerised vibration monitoring system. The agreement is effective July 1, 2005, subject to the approval of the Government, for a period of seven years. For further details and salient features of the agreement see sections titled “Our Business – Gears Business” on page 89 of this Red Herring Prospectus and “History and Certain Corporate Matters” on page 114 of this Red Herring Prospectus.

Access to any “quantum jump” or significant change in technology by Lufkin in the future is not covered under the said agreement. Additionally, in the event a competitor develops new technology, we may not have access to such technology, nor is Lufkin obligated to upgrade to such technology. Consequently, in the event the technology contracted for with Lufkin becomes outdated and Lufkin does not upgrade that, it could have a detrimental impact on our business and profitability.

The global and domestic gear and gear boxes user industries may slow down or saturate, adversely impacting our business and growth potential.

The demand for our gears and gear boxes is dependant, among other factors, on replacements, capacity expansions and additions in the user industries. Any saturation in the market size for this range of gears and gear boxes or slow down of the global or domestic gears and gear boxes user industries, will adversely impact the business and its ability to grow.

Water Business

License agreement with US Filters, which is our principal partner in the Water Business, is expiring and may not be renewed or may be renewed but on terms less favourable

We have a licence agreement with US Filters, which is due to expire on December 31, 2006. For further details on this please see section titled “Our Business – Water Business” on page 90 of the Red Herring Prospectus. US Filters, is our principal partner in the Water Business and in the event the contract is not renewed or is renewed on terms less favourable to us, it may have an adverse affect on our water business, operations and financial conditions.



There is a risk that the growth rate for demand for mechanical equipment to treat water and wastewater may stagnate.

Our revenues are largely dependent on the infusion of investments proposed to be made in this industry. In the event that the market for this business stagnates, the investments are delayed or cancelled, our business shall be substantially affected and possibilities for growth limited. For further details on the investments proposed in this sector, see the section titled “Industry” on page 62 of the Red Herring Prospectus.

There is a risk that the market will not adopt the product range offered by our company. For both cases the company’s business would be adversely affected.

Our Company, within its product range, offers high technology equipment and solutions for water and wastewater treatment. There is a possibility that the market may not adapt to these products thereby limiting our business potential.

Risks faced by our Company in all businesses

Our non-Promoter holding is below the mandatory Listing Agreement requirements and therefore, currently our Equity Shares are not traded.

A scheme of arrangement of our Company (“Scheme”) with its equity shareholders, was approved by the shareholders at a general meeting convened by the High Court of Allahabad on February 22, 2003 and sanctioned by the High Court of Allahabad vide order dated March 27, 2003. The trading of Equity Shares was suspended from April 28, 2003 for implementation of the Scheme and continue to remain suspended as of date as the non-Promoter shareholding of our Company is below the levels prescribed by the BSE.

The Scheme was optional for all shareholders (subject to a maximum of 40% of the share capital) as it provided that the shareholders who wanted to retain their Equity Shares should send a written communication to the Company expressing their intention to not convert Equity Shares into Preference Shares. If the shareholders did not communicate such intentions to the Company, the Equity Shares held by them would stand converted into Preference Shares in accordance with the Scheme without any further act or deed on their part. The lending institutions and bankers of the Company approved the Scheme subject to a condition that the Promoters will not participate in the Scheme.

The record date for the implementation of the Scheme was fixed as May 6, 2003. We received 382 (including 28 notifications from some Promoters and persons acting in concert) valid notifications from shareholders requesting for non-conversion of 8,315,206 equity shares (including 7,644,008 equity shares held by Promoters and persons acting in concert) held by them. Therefore, the remaining 3,973,995 equity shares (including 5,343 equity shares held by some of our Promoters and persons acting in concert which represent approximately 0.04% of the pre-Scheme paid-up equity share capital of the Company) were converted into Preference Shares as a result of the implementation of the Scheme. Post such conversion, the non-Promoter holding in our Company reduced from 37.76% to 8.07%.

In view of the continued suspension of trading of our Equity Shares and since there were no immediate plan to raise equity capital by further issue of Equity Shares, the Board decided vide its resolution dated June 7, 2003 that it was advisable to delist the Company’s shares. Further, in light of such proposed delisting the Board was of the opinion that the new Equity Shares issued pursuant to the scheme of arrangement need not be listed on any stock exchange. Accordingly, at the annual general meeting of the Company held on August 14, 2003, a special resolution was passed authorising the Board to delist the Equity Shares of the Company from the stock exchanges on which these shares are listed, i.e., the DSE, the BSE, the CSE and the NSE.

The Company was subsequently advised that if the Equity Shares were to be delisted, the Promoters would have to make a public offer for the acquisition of the remaining shares from the non-Promoter shareholders in accordance with the reverse book building method. However, due to financial constraints the Promoters expressed their reluctance to make such a public offer based on the fact that the stock market had been rising in the last quarter of 2003 and in 2004. Accordingly, another special resolution was passed by the shareholders at the annual general meeting of the Company held on August 18, 2004 to supersede their earlier decision to delist the Equity Shares of the Company. The shareholders further resolved

that the new Equity Shares issued pursuant to the scheme of arrangement be listed on the BSE and the NSE only, and the Equity Shares which existed prior to the implementation of the scheme of arrangement be delisted from the DSE and the CSE.

The BSE vide letter DCS\SMG\RCG\2004\532356 dated March 16, 2005 to the Company, inter alia, stated that the Company should come out with an offer for sale and/or a public offer so as to increase the non-Promoter holding to 25% within 6 months and that the Equity Shares issued pursuant to the Scheme shall be listed only after our Company complies with the same. The BSE, through letter dated October 27, 2005 has granted us an extension till December 31, 2005 for compliance with their letter dated March 16, 2005.

Post the Scheme, the equity shares of Rs.10 each were sub-divided into ten Equity Shares of Re 1 each with the approval of the shareholders by a special resolution dated January 27, 2005 under Section 94 of the Companies Act. Further, our Company has issued 124,728,090 Equity Shares of Re.1 each to existing shareholders as a Bonus Issue. These Equity Shares have been issued in the ratio of 3:2 i.e., three new Equity Shares for every two existing Equity Shares credited as fully paid-up, in terms of the special resolution passed at an extra-ordinary general meeting of our shareholders held on May 19, 2005. The Bonus Shares were allotted on June 17, 2005. As the issue of Bonus Shares and the sub-division did not alter the percentage of equity shares held by the Promoters, the conditions of the BSE letter dated March 16, 2005 have not yet been complied with and therefore, there is no active market for the Equity Shares of our Company.

We have received in-principle listing approval for the Equity Shares being offered through this Issue from the BSE through its letter dated August 5, 2005 and the NSE through its letter dated August 31, 2005.

For further details on non-trading of our Equity Shares, see section titled “History and Certain Corporate Matters” on page 114 of this Red Herring Prospectus.

Our turnover and profit before tax and cash flow fluctuate and may fall or rise sharply from year to year.

Our gross turnover was Rs.10,197.79 million, Rs. 6,396.38 million, Rs. 7,035.19 million, Rs. 6,032.92 million, Rs.5,118.81 million in fiscals 2005, 2004, 2003, 2002 and 2001, respectively. Our profit after tax was Rs. 856.61 million, Rs. 45.41 million and Rs.175.25 million in fiscals 2005, 2004 and 2002, whereas we incurred losses after tax of Rs. 8.56 million and Rs 18.20 million in fiscal 2003 and 2001, respectively. This fluctuation is primarily because the factors affecting our sugar business materially affect our turnover and profitability. The income from sales of our sugar business including excise duty accounted for 73.08%, 68.97% and 72.32% of our total segment revenue including excise duty in fiscal 2005, 2004 and 2003 respectively. The profitability of our sugar business depends significantly on the cost of our primary raw material which is sugarcane and the selling price of sugar which is determined by the market forces for free sale sugar and the Government for levy sugar. In addition, our turnover is affected by the fact that we operate in the sugar industry which is impacted by commodity cycles. Further, sugar industry in India is highly regulated as sugar is included within the purview of the Essential Commodities Act, 1955, which enables the government to regulate the production, supply, distribution, trade and commerce of sugar and sugarcane. Our cash flow from our operating activity was negative Rs. 554.09 million in fiscal 2004. However, there was an increase in cash credit of Rs. 933.45 million in fiscal 2004. For details of the factors affecting the results of our sugar business see the section titled “Management’s Discussion and Analysis of Financial Conditions and Results of Operation—Factors Affecting Results of Our Operations—Revenue—Sugar —Revenue—Sales of Sugar, Pricing of Sugar and Volume of sales” on page 236 of this Red Herring Prospectus. Also see the sections titled “Industry—Sugar—Sugar Cycle—Demand—Supply Scenario in the last decade” on page 70 of this Red Herring Prospectus.

Our Promoters and Promoter group entities may consider various alternatives for transfer or sale or otherwise dispose up to 10% of the total post-Issue Equity Shares in the year following the listing of the shares issued pursuant to the Issue.

Upon completion of the Issue, our Promoters and Promoter group entities will own approximately 72.56% of our post-Issue equity share capital. Our Promoters and Promoter group entities may consider various alternatives with regard to transfer or sale or otherwise dispose up to 10% of the total post-Issue Equity Shares in the secondary market or to strategic or



other partners/investors in the year following the listing of the shares issued pursuant to the Issue. However, there can be no assurance that such alternatives shall fructify or be consummated. For details of lock-in of their shareholding and other restrictions on the Promoters and Promoter group entities, see the section titled “Capital Structure” on page 37 of this Red Herring Prospectus.

Financing costs are a substantial expenditure in our business.

Financing costs of our borrowings are substantial expenditure of our Company. We are subject to risks arising from changes in interest rates, wherever the prescribed interest rates are not fixed and interest on working capital finance is material, particularly in respect of sugar operations, which is seasonal. The entire production takes place in about 180 days and the sugar is sold as per the releases of the Government of India, based on the demand. Interest is thus dependent on average inventory holding which are beyond our control. If the liquidation of stocks takes place faster, the average inventory holding would be lower and lower working capital finance would be required, resulting in lower finance cost. Similarly, in the event of slower liquidation of stocks, the finance cost will be higher. Any adverse change in this regard may impact our profitability and financial condition.

We may undertake acquisitions or investments or strategic relationships or divestments in the future which may pose management and integration challenges.

We may make acquisitions, investments, strategic relationships and divestments in the future as part of our growth strategy in India and abroad. These acquisitions, strategic relationships investments and divestments may not necessarily contribute to our profitability and may require us to assume high levels of debt or contingent liabilities, as part of such transactions. In addition, we could experience difficulty in combining operations and cultures and may not realize the anticipated synergies or efficiencies from such transactions. These difficulties could disrupt our ongoing business, distract our management and employees and increase our expenses.

Our contingent liabilities could adversely affect our financial condition.

As of June 30, 2005, our contingent liabilities not provided for comprised the following:

(Rs. in million)

Particulars	31.3.2001	31.3.2002	31.3.2003	31.3.2004	31.3.2005	30.6.2005
Liability for Bill of Exchange/ Cheque discounted	6.03	Nil	0.06	Nil	Nil	Nil
Guarantees given on behalf of Other parties and subsidiaries	4.77	4.87	4.87	4.87	4.87	4.87
Income Tax claim under dispute	79.99	39.26	38.19	13.00	9.40	11.04
Central Excise and Service Tax claim under dispute	16.79	2.45	3.42	33.15	59.08	59.87
Sales Tax claim under dispute	73.40	53.43	44.05	57.43	55.77	54.37
Other Claims not acknowledged as Debts	30.47	42.89	54.06	58.70	73.01	75.51
Outstanding Commitment for Capital Expenditure (Net of Advance)	5.55	1.26	4.29	360.98	898.48	919.52

(Rs. in million)

Particulars	31.3.2001	31.3.2002	31.3.2003	31.3.2004	31.3.2005	30.6.2005
In respect of levy price differential claim for 1973-1974 including interest, Supreme Court has remanded the matter back to High Court of Delhi and restored the interim order.	Nil	Nil	Nil	11.93	12.42	12.71
On a writ Petition filed, the Hon'ble Delhi High Court passed an interim order on April 28, 1982 that the Company's Sugar factory at Khatauli be treated as if it was a new unit under the Incentive Scheme dated November 15, 1980 and directed the Sugar Directorate to issue release orders for free sale of sugar on that basis. Consequently, the Sugar Directorate allowed additional free sale sugar commencing from sugar season 1981-1982 to 1986-1987. Should the writ petition not succeed, the difference between the additional sugar allowed on the basis of High Court's order and Company's entitlement as expanded unit, will be adjusted on quantitative terms over same number of years from the free sale quota of the Company out of the future seasons of production. The total impact including difference in excise duty between levy and free sale sugar is unquantifiable at this stage. However, the Company has given undertakings on account of differential excise duty. (The High Court has allowed our Company's appeal).	11.00	11.00	11.00	11.00	Nil	Nil
Indeterminate liability arising from the claims/counter claim in arbitration cases, claims of some employees and in respect of service tax, if any, on certain activities of the Company which are being contested by the Company.						



If these contingent liabilities materialise, fully or partly, our financial condition could be adversely affected.

Exchange rate fluctuations may adversely affect our financial performance.

As a company which exports turbines and gearboxes, we are exposed to exchange rate risk. We enter into foreign exchange forward and derivative contracts from time to time to hedge a portion of our foreign exchange exposure in respect of our exports and imports of components and finished goods. In addition, we may enter into foreign currency derivative transactions in respect of our borrowings from time to time. Adverse movements in foreign exchange rates may adversely affect our results of operations and financial condition.

Increase in prices of metals, which constitute primary raw materials for our engineering products, may adversely affect our financial condition.

Various metals constitute the primary raw material for our engineering businesses. Any increase in the metal prices may increase the cost of production of our engineering products. We receive the orders for our engineering products in advance and the prices are pre-determined. While historically, we have been able to negotiate the prices of our engineering products with some of our customers in case of increase in input prices and any decrease in purchase may benefit us, any increase in metals price which cannot be renegotiated may have an adverse effect on our financial position and profitability.

The market price of our Equity Shares may be adversely affected by additional issues of equity or equity linked securities or by sale of a large number of our Equity Shares by our Promoter and significant shareholders and additional issues of equity may dilute your equity position.

There is a risk that we may be required to finance our growth or strengthen our balance sheet through additional equity offerings. Any future issuance of equity or equity-linked securities or convertibles in our Company may dilute the positions of investors in our Equity Shares and could adversely affect the market price of our Equity Shares. For further details see section titled “History and Certain Corporate Matters” on page 114 of this Red Herring Prospectus.

Our results of operations could be adversely affected by strikes, work stoppages or increased wage demands by our employees.

As of September 30, 2005, we had 3,805 full-time employees in India. The number of our employees will increase with our proposed expansion plans. The employees in our operations are represented by labour unions. While we consider our current labour relations to be good, there can be no assurance that we will not experience future disruptions to our operations due to disputes or other problems with our work force, which may adversely affect our business and results of operations.

Our success depends in large part upon our senior management and key personnel and our ability to attract and retain them.

We are highly dependent on our senior management and other key personnel. Our future performance will depend upon the continued services of these persons. We may not be able to retain our senior management personnel or attract and retain new senior management personnel in the future. The loss of any of these key personnel may adversely affect our business and results of operations.

Our business is dependent on our manufacturing facilities. The loss of or shutdown of operations at any of our manufacturing facilities may have a material adverse effect on our business, financial condition and results of operations.

Our principal manufacturing facilities at Khatauli, Deoband, Ramkola, Bangalore and Mysore are subject to operating risks, such as the breakdown or failure of equipment, power supply or processes, performance below expected levels of output or efficiency, obsolescence, labour disputes, continued availability of services of our external contractors, earthquakes and other natural disasters, industrial accidents and the need to comply with the directives of relevant government authorities. The occurrence of any of these risks could significantly affect our operating results. We carry out planned shutdowns of our plants for maintenance.

Although we take precautions to minimize the risk of any significant operational problems at our facilities, our business, financial condition and results of operations may be adversely affected by any disruption of operations at our facilities, including due to any of the factors mentioned above.

Our insurance coverage may not adequately protect us against certain operating hazards and this may have a material adverse effect on our business.

We maintain insurance policies with leading Indian insurers. All our principal places of business, including our sugar mills are covered by industrial risk, fire, theft, group mediclaim, group accident insurance, workmen compensation policy, cash in transit, stock insurance, in transit insurance of sales, capital stock insurance, marine cargo open insurance and vehicle insurance policies. Our plant and machinery such as mills, pans, boiler, pressure vessels, DG sets, turbines, motors, tubewells, effluent treatment plant and office equipment are covered by insurance. We also maintain business interruption insurance and terrorism is specifically excluded from all our policies. The total coverage under all our policies as of October 31, 2005 was 12,159.00 million.

While we believe that the insurance coverage we maintain would reasonably be adequate to cover all normal risks associated with the operation of our business, there can be no assurance that any claim under the insurance policies maintained by us will be honoured fully, in part or on time. To the extent that we suffer loss or damage that is not covered by insurance or exceeds our insurance coverage, our results of operations and cash flow may be adversely affected.

Members of our Promoter group will continue to retain majority control in our Company after the Issue, which will allow them to influence the outcome of matters submitted to shareholders for approval.

Upon completion of the Issue, our Promoters, members of our Promoter group will beneficially own approximately 72.56% of our post-Issue equity share capital. As a result, the Promoter group will have the ability to exercise significant influence over all matters requiring shareholders' approval, including the election of Directors and approval of significant corporate transactions. The Promoter group will also be in a position to influence any shareholder action or approval requiring a majority vote, except where they are required by applicable laws to abstain from voting. Such a concentration of ownership may also have the effect of delaying, preventing or deterring a change in control.

Our exposure to interest rates may adversely affect our financial performance

We borrow from time to time both in Indian Rupees and in foreign currencies. Some of our borrowings may be linked to movements in particular currencies or particular indices. We may enter into interest rate derivative contracts from time to time. Adverse movements in interest rates or in such indices may adversely affect our results of operations and financial condition.

We are involved in a number of legal proceedings that, if determined against us, could adversely impact our business and financial condition.

There are 13 criminal cases pending against us before various courts and authorities in India. An aggregate of Rs. 0.94 million has been claimed against us in these cases. The Director General, Central Excise Intelligence, New Delhi and the Department of Revenue Intelligence have lodged FIR No's RC.1/E/2005 and RC 2/E/2005 dated January 27, 2005 against Mr. R.K. Yadav, Junior Finance Officer Ministry of Finance and Mr. Nand Kumar, the proprietor of Clean Energy Systems and others including our Company alleging therein that the signatures of the Joint Secretary and Director (FB) of the Ministry of Finance on certain documents pertaining to exemption on central excise and customs had been forged. The matter is being investigated by the Central Bureau of Investigation.

We are respondents in a number of legal proceedings relating to our business and operations, including two petitions for winding-up. M/s. NEPC Paper and Board Limited ("NEPC") filed a petition (Company Petition Number 219 of 1997) on May 28, 1997 in the Delhi High Court against the erstwhile Triveni Engineering Works Limited ("TEWL"), seeking winding up of the company. TEWL had been merged with Triveni Oilfield Services Limited (whose name was subsequently changed to Triveni Engineering & Industries Limited) prior to filing of the winding-up petition pursuant to a scheme of amalgamation



and consequently stood dissolved vide order dated March 15, 1996 of the Delhi High Court. Thereafter, by order dated March 6, 2000, the Allahabad High Court sanctioned the merger of the erstwhile Triveni Engineering & Industries Limited (earlier known as Triveni Oilfield Services Limited) with Gangeshwar Limited, and the name of Gangeshwar Limited was changed to Triveni Engineering & Industries Limited. Pursuant to the above-mentioned amalgamations, NEPC filed an application before the Delhi High Court for amendment of the winding-up petition to implead Gangeshwar Limited in place of the erstwhile TEWL. The said amendment application is pending before the Delhi High Court. We have however, filed an application before the Delhi High Court on May 22, 1998 contending that the winding up petition is infructuous as it has been filed against a company which is no longer in existence. The matter is pending before the Delhi High Court.

Another winding-up petition has been filed against Gangeshwar Limited by M/s India Coal Traders ("ICT"), which was a supplier of coal to our sugar mills at Deoband. Due to certain disputes regarding the release of payment, ICT filed a winding-up petition in the High Court of Allahabad against Gangeshwar Limited, which vide its order dated December 8, 1999 directed us to pay a sum of Rs. 2.33 million to ICT. Further, we were directed to make a fixed deposit of Rs.1.26 million as interest with the Registrar of the High Court of Allahabad within two months from the date of the order. We have filed a special appeal against this order before the Divisional Bench of the High Court of Allahabad, which vide its order dated January 6, 2000 stayed the operation of the earlier order, subject to the condition that we deposit a sum of Rs.2.33 million with ICT within eight weeks. The matter is still pending before the High Court of Allahabad.

Further, there are disputes relating to the income tax assessment of our Company, Gangeshwar Limited, the erstwhile Triveni Engineering & Industries Limited, the erstwhile Triveni Oilfields Services Limited and the erstwhile Triveni Engineering Works Limited for which our Company is liable. The total amount of assessable income disputed in appeals filed by our Company, relating to the income tax assessment of these entities for various assessment years is Rs. 672.89 million. Penalty of Rs. 0.48 million has been imposed by the Income Tax Department in assessment year 1996-97, which has been appealed against by our Company. Additionally, a tax demand of Rs. 1.64 million has been raised against our Company in respect of assessment year 2004-05 against which our Company has filed a rectification application. Our Company has however, in respect of all the aforesaid cases, provided for the entire tax liability except to the extent of Rs. 11.04 million and there are no demands outstanding against the Company except to the extent of Rs. 2.12 million. Further, the total amount of assessable income disputed in appeals filed against our Company by the revenue department, relating to the income tax assessment of the aforementioned entities for various assessment years is Rs. 159.48 million and a tax of Rs.0.59 million has been disputed in the Allahabad High Court. In the event all such cases are decided against our Company, the tax liability which may further devolve upon our Company would be Rs. 64.81 million (including Rs. 11.04 million being the shortfall in tax provisions mentioned above).

Additionally, there are 111 excise duty claims pending against us before various forums in India. The total claim against us in these cases amounts to approximately Rs. 216.97 million. Further, there are 69 sales tax claims pending against us before various forums in India. The total claim against us in these cases amounts to approximately Rs. 91.27 million.

Apart from the above-mentioned tax claims, a number of claims relating to the imposition of other statutory charges have been made against us, including claims by the Employees State Insurance Corporation, the local development authorities, the Town Area Committee, Ramkola, the District Magistrate, the Collector, Bettiah, the Regional Transport Officer, Muzaffarnagar and the Taxation Officer, Muzaffarnagar. Further, the Muzaffarnagar Development Authority has issued notices to the Company to stop the construction of the cogeneration power plant at Khatauli. The Muzaffarnagar Development Authority has also issued show cause notices to the Khatauli unit of the Company to stop the alleged illegal construction of residential quarters, research laboratory and expansion of sugar godown in the factory premises. The total amount claimed against us by these authorities is approximately Rs. 2.28 million.

There are 236 cases and claims relating to labour and service matters pending against our Company, which have been filed by trade unions, employees of our Company and contract labourers employed by contractors for carrying out works in our Company. In addition to the above, a settlement has been filed before the Industrial Tribunal, Meerut under section 4(k) of the Industrial Disputes Act, 1947 in relation to termination of services of certain employees in the Khatauli unit. The publication of the award is awaited. The total amount of claims in cases where financial claims have been made aggregates

to approximately Rs. 14.15 million. In these cases, claims have been raised for inter alia, damages, compensation and reinstatement in service with payment of back wages.

There are 25 civil suits pending against us. The aggregate of claims in these cases is approximately Rs. 50.77 million. Further, there are five arbitration claims and appeals pending against us. The total amounts claimed against us in these matters amounts to approximately Rs. 566.73 million.

Apart from the cases mentioned above, there are 66 other cases pending against us, including the challenge before the Supreme Court by way of a special leave petition filed by M/s Bajaj Hindusthan Limited and our Company against the order passed by the High Court of Allahabad dated August 24, 2005. The said order quashed press note dated August 31, 1998 and notification SO 808(E) dated September 11, 1998 issued by the Central Government which provided for the delicensing of the sugar industry by omitting the requirement to obtain a license under the Industrial (Development and Regulation) Act, 1951 for setting up new sugar units or engaging in the substantial expansion of existing sugar units. Most of the other cases pertain to claims made by Cane Societies against us for payment of sugarcane price and allotment of cane areas. An aggregate amount of Rs. 386.36 million has been claimed in these cases.

Should any new developments arise, such as changes in Indian law or rulings against us by appellate courts or tribunals, we may need to increase the level of our provisions, which could adversely affect our financial position. Furthermore, if a claim is determined against us and we are required to pay all or a portion of the disputed amounts, it could have material adverse effect on our financial condition.

In addition to the litigations pending against our Company, there is one litigation pending against Triveni SRI, one of our subsidiaries, one arbitration against Mr. Dhruv M. Sawhney, three matters against Mrs. Rati Sawhney including an arbitration notice, three cases against Triveni Entertainment Limited and one case each against The Engineering and Technical Services Limited and United Shippers and Dredgers Limited.

All the above legal proceedings are pending at different levels of adjudication before various courts, tribunals, enquiry officers, and appellate tribunals.

For further details on the above cases, see “Outstanding Litigation and Material Developments” on page 262 of this Red Herring Prospectus.

If we are not able to renew or maintain our statutory and regulatory permits and approvals required to operate our business it may have a material adverse effect on our business.

In respect of our Khatauli unit, we have applied for renewal of licences bearing numbers G.B/253/2004-05 and G.B/254/2004-05 under the Uttar Pradesh Prevention of Food Adulteration Rules, 1976 for sale of sugar and molasses, which expired on March 31, 2005 and licence bearing number G.B/252/2004-05 under the Uttar Pradesh Prevention of Food Adulteration Rules, 1976 for manufacture of sugar and molasses, which expired on March 31, 2005.

In respect of our unit at Mysore, we have applied for renewal of license number 6356 for consent under the Air (Prevention and Control of Pollution) Act, 1981 which has expired on September 30, 2005 and license number 6355 for consent under the Water (Prevention and Control of Pollution) Act, 1974 which has expired on the same date.

We have executed a license agreement with Lufkin for the license to use technology developed by Lufkin to manufacture and sell gears and gearboxes. The agreement shall become effective from July 1, 2005, subject to approval by the Government. We have made an application dated June 22, 2005 in this regard to the Ministry of Industries, GoI and are yet to receive the approval for the same.

We have filed an application dated September 2, 2005 for registration under the Industrial (Development and Regulation) Act, 1951 for the manufacture of white crystal sugar at Sabitgarh in Uttar Pradesh. We have also filed an application dated September 9, 2005 under the Industries (Development and Regulation) Act, 1951 for the expansion of our sugar mills in Khatauli and Deoband. We have filed these applications as the High Court of Allahabad has passed an order dated August 24, 2005 quashing press note dated August 31, 1998 and notification SO 808(E) dated September 11, 1998 issued by the

Central Government which provided for the delicensing of the sugar industry by omitting the requirement to obtain a license under the Industries (Development and Regulation) Act, 1951 for setting up new sugar units or engaging in the substantial expansion of existing sugar mills. Although the Supreme Court has stayed the operation of the said judgement of the High Court of Allahabad vide its order dated September 19, 2005, we have made an application as detailed above without prejudice to the outcome of the case in the Supreme Court. For further details of this litigation see section titled “Outstanding Litigation and Material Developments” on page 262 of this Red Herring Prospectus.

In addition to the licenses obtained and applied for the sugar mill at Sabitgarh, there are a number of other approvals which will be required for the operation of our sugar mill in Sabitgarh. These include licenses under the Factories Act, 1948, licenses for storage of explosives, no objection certificates for construction of chimney from the Ministry of Civil Aviation, GoI, etc. These approvals will be applied for at the relevant time under applicable laws and have not been applied for as of date.

If we are not able to renew or maintain our statutory and regulatory permits and approvals required to operate our business it may have a material adverse effect on our business.

For further details, see section titled “Government and Other Approvals” on page 326 of this Red Herring Prospectus.

We have not entered into any definitive agreements to utilize a substantial portion of the net proceeds of the Issue.

We intend to use the net proceeds of the Issue for capital expenditure, sales and marketing, and general corporate purposes. For further details, see section titled “Objects of the Issue” on page 46 of this Red Herring Prospectus.

We have not entered into any definitive agreements to utilize substantial portion of the net proceeds for sales, marketing and general corporate purposes. There can be no assurances that we will be able to conclude such definitive agreements on terms acceptable to us. Pending any use of the net proceeds of the Issue, we intend to invest the funds in high quality, interest and dividend bearing liquid instruments including deposits with banks. These investments will be authorized by our Board or a duly authorized committee thereof. These proposed expenditures have not been appraised by any bank or financial institution.

Some of the projects for which the proceeds of the Issue are to be utilized have not been appraised.

The projects, except the co-generation project at Khatauli, for which the proceeds of the Issue are to be utilized have not been financially appraised by an independent entity and are based on our estimates. For details, see the section titled “Objects of the Issue” on page 46 of this Red Herring Prospectus.

Some of our subsidiaries and Promoter /group companies incurred losses during the last three fiscal years.

Our Subsidiaries Abhohar Power Generation Limited and Triveni SRI Limited have suffered losses. Abhohar Power Generation Limited incurred losses amounting to Rs. 0.01 million in fiscal 2005 and fiscal 2004 and Rs. 0.07 million in fiscal 2003. Triveni SRI Limited incurred losses amounting to Rs. 1.89 million and Rs.0.67 million in fiscal 2004 and fiscal 2003, respectively. Some of our Promoter companies and companies of our Promoter group have also incurred losses. TOFSL Trading and Investments Limited incurred losses amounting to Rs.0.15 million and Rs.14.62 million in fiscal 2005 and fiscal 2004, respectively. The Engineering and Technical Services Limited incurred losses amounting to Rs.29.77 million, Rs.19.69 million and Rs.0.38 million in fiscal 2005, fiscal 2004 and fiscal 2003, respectively. Caravanserai Limited incurred losses amounting to Rs.16.21 million and Rs.1.19 million in fiscal 2005 and fiscal 2003, respectively. Triveni Entertainment Limited incurred losses amounting to Rs.1.64 million and Rs. 0.58 million in fiscal 2005 and 2004 respectively. Techtrade Consultants Limited also incurred losses amounting to Rs. 0.01 million in fiscal 2005 and 2004 and a loss of Rs.0.47 million in fiscal 2003. United Shippers & Dredgers Limited also incurred losses amounting to Rs. 0.01 million and Rs.0.03 million in fiscal 2005 and fiscal 2003, respectively. For more information on the financial performance of our Promoters, see section titled “Our Promoters and Group Companies” beginning on page 147 of this Red Herring Prospectus.

Equity shares of our listed group companies are infrequently traded.

During the last five years, the equity shares of listed Promoter companies have been infrequently traded. For more information on our group companies, see section titled “Our Promoters and Group Companies” beginning on page 147 of this Red Herring Prospectus.

Our Company has received certain complaints from the date of filing of the Draft Red Herring Prospectus with SEBI.

As of November 5, 2005 we have received 404 complaints relating to the allegations pertaining to the scheme of arrangement whereby the equity shares were converted into Preference Shares (“Scheme”). These allegations include allegations regarding (a) non- receipt of the intimation of the Scheme by the shareholders of our Company specially in the light of negative consent mechanism under the Scheme, which resulted in conversion of equity shares into Preference Shares, (b) the Scheme is in violation of the provisions of the Companies Act, Listing Agreement and SEBI regulations, (c) the Promoters have taken undue advantage of the small shareholders of the Company by not participating in the Scheme, (d) the Scheme was devised by our Promoters to defraud small investors in light of subsequent decisions of the Company such as to sub divided the equity share of Rs. 10 into Equity Shares of Re. 1 each and issue Bonus Shares, which would have enabled the shareholders to gain a larger number of shares, (e) the redemption price for Preference Shares converted from equity shares under the Scheme was too low and (f) other general complaints related directly or indirectly to the Scheme. There have also been demands for the restoration of equity shares and additional information from our Company and demands for exchange of share certificate of erstwhile TEWL/TOFSL/erstwhile TEIL for share certificates of our Company.

Further, we have received 11 complaints with allegations relating to the scheme for amalgamation of Triveni Engineering Works Limited (TEWL) with Triveni Oil Field Services Limited (TOFSL) resulting in the formation of the erstwhile Triveni Engineering & Industries Limited (“TEIL Scheme”) and scheme for amalgamation of erstwhile Triveni Engineering & Industries Limited with Gangeshwar Limited resulting in the formation of our Company (“Gangeshwar Scheme”).

In addition, we have received 5 complaints relating to certain historical actions taken by the Company. These allegations include allegations stating that (a) certain properties were dishonestly transferred for providing undue benefit to the Chairman and Managing Director of our Company and (b) Complaints relating to the order of the High Court of Allahabad declaring the notifications delicensing the sugar industry as illegal.

We have also received 13 complaints for other general corporate matters including: (a) non receipt of Bonus Shares (b) non transfer of one Equity Share by us for technical reasons (c) non receipt of interest and (d) providing reservation for existing shareholders in the Issue.

In addition, we have received 4 complaints from SEBI with respect to certain newspaper articles, alleged forged court orders for sale of sugar and FIRs filed for certain forged certificates for exemption from payment of customs duty.

We have suitably responded to all the above mentioned complaints and we undertake that we will address any further complaints that may come with respect to the said scheme of arrangement.

For further details of the complaints received by us, see section titled “Complaints received by our Company” on page 305 of this Red Herring Prospectus.

The data with regard to allotment of shares is available only post 1966 and the date of initial listing of our equity shares is unavailable.

The data with regard to allotment of shares is available only post 1966. This is because the data for periods prior to 1966 had not been handed over to the present management when it took over the management in 1992 and, hence, the available records of the Company do not have these records. The date of initial listing of our equity shares, which also occurred prior to the taking over by the present management, is also not traceable.



We had violated section 217(3) of the Companies Act in the annual reports for the financial years 1995-1996 and 1996-1997.

The Department of Company Affairs, GoI (“DCA”) upon conducting an inspection of the books and records of the Gangeshwar Limited, reported certain non-compliance under section 217(3) of the Companies Act relating to observations of qualification of auditors in the annual reports for the financial years 1995-1996 and 1996-1997 for which the DCA advised the company “to be more careful in future” and closed the inspection file.

Some of our loan agreements have certain restrictive covenants which may affect the rights of equity shareholders.

Pursuant to the terms of some of our loan agreements with IDBI Limited, Rabo India Finance Private Limited, ICICI Bank Limited, UTI Bank Limited, Oriental Bank of Commerce, HDFC Limited and Indian Overseas Bank, we cannot declare or pay any dividend, without prior permission of the lenders, to our shareholders during any financial year unless we have paid all the dues to the respective lenders or paid or have made satisfactory provisions therefor or if we are in default of the terms and conditions of such loan agreements. For details of the list of these loans, see the section titled “Managements Discussion and Analysis of Financial Condition and Results of Operations” on page 232 of this Red Herring Prospectus.

One of our Promoters has received a letter regarding the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997.

Mrs. Rati Sawhney, one of our Promoters has received a letter no.CFD/DCR/NM/TO/45406/05 dated July 21, 2005 from SEBI regarding the acquisition of 20,448 shares from a family friend as a gift as a result of which the total promoter group shareholding increased from 90.48% to 90.73%. The same was intimated by us to the Stock Exchanges as a filing dated September 10, 2004 under Regulation 8(1) and 8(3) of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 (“Takeover Code”). SEBI has sought details in this regard from Mrs. Rati Sawhney. Mrs. Rati Sawhney has replied to the letter from SEBI vide letter dated July 22, 2005 and stated that she had accepted the gift of these shares based on legal advice stating that a gift of shares is similar to the acquisition of shares by inheritance or succession and she was exempt under Regulation 3(1)(g) of the Takeover Code. For details of the letter dated July 22, 2005 and the legal opinion given to Mrs. Rati Sawhney, see the section titled “Outstanding Litigation and Material Developments—Litigation against our Promoters” on page 301 of this Red Herring Prospectus.

However, in the event SEBI is of a contrary view and does not accept the gift as being exempt under Regulation 3 of the Takeover Code and is of the opinion that the gift would trigger Regulation 11(2) of the Takeover Code, then SEBI may initiate certain corrective or penal action including imposing an obligation on Mrs. Rati Sawhney to make a public announcement to acquire additional shares of our Company as the total Promoter holding when the gift was made to Mrs. Rati Sawhney was in excess of 75% of the total issued share capital or voting rights of our Company or impose a penalty under the SEBI Act amounting up to Rs. 250.0 million or three times of the amount of the profits made on account of such failure, whichever is higher having regard to the amount of unfair advantage gained as a result of the default, the repetitive nature of the default and the loss caused to investors. Moreover, non-compliance of the provisions of the Takeover Code is also punishable under the SEBI Act with imprisonment or with fine, or with both. We would be required to comply with the directions of SEBI as may be finally adjudicated under applicable laws.

One of our lenders may recall a loan taken by us.

We had availed certain loans from the GoUP and against which we have received certificates for recovery dated July 28, 2000 and July 31, 2000 for Rs. 14.0 million from the Cane Commissioner for alleged non repayment of these loans. We filed a petition in the High Court of Delhi against the issuance of such recovery certificates. The Delhi High Court, by its order dated August 3, 2000, issued an injunction restraining recovery of the impugned amount by the Cane Commissioner. However, our petition was dismissed for non-appearance on April 7, 2005 and an application for restoration has been filed by us and is pending. In the event the High Court of Delhi dismisses our contentions the GoUP may recall these loans. For details of the litigation, see the section titled “Outstanding Litigation and Material Developments” on page 262 of this Red Herring Prospectus.

We are not in communication with Mrs. Rohini Sawhney, one of the natural persons who is part of our Promoter group by virtue of her relationship with one of our Promoters.

Mrs. Rohini Sawhney is related to Mrs. Rati Sawhney, one of our Promoters. Neither our Promoters, nor we are in communication with Mrs. Rohini Sawhney. Hence, we do not have any details from Mrs. Rohini Sawhney including the details of her holdings in any company, any action by any governmental authority or any litigation against her.

External Risk Factors

Further capacity expansions in the sugar industry may result in excess capacity, which may affect our financial condition.

Our current expansion plan contemplates substantial increase in the capacity of our existing sugar businesses. The prospects for profitability in the Sugar business could lead to other companies increasing their production capacity in these segments. This could result in excess capacity in the market. Although our products have so far been able to compete in terms of quality and access to customers, no assurance can be given that we will be able to fully utilise our increased capacity and sell our increased production at prices that maintain or enhance our profit margins.

A slowdown in economic growth in India could cause our business to suffer.

The Indian economy has shown sustained growth over the last few years with GDP growing at 6.9% in fiscal 2005, 8.5% in fiscal 2004 and 4.0% in fiscal 2003. Industrial growth was 8.0% in fiscal 2005, 6.6% in fiscal 2004 and 6.6% in fiscal 2003. In its monetary policy statement announced on April 28, 2005, the RBI forecast GDP growth for fiscal 2006 to around 7.0% and year end inflation rate from 5.0% to 5.5% subject to the impact of growing uncertainty on account of oil price. Any slowdown in the Indian economy could adversely affect our financial performance.

A significant change in the Government of India's economic liberalization and deregulation policies could disrupt our business and cause the price of our Equity Shares to decline.

Our assets and customers are predominantly located in India. The Government of India has traditionally exercised and continues to exercise a dominant influence over many aspects of the economy. Its economic policies have had and could continue to have a significant effect on private sector entities, including us, and on market conditions and prices of Indian securities, including the Equity Shares. The present government, which was formed after the Indian parliamentary elections in April-May 2004, is headed by the Indian National Congress and is a coalition of several political parties. Any significant change in the government's policies or any political instability in India could adversely affect business and economic conditions in India and could also adversely affect our business, our future financial performance and the price of our Equity Shares.

Taxes and other levies imposed by the Government of India or other state governments, as well as other financial policies and regulations, may have a material adverse effect on our business, financial condition and results of operations.

Taxes and other levies imposed by the central or state governments in India that affect our industry include customs duties, excise duties, sales tax, income tax and other taxes, duties or surcharges introduced on a permanent or temporary basis from time to time.

The central and state tax scheme in India is extensive and subject to change from time to time. Any adverse changes in any of the taxes levied by the central or state governments may adversely affect our competitive position and profitability.

Currently we benefit from certain tax benefits which results in a decrease in the effective tax rate compared to the tax rates that we estimate would have applied if these incentives had not been available. There can be no assurance that these tax incentives will continue in the future. The non-availability of these tax incentives could adversely affect our financial condition and results of operations.

Several state governments in India have recently introduced a value added tax regime. The impact of the introduction of the value added tax regime on our business and operations will depend on a range of factors including the rates applicable

and the exemptions available to our facilities. Currently, we are unable to ascertain the impact of the value added tax regime on our business and operations.

Natural calamities could have a negative impact on the Indian economy and cause our business to suffer.

India has experienced natural calamities such as earthquakes, tsunamis, floods and drought in the past few years. The extent and severity of these natural disasters determines their impact on the Indian economy. For example, as a result of drought conditions in the country during fiscal 2003, the agricultural sector recorded a negative growth of 5.2%. The erratic progress of the monsoon in 2004 has also adversely affected sowing operations for certain crops. Further prolonged spells of below normal rainfall or other natural calamities could have a negative impact on the Indian economy, adversely affecting our business and the price of our Equity Shares.

Terrorist attack, civil unrest and other acts of violence or war involving India and other countries could adversely affect the financial markets and our business.

Terrorist attacks, such as the ones that occurred in New York and Washington, D.C. on September 11, 2001, New Delhi on December 13, 2001 and October 29, 2005, Gandhinagar in Gujarat on September 24, 2002, Bali on October 12, 2002 and Mumbai on August 25, 2003 and other acts of violence or war may negatively affect the Indian markets and also adversely affect the worldwide financial markets. These acts may also result in a loss of business confidence and make other services more difficult and ultimately adversely affect our business.

After the December 13, 2001 attack in New Delhi and a terrorist attack on May 14, 2002 in Jammu, India, diplomatic relations between India and Pakistan became strained and there was a risk of intensified tensions between the two countries. The Governments of India and Pakistan have recently been engaged in conciliatory efforts. However, any deterioration in relations between India and Pakistan might result in investor concern about stability in the region, which could adversely affect the price of the Equity Shares.

India has also witnessed civil disturbances in recent years and it is possible that future civil unrest as well as other adverse social, economic and political events in India could have an adverse impact on us. Regional or international hostilities, terrorist attacks or other acts of violence or war could have a significant adverse impact on international or Indian financial markets or economic conditions or in government policy. Such incidents could also create a greater perception that investment in Indian companies involves a higher degree of risk and could have an adverse impact on our business and the price of our Equity Shares.

Any downgrading of India's debt rating by an international rating agency could have a negative impact on our business.

Any adverse revisions to India's credit ratings for domestic and international debt by international rating agencies may adversely impact our ability to raise additional financing, and the interest rates and other commercial terms at which such additional financing is available. This could have a material adverse effect on our business and future financial performance, our ability to obtain financing for capital expenditures, and the price of our Equity Shares.

Notes:

- The net worth of our Company as of June 30, 2005 is Rs. 1,883.38 million based on restated unconsolidated financial statements of our Company.
- Public issue of 50,000,000 Equity Shares of Re. 1 each at a price of Rs. [●] for cash aggregating up to Rs. [●].
- The average cost of acquisition of Equity Shares by our Promoters is Rs. 1.95 per Equity Share of Re. 1 and the book value per Equity Share as of June 30, 2005 was Rs. 9.06 per Equity Share of Re. 1.
- Except as disclosed in this Red Herring Prospectus, none of our Directors have any interest in the Company except to the extent of remuneration and reimbursement of expenses and to the extent of the Equity Shares held by them or their relatives and associates or held by the companies, firms and trusts in which they are interested as directors, member, partner and/or trustee and to the extent of the benefits arising out of such shareholding.

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- Investors may contact the BRLMs for any complaints, information or clarifications pertaining to the Issue.
 - Investors are advised to refer to the section titled “Basis for Issue Price” on page 55 of this Red Herring Prospectus.
 - Refer to the notes to our financial statements relating to related party transactions in the section titled “Consolidated Financial Statements - Related Party Transactions” on page 221 of this Red Herring Prospectus for related party transactions.

Investors should note that in case of over subscription in the Issue, Allotment will be made on a proportionate basis to Retail Individual Bidders and Non-Institutional Bidders. See paragraph titled “Basis of Allocation” on page 359 of this Red Herring Prospectus.



SUMMARY

This is only a summary and does not contain all information that you should consider before investing in our Equity Shares. You should read the entire Red Herring Prospectus, including the information on “Risk Factors” and our financial statements and related notes beginning on pages xiii and 168 of this Red Herring Prospectus, before deciding to invest in our Equity Shares.

INTRODUCTION

We are ranked 235th amongst the listed companies in India based on our net revenue in fiscal 2004, according to the BS 1000 Data Bank published in February 2005. Our turnover and profitability for the preceding three financial years and for the three months period ended June 30, 2005 are as below:

(Rs. in million)

	Quarter ended June 30, 2005	Fiscal 2005	Fiscal 2004	Fiscal 2003
Turnover	2,510.84	9,607.76	5,928.19	6,533.12
% Increase / (decrease) in turnover over corresponding previous period	N.A	62.07	(9.26)	16.37
Profit / (Loss) after Tax (PAT)	249.75	856.61	45.41	(8.56)
% Increase / (decrease) in PAT over corresponding previous period	N.A	1,786.30	Not quantifiable*	Not quantifiable*

*The percentage change in PAT is not quantifiable as our Company had a profit in Fiscal 2004, a loss in Fiscal 2003 and profit in Fiscal 2002.

We have been in the business of manufacturing sugar since 1933. Since the mid 1960's in pursuance of our strategic objective of achieving a high degree of self-reliance, we entered into engineering businesses having synergies with the process of sugar manufacturing. These activities included the manufacture of turbines, associated gearboxes, plant and machinery for sugar mills and water and wastewater treatment equipment. Over the years, we have strategically identified and started manufacturing these engineering products for third party customers and have developed each of these as distinct businesses. Our businesses can be categorised into two broad areas, namely: (a) Sugar production and the related activity of co-generation of electricity and (b) Engineering.

OVERVIEW

Sugar production and Co-generation business

Sugar production

We are amongst the three largest producers of sugar in India based on sugar production in Sugar Year 2004 derived from ISMA Working Results of Sugar Factories in India, 2003-2004. Our sugar production business is currently based in the north Indian state of Uttar Pradesh. We have three-sugar mills located at Khatauli (with crushing capacity of 16,000 TCD), Deoband (with crushing capacity of 10,000 TCD) and Ramkola (with crushing capacity of 3,500 TCD) in the state of Uttar Pradesh. As of September 30, 2005, our total crushing capacity was 29,500 TCD. We have recently expanded the crushing capacity of our sugar mill at Khatauli from 11,750 TCD to 16,000 TCD.

The aggregate of the sugar produced by our three units in 2004-2005 and 2003-2004 are as follows:

(in MMT)

	Khatauli	Deoband	Ramkola	Total
Crushing Season 2004-2005				
Sugar from cane	0.188	0.142	0.034	0.364
Sugar from raw sugar	0.008	0.010	-	0.018
Total sugar produced	0.196	0.152	0.034	0.382
Crushing Season 2003-2004				
Sugar from cane	0.179	0.155	0.030	0.364
Sugar from raw sugar	-	-	-	-
Total sugar produced	0.179	0.155	0.030	0.364

We produced 0.38 MMT and 0.36 MMT of sugar in the crushing season 2004-2005 and 2003-2004, respectively. This includes 0.008 MMT of sugar produced from raw sugar at Khatauli and 0.010 MMT of sugar produced from raw sugar in Deoband for the sugar year 2004-2005. We did not process any raw sugar in our sugar mills in the Sugar Year 2004. In the crushing season 2004-2005 and 2004-2003, we produced approximately 7.91% and 7.54% of the total sugar produced in the state of Uttar Pradesh, respectively and 3.01% and 2.66% of the total sugar produced in India. The sugar produced by our sugar mills located in western Uttar Pradesh (Khatauli and Deoband) was 0.35 MMT and 0.33 MMT in the crushing season 2004-2005 and 2003-2004, which was approximately 19.07% and 19.65% of the total sugar produced in western Uttar Pradesh in the same period, respectively according to the Hand Book of Sugar Statistics of ISMA dated July, 2005.

In the crushing season 2004-2005, our facility at Khatauli crushed approximately 1.87 million tonnes of sugarcane, which is the highest amount of sugarcane crushed by any sugar mill in India during the crushing season 2004-2005, according to a certificate dated October 13, 2005 to the same effect from ISMA. This certificate is listed as a Material Document in the section titled "Material Contracts and Documents for Inspection" on page 388 of this Red Herring Prospectus and is available for inspection.

In fiscal 2005, the segment revenue generated from the sugar business was Rs.7,697.23 million, which was 78.01% of our total segment revenue (including inter segment revenues) and the profit before tax was Rs.1,064.20 million, which is 86.65% of our total profit before tax of Rs.1,228.18 million. In fiscal 2004, the segment revenue generated from the sugar business was Rs.4,509.82 million, which was 74.33 % of our total segment revenue (including inter segment revenues) and the loss before tax was Rs. 34.95 million.

We plan to increase the capacity of our sugar production by setting up new sugar mills in the state of Uttar Pradesh and expanding the crushing capacity of our existing sugar mill at Deoband from the existing capacity of 10,000 TCD to 14,000 TCD. We have recently expanded the crushing capacity of our sugar mill at Khatauli from 11,750 TCD to 16,000 TCD. We have acquired land, have received certain government approvals and started construction for a new sugar mill in Sabitgarh in western Uttar Pradesh. The Cane Commissioner, Uttar Pradesh, through order dated October 3, 2005, assigned a total Cane Area of 12,409 hectares for the crushing season 2005-2006 for our sugar mill at Sabitgarh. This sugar mill will have a crushing capacity of 7,000 TCD and is expected to commence operation by December 2005. We are also exploring sites for setting up two or more sugar mills of by 2007. For details of the government approvals for the sugar mill in Sabitgarh, see the section titled "Government and Other Approvals" on page 326 of this Red Herring Prospectus.

Our sugar plants in Khatauli, Deoband and Ramkola have captive, bagasse based power generation facility of 14.5 MW, 10.2 MW (in addition to the new co-generation plant) and 4.5 MW, respectively and consequently, there is no requirement for us to purchase power during the crushing season. In our sugar mill at Deoband, we also use a part of the electricity produced by our co-generation plant.

To support our sugar business and for sugarcane development and the welfare of our sugarcane farmers, we ran the "Triveni Khushali Bazaar" from February 2005 ("Agri Business"). This aimed to cater to the needs of the farming community



including tractors, farming implements, fertilisers, pesticides and other services such as facilitating institutional credit, etc. In fiscal 2005, the revenue generated from the Agri Business was Rs. 12.39 million, which was 0.13% of our total segment revenue (including inter segment sales). In fiscal 2005, the result from this was a loss of Rs.0.72 million. Our Company has decided to discontinue with this business as part of the Sugar Business of the Company and has decided, for better management, to transfer the business of “Triveni Khushali Bazaar” to our wholly owned subsidiary, Triveni SRI Limited. For further details on such transfer, please see the section titled “Our Business” on page 82 of this Red Herring Prospectus and the section titled “Risk Factors” on page xiii of this Red Herring Prospectus.

Co-generation Business

We have a co-generation plant in Deoband and our co-generation plant in Khatauli has been synchronised with the power grid and has commenced the external sales of electricity on October 19, 2005. Both these plants are located in western Uttar Pradesh (“Co-generation Business”). In a sugar mill, bagasse, which is a by-product, is used for production of electricity and steam through a co-generation plant. Co-generation plants are used to produce two forms of useful energy simultaneously i.e. electric power and steam, with the surplus electric power being supplied to the power distribution company(ies). While we have had captive power plants in our sugar mills for a number of years, we started the co-generation of electricity with the commissioning of the new co-generating plant in Deoband on December 5, 2004 and thus the operational data for this segment is available only for fiscal 2005. This facility has a capacity of 22.0 MW and the surplus electric power is being supplied to Uttar Pradesh Power Corporation Limited (“UPPCL”) under a power purchase agreement for a period of 10 years. For details of the PPA, see section titled “History and Certain Corporate Matters” on page 114 of this Red Herring Prospectus.

In fiscal 2005, the segment revenue generated from co-generation business was Rs.188.04 million, which was 1.91% of our total segment revenue (including inter segment sales). and the profit before tax was Rs. 36.47 million, which was 2.97% of our total profit before tax. As we started our co-generation operations in fiscal 2005, there is no comparable data for fiscal 2004.

Engineering Business

Our engineering business portfolio comprises of three businesses. The main focus of our engineering business is our turbine business, which is based in Bangalore in the south Indian state of Karnataka. The other components of our engineering portfolio are our gears business based in Mysore in the state of Karnataka and our water and wastewater treatment business based in Noida in the state of Uttar Pradesh.

Turbine Business

We have been in the business of manufacture of small turbines since 1968 and we are one of the leading small steam turbine (i.e. turbines generating up to 15.0 MW) manufacturing companies in India.

The total capacity of the small steam turbines manufactured by us in fiscal 2005 was 224.7 MW as compared to 190.5 MW in fiscal 2004, which is an increase of 17.95%. We have an order book of over 510.51 MW as on October 11, 2005. We are capable of offering solutions up to 50.0 MW by packaging steam turbines of Skoda Power, a company based in Czech Republic (hereinafter referred to as “Skoda”). We have installed a number of working steam turbines outside the country including in Europe and have got favourable response from our international customers.

Our Turbine Business is located in Bangalore in the state of Karnataka. We have substantial research and development capability. One of our research initiatives has resulted in the development of tapered-twisted blades, which enhances the efficiency of a turbine. However, we have not yet applied for the intellectual property rights of the same. As a tapered twisted blade is a component of the turbine, its independent contribution to the sales of turbines is unascertainable.

We have customers in various sectors including sugar, steel, paper, textiles, chemicals, pharmaceuticals and independent power producers. To support such customers both domestically and internationally, we have established extensive sales and service networks.

We are undertaking expansion of our capacity in our Turbine Business, which will provide us the infrastructure for assembly of turbines of capacity of up to 50.0 MW. The expanded facilities are expected to be commissioned by December 2005. We are in the process of commercialising in-house technology for models of turbines from 15.0 MW to 24.0 MW.

In fiscal 2005, the segment revenue generated from our Turbine Business was Rs.1,639.00 million, which was 16.61% of our total segment revenue (including inter segment sales) and the profit before tax was Rs.115.60 million, which was 9.41% of our total profit before tax. In fiscal 2004, the segment revenue generated from the Turbine Business was Rs.1,247.23 million, which was 20.55 % of our total segment revenue (including inter segment revenues) and the profit before tax was Rs.127.18 million, which is 322.55% of our total profit before tax.

Gears Business

We are one of the leading manufacturers of gears and gearboxes in India, with manufacturing facilities in Mysore, in the state of Karnataka.

Currently, our Gears Business comprises of the design, manufacture and marketing of gears and gearboxes with a capacity of up to 70.0 MW and speeds up to 50,000 rpm. The range up to 7.5 MW is manufactured using our own technology and the range above 7.5 MW is manufactured using technology imported from Lufkin, a reputed international manufacturer of gears and gear boxes, based in Lufkin, Texas, U.S.A.

Our association with Lufkin is seven years old, which, along with our technology, has helped us to service the entire high-speed gear and gearbox market in India. Presently, the arrangement with Lufkin enables us to manufacture gearboxes including rotating parts, up to 15.0 MW, beyond which capacity we manufacture entire gears and gearboxes without the rotating parts. The rotating parts are imported from Lufkin. On May 14, 2005, we renewed our arrangement with Lufkin for a further seven years with effect from July 1, 2005, subject to the approval of the Government. Under the revised terms of our arrangement with Lufkin, we shall be able to manufacture complete gears and gearboxes of up to 25.0 MW beyond which we will manufacture the gears and gearboxes where the rotating parts have been imported from Lufkin. We continue to be the preferred supplier for purchases by Lufkin to be made from India under the terms of the contract.

In fiscal 2005, the segment revenue generated from our Gears Business was Rs.240.01 million, which was 2.43% of our total segment revenue (including inter segment sales) and the profit before tax was Rs. 21.86 million, which was 1.78% of our total profit before tax. In fiscal 2004, the segment revenue generated from the Gears Business was Rs.189.37 million, which was 3.12 % of our total segment revenue (including inter segment revenues) and the profit before tax was Rs.19.28 million, which is 48.90% of our total profit before tax (not including non-recurring items) which was Rs. 39.43 million. As of October 11, 2005, we had an order book amounting to Rs.285.39 million for new gears, refurbishment of gears and spare parts.

Water Business

We are a leading player in the water and wastewater treatment sector in India. Our Water Business, which is based in Noida, in the state of Uttar Pradesh, provides equipment and solutions for water and wastewater treatment applications, both in the industrial and the municipal sectors.

We market, design and manufacture one of the broadest ranges of equipment for this sector, providing end-to-end solutions for our customers' water and wastewater treatment requirements, from conventional clarification and filtration systems to membrane based schemes. We, through our in-house design and engineering capabilities have recently evolved from a turnkey operator to a mechanical equipment supplier, allowing us to focus on higher margins.

We have a license agreement with U.S. Filter, a Siemens business, which enables us to have access to a globally comprehensive, and technologically advanced, product range. Given the growth opportunity in the Indian market for water and wastewater treatment as well as the fact that the water and wastewater business is highly specialised, we believe that we are on the cusp of rapid growth for this business. We have also entered into an agreement with Memcor Australia Pty Limited for certain membrane equipment and systems. For details of this agreement, see the section titled "History and Certain Corporate Matters" on page 114 of this Red Herring Prospectus.



In fiscal 2005, the segment revenue from our Water Business was Rs.81.57 million, which was 0.83% of our total segment revenue (including inter segment sales) and the profit before tax was Rs.5.30 million, which was 0.43% of our total profit before tax. Prior to fiscal 2005, the financial data for our Water Business was part of erstwhile projects business and thus the financial data for fiscal 2004 is not separately available.

OUR COMPETITIVE STRENGTHS

We believe that we have distinct and different competitive strengths in each of our businesses.

Sugar Production and Co-generation Business

Sugar production

We are one of the leaders in the Indian sugar industry.

We are amongst the three largest producers of sugar in India based on sugar production in Sugar Year 2004 derived from ISMA Working Results of Sugar Factories in India, 2003-2004. Two out of our three existing sugar mills have a crushing capacity of more than 7,000 TCD, which, in our estimates, is the minimum size of economic efficiency in the Indian sugar industry. Due to the size of our sugar production operations, we are able to benefit from economies of scale. We produced 0.38 MMT of sugar in the crushing season 2004-2005. This includes 0.008 MMT of sugar produced from raw sugar at Khatauli and 0.01 MMT of sugar produced from raw sugar in Deoband. In the crushing season 2003-2004, we produced 0.36 MMT of sugar which was approximately 7.91% of the total sugar produced in the state of Uttar Pradesh in the same period and approximately 21.17% of the total sugar produced in western Uttar Pradesh in the same period according to ISMA Final Consolidated Statement of Working Results of Sugar Factories in India for the seasons 2003-2004 and 2002-2003. In the crushing season 2004-2005, our facility at Khatauli crushed approximately 1.87 million tonnes of sugarcane, which is the highest amount of sugarcane crushed by any sugar mill in India during the crushing season 2004-2005, according to a certificate dated October 13, 2005 to the same effect from ISMA. This certificate is listed as a Material Document in the section titled "Material Contracts and Documents for Inspection" on page 388 of this Red Herring Prospectus and is available for inspection.

We plan to increase the capacity of our sugar manufacturing by setting up new sugar mills in the state of Uttar Pradesh and modernising and expanding the crushing capacity of the existing sugar mill at Deoband. We have recently expanded the capacity of our sugar mill at Khatauli from 11,750 TCD to 16,000 TCD. We have acquired land and have received government approvals for a new sugar mill in Sabitgarh in western Uttar Pradesh. The Cane Commissioner, Uttar Pradesh, through order dated October 3, 2005, assigned a total Cane Area of 12,409 hectares for the crushing season 2005-2006 for our sugar mill at Sabitgarh. This sugar mill is planned to have a crushing capacity of 7,000 TCD and is expected to commence operation by December 2005. We are also exploring sites for setting up two or more sugar mills by 2007. This will enable us to further improve the economies of scale and take advantage of certain incentives in accordance with the policies of the Government of Uttar Pradesh and help us consolidate our position in the sugar market. For details of the government approvals for the sugar mill in Sabitgarh, see the section titled "Government and Other Approvals" on page 326 of this Red Herring Prospectus.

Our strong financial position.

We have a strong financial position, which we believe will enable us to finance our capacity expansion plans. As of March 31, 2005, we had a long-term debt to equity ratio of 0.72:1. In fiscal 2005 we had net cash flow from operating activities of Rs.1,409.85 million. Our weighted average cost of debt financing declined from 10.00% in fiscal 2004 to 8.93% in fiscal 2005.

Our manufacturing facilities are strategically located in some of the best sugarcane growing areas in India.

All of our manufacturing facilities for sugar production are located in the north Indian state of Uttar Pradesh and the two largest sugar mills at Khatauli and Deoband are located in western Uttar Pradesh, which is one of the largest sugarcane growing areas in India. Our sugar mill in Sabitgarh, which is under construction is also located in western Uttar Pradesh. As a result of our presence in the state of Uttar Pradesh, we benefit from the following advantages. Firstly, our proximity

to sugarcane growing areas is an important factor because not only should sufficient quantities of sugarcane be available to a sugar mill but also expedient crushing of sugarcane within a very short time of harvest ensures better recovery of sugar. The duration of the crushing season in western Uttar Pradesh is the highest in the state of Uttar Pradesh according to Indian Sugar Magazine, Vol. LIV, No, Twelve dated March 2005. This is because of the sufficient quantities of sugarcane available in western Uttar Pradesh. Secondly, the state of Uttar Pradesh is located on the Gangetic river belt and the water table is higher than most other areas in India and is well irrigated. Our sugar mills in western Uttar Pradesh are located in the fertile region between the rivers Yamuna and Ganga which are snowfed rivers. As a result, sugarcane growth is less dependent upon the vagaries of monsoons compared to other parts of the country. Consequently, the rates of sugar recovery in western Uttar Pradesh have been the highest in the state of Uttar Pradesh according to Indian Sugar Magazine, Vol. LIV, No, Twelve dated March 2005.

Our operations are strategically located in the proximity of the largest markets for sugar.

Our sugar mills are located close to the sugar deficient markets of Punjab, Haryana, Delhi, Madhya Pradesh, Rajasthan, Gujarat and West Bengal. Thus, our primary markets are located close to our manufacturing facilities and we do not rely on transporting our sugar to distant markets, which gives us a comparative advantage in distribution costs of this bulk commodity. In addition, our location in the northern part of India, generally offers us better price realizations from sugar sales compared to south Indian cities. (Source: Indian Sugar Magazine, Vol. LIV, No, Twelve dated March 2005 and Handbook of Sugar Statistics published by ISMA dated July, 2004.)

We have excellent relationships with sugarcane farmers.

We make timely payments to sugarcane farmers and have built excellent relationships and goodwill with them, which is an important factor in our industry. We have a good record of early payments to farmers for sugarcane despite the cyclical nature of the sugar industry and have strong ties with approximately 167,000 sugarcane farmers. As early as May 2005, according to the statement of dues payable by sugar mills dated May 2, 2005 issued by the Office of the Cane Commissioner, Government of Uttar Pradesh our sugar mills were among the few sugar mills in the state of Uttar Pradesh, which did not have any arrears for payment to sugarcane farmers for previous Sugar Years. We believe this strong relationship is a significant competitive advantage because farmers have no obligation to grow sugarcane and may switch to crops that may be more profitable. However, our track record of sustained purchases from the farmers and our paying them on time provides an incentive for farmers to continue cultivating sugarcane. For details of the litigations with sugarcane farmers and their cooperative societies, see the section titled “Outstanding Litigation and Material Developments” on page 262 of this Red Herring Prospectus.

We have made extensive efforts to promote the cultivation of high sugared varieties of sugarcane in the Cane Areas of our sugar mills.

We have made extensive efforts to increase the area in which high sugared varieties of sugarcane are grown in the Cane Area of our sugar mills as a result of which the percentage of area which cultivates high sugared sugarcane varieties has increased. For details, see “Our Business—Operations—Varieties of sugarcane used in sugar mills” on page 96 of this Red Herring Prospectus.

We have an elaborate sugarcane collection network.

In order to facilitate the sale of sugarcane to us by the sugarcane farmers, we have established an extensive network of more than 350 collection centers in the state of Uttar Pradesh, where the sugarcane is collected by us and payments are made to farmers. These collection centers are located in our Cane Area and hence, the farmer is not required to bring his crop to our factory gates.

Our product quality is good and enables us to command a premium in the sugar market.

The sugar produced by our sugar mills in Khatauli and Deoband is bold grained and is rated as one of the better qualities of sugar produced in western Uttar Pradesh. This enables us to command a premium on the sugar produced by us. The average net price of free sale sugar sold by us was Rs.15,244.30 per metric tonne in fiscal 2005 as compared to the national



average realization price of Rs.14,927.50 per metric tonne as per the Hand Book of Sugar Statistics of ISMA dated July, 2005. For details of the average realization prices of free sale sugar in the last two Sugar Years, see the section titled “Management’s Discussion and Analysis of Financial Conditions and Results of Operation—Factors Affecting Results of our Operations—Pricing of Sugar” on page 237 of this Red Herring Prospectus.

We achieve better operational efficiencies due to use of superior technology.

We have achieved relatively high recovery rates of sugar from sugarcane, which is the key profit driver for any sugar mill. In crushing seasons 2002-2003, 2003-2004 and 2004-2005, our sugar recovery rates were 9.99%, 10.29% and 10.09%, respectively. Hence, there are no benchmarks on the duration of the crushing season and the capacity utilisation of sugar mills. Moreover, our cost of production of sugar is one of the lowest in the industry in India due to our size and continual investments made in modernization, maintenance and information technology. For details of the average costs of production in the major sugar producing regions of India and our costs of production, see the section titled “Our Business—Operations—Sugar Production” on page 93 of this Red Herring Prospectus. Our information technology system assists us in achieving higher operational efficiencies. Our subsidiary, Triveni SRI, has an agreement with Sugar Research Institute of Australia (“SRI”), which is regarded as the premier Australian research institute which enables us to have access to the latest technology and equipment such as continuous vacuum pans, syrup clarifier systems, etc, for our sugar mills.

Established track record in implementing new projects

We have experience in the development and execution of new projects. We have been in the business of setting up sugar plant and machinery and have extensive experience in setting up new sugar mills in India and abroad and have carried out a number of expansions and refurbishment of existing sugar mills. We believe that our experience and expertise in setting up sugar mills and project implementation provide us with significant competitive advantages in an industry where substantial expansion is expected in the foreseeable future.

We have industry specific knowledge and experience in the sugar industry.

We have an operational history in the sugar business of over seven decades. This has enabled us to establish deep relationships not only with the farmers who supply sugarcane to us but also with agents who are responsible for distribution of sugar. We have a well-established distribution network and our brand and sugar mills are well recognised by agents and wholesalers of sugar. In addition, our operational experience of seven decades allows us to draw from our experiences and accurately anticipate, define and effectively address the business challenges faced by us in our sugar production business.

Co- generation

The technology used by us in our co-generation plants is contemporary and efficient.

Our co-generation plant in Deoband utilises high temperature and high-pressure boiler and a double extraction condensing turbo-generator, which are contemporary and efficient. This enables us to produce electricity and steam at a lower cost. Our co-generation plant in Khatauli, which has been synchronised with the power grid and has commenced the external sales of electricity on October 19, 2005 uses the same technology and we expect similar results from this plant.

Our co-generation plants are aligned to each other.

Our aim has been to achieve similarity between our two co-generation plants in Deoband and Khatauli, to the maximum extent. We have used similar technology and have a large number of common suppliers for both these plants. This will enable us have a common inventory of spares and develop inter-transferability of skill sets for specialised operations and to utilise the experiences of each plant for maximising the efficiency of the other.

Government policy encourages co-generation.

In recognition of the fact that fossil fuels are exhaustible the GoI encourages alternative and non polluting sources of energy. The Electricity Act, 2003 and the National Electricity Policy, 2005 encourage promotion of co-generation. These laws and policies call for a certain percentage of energy from renewable sources to be purchased by distribution companies as well as allow ‘open access’ which will enable us to sell power to entities other than power distribution company(ies).

Turbine Business

We are one of the largest and most experienced players in the small steam turbine industry in India.

We are one of the largest manufacturers of small steam turbines in India. The total capacity of the small steam turbines manufactured by us in fiscal 2005 was 224.7 MW as compared to 190.5 MW in fiscal 2004, which is an increase of 17.95%. We have an order book of over 510.51 MW as on October 11, 2005. According to our records, there are over 1,700 turbines, in the period between 1972-1973 and March 31, 2005, which have been manufactured and sold by us. The large scale of our business enables us to achieve economies of scale. We have four decades of experience in this business, which has enabled us to establish brand recognition in the turbine market. In addition, our operational experience of four decades allows us to draw from our experiences and accurately anticipate, define and effectively address the business challenges faced by us in our Turbine Business.

We are a provider of services for the life term of the turbine and are focussed on creating customer proximity.

We manufacture and provide services for small steam turbines. We have overhauled over 700 turbines per annum in each of the last three fiscal years. We are using our technological advantage and trained personnel to establish life-time relationships with the customers, which would enable us to supply the turbine and maintain and service it during the entire life-time of the turbine. We have established a wide network of service centres and trained personnel to support the turbines installed by us. We provide comprehensive service to our customers domestically and internationally by offering services such as providing dedicated operating personnel for sustained periods according to the needs of the customer. We offer operations and maintenance services in addition to supply of spares, regular servicing and annual maintenance contracts. These enable us to provide value-added services to our customers and establish deeper relationships with them, which differentiates us from other players in this business.

Our research and development is strong.

We have a strong focus on research and development, which has enabled us to improve on the technology of our existing products and develop new products. One of our research initiatives has resulted in the development of tapered-twisted blades, which holds the key to the efficient working of a turbine. However, we have not yet applied for the intellectual property rights of the same. This has enabled us to increase the efficiency of our turbines and enables us to enhance our margins. However, as a tapered twisted blade is a component of the turbine, its independent contribution to the sales of turbines is unascertainable. We have also developed efficient designs for turbines from 15.0 MW to 24.0 MW.

Our manufacturing facilities use modern technology

Our facilities in Bangalore are equipped with contemporary machining and assembly facilities. We have state of the art research and development facilities and our business process runs on SAP, which helps us plan the production process and help us to achieve operational efficiency. Our turbine manufacturing facilities located in Bangalore have been certified as compliant with ISO 9001 and ISO 14001 (standards for environment pollution control). These enable us to produce turbines more efficiently and maintain our position of leadership in this industry.

Gears Business

We are one of the leading players in the gear and gearbox industry in India.

We are one of the leading players in the gear and gearbox industry in India. We also have long-standing relationships with a number of reputed original equipment manufacturers ("OEMs") including BHEL and Demag Delaval Industrial Turbomachinery Private Limited, India.

We have agreements with one of the leaders in the international gears industry.

We have an arrangement with Lufkin which allows us access to latest technologies and processes for gears and gearboxes above the capacity of 7.5 MW. This will allow us to increase the range of our products and enhance the technology used in our products, improving sales and margins. The arrangement with Lufkin enables us to have access, on a continuing basis, to technical advancements made by Lufkin.



We have invested in sophisticated machinery and infrastructure.

We have invested in sophisticated machinery such as grinding and hobbing machines from Gleason Pfauter of Germany. These machines have enabled us to increase the efficiency of our manufacturing process and helped us reduce the time taken for operation by a great degree. Gleason Pfauter has guaranteed a minimum DIN 3 quality (which is a level of accuracy generally used in gears and gearboxes for aircrafts). We continue to invest in the expansion of the existing production line to be able to meet the growing demands of the market.

Water Business

We believe that our primary strength in the Water Business is as follows:

We have advanced engineering capabilities and experience in the field.

While we have refocused this business to equipment supply for water and wastewater treatment, we still retain our more than 20 years of experience in the field of turnkey provision of solutions. Our engineering capabilities have been enhanced by our prior experience as an EPC contractor in this field, and our list of installations and client base also provide us a competitive advantage in a nascent and fragmented industry.

We have a technical agreement with one of the leaders in the international market.

We have a technical agreement with US Filter, which is a Siemens business. Our relationship with US Filter enables us to provide our customers with technologically advanced products, which will help the treatment of water to match international standards and enable industries to comply with a stricter enforcement regime in India. This enables us to be in a position where we can take advantage of the opportunities in the water and wastewater treatment business in India. We have also entered into an agreement with Memcor Australia Pty Limited for certain membrane equipment and systems. For details of these agreements, see the section titled “History and Certain Corporate Matters” on page 114 of this Red Herring Prospectus.

OUR STRATEGY

Our corporate vision is to: (a) maintain the leadership position in each of our businesses, (b) create value and delight for our customers and stakeholders, (c) incorporate technology as the key differentiator and tool to deliver growth and sustain our position of leadership.

We have specific strategies in each of our businesses to achieve our corporate vision.

Sugar Production and Co-generation Business

Sugar production

Expand our installed capacity

We are focussed on expanding our sugarcane crushing capacity. We plan to increase the capacity of our sugar manufacturing by setting up new sugar manufacturing plants in the state of Uttar Pradesh and modernising and expanding the crushing capacity of the existing sugar mill Deoband. We have recently expanded the capacity of our sugar mill in Khatauli from 11,750 TCD to 16,000 TCD. We have acquired land and have received government approvals for a new sugar mill in Sabitgarh in western Uttar Pradesh which is under construction. The Cane Commissioner, Uttar Pradesh, through order dated October 3, 2005, assigned a total Cane Area of 12,409 hectares for the crushing season 2005-2006 for our sugar mill at Sabitgarh. This sugar mill will have a crushing capacity of 7,000 TCD and is expected to commence operation by December 2005. We are also exploring sites for setting up two or more sugar mills by 2007. This will enable us to improve the economies of scale, take advantage of policy incentives being made available by the Government of Uttar Pradesh and help us consolidate our position in the sugar market. For details of the government approvals for the sugar mill in Sabitgarh, see the section titled “Government and Other Approvals” on page 326 of this Red Herring Prospectus.

To support our sugar business and for sugarcane development and the welfare of our sugarcane farmers, we ran the “Triveni Khushali Bazaar” from February 2005 (“Agri Business”). This aimed to cater to the needs of the farming community

including tractors, farming implements, fertilisers, pesticides and other services such as facilitating institutional credit, etc. In fiscal 2005, the revenue generated from the Agri Business was Rs. 12.39 million, which was 0.13% of our total segment revenue (including inter segment sales). In fiscal 2005, the result from this was a loss of Rs.0.72 million. Our Company has decided to discontinue with this business as part of the Sugar Business of the Company and has decided, for better management, to transfer the business of “Triveni Khushali Bazaar” to our wholly owned subsidiary, Triveni SRI Limited. For further details on such transfer, please see the section titled “Our Business” on page 82 of this Red Herring Prospectus and the section titled “Risk Factors” on page xiii of this Red Herring Prospectus.

Achieve greater raw material security.

In the sugar industry, ensuring supply of sugarcane is very important as it is the principal raw material. As per the provisions of the Uttar Pradesh Sugarcane (Regulation of Supply and Purchase) Act, 1953, in the state of Uttar Pradesh, there are two kinds of areas allotted by the Cane Commissioner of Uttar Pradesh to each sugar mill. The first is termed ‘Reserve Area’ which is allotted to a sugar mill on an annual basis. If the requirement of a particular sugar mill is in excess of the sugarcane available in the reserve area, the Cane Commissioner of Uttar Pradesh, may, on application, assign another area from the reserve area of a nearby sugar mill, which is not able to crush the sugarcane produced in its reserve area. This second area is termed ‘Assigned Area’. The Reserve Area and the Assigned Area are together termed the ‘Cane Area’.

Hence, we are focussed on identifying locations which have the potential to grow high sugared and high yielding varieties of sugarcane and which are not covered in the Cane Area of any other sugar mill. Our establishment of new plants will increase the aggregate Cane Area available to us and enhance our control over raw material available to us for sugar production. Further, the restrictions regarding Cane Areas will also create barriers for entry of competition.

Strengthen relationship with sugarcane farmers.

We are dependent on sugarcane farmers for supply of sugarcane to our plants. There is no obligation on the farmers to cultivate sugarcane and they are at liberty to cultivate any other crops. In this scenario, it is important that our relationship with the farmer is strong and mutually beneficial. We conduct training programs for farmers and demonstrate to them best practices for cultivation, providing good quality seeds of high sugared variety which will improve the yield and recovery of sugar from the sugarcane and assist the farmers in keeping the sugarcane crop healthy and disease free. We share data with the farmers on the results of analysis of soil types collected by our soil laboratories, in order to enable them to maximise the productivity of their land.

In addition, we had launched “Triveni Khushali Bazaar” which will increase the association of rural communities with us and further strengthen their relationship with us. Such a relationship, coupled with our track record of timely payment to farmers will enable us to secure the source of our primary raw material. However, our Company has decided to discontinue with this business as part of the Sugar Business of the Company and has decided, for better management, to transfer the business of “Triveni Khushali Bazaar” to our wholly owned subsidiary, Triveni SRI Limited. For further details on such transfer, please see the section titled “Our Business” on page 82 of this Red Herring Prospectus and the section titled “Risk Factors” on page xiii of this Red Herring Prospectus.

Continuously improve the technology in our sugar mills.

We are focussed on improving the technology used in our sugar mills for modernizing our plants and machinery and reducing our plant and machinery breakdown time. The expertise we have gained in setting up sugar mills and other engineering activities and our access to the latest international technology and products of SRI shall continuously enable us to increase the operational efficiency of our sugar mills. We are focused on technological advances for the existing plants and the new plants to achieve efficient and continuous production as it assists in (a) improving the crushing capacity and up time which helps avoiding diversion of sugarcane to alternative users, (b) minimizing sucrose loss after harvesting of sugarcane resulting in production of more sugar from the raw material, (c) reduce ‘losses’ in the process (d) improving our energy efficiency, thereby reducing our cost of production and (e) improve the quality of our sugar. These will enable us to maintain our position of leadership in the sugar market. For details of the use of technology by us, see the section titled “Our Business—Operations” on page 93 of this Red Herring Prospectus.

Co-generation

Expand our installed capacity for co-generation and increase our off-season operations for co-generation.

We use bagasse, a by-product of the sugar production process as fuel for co-generation. With increase in our sugarcane crushing capacity the amount of bagasse available to us will also increase. We plan to utilise this bagasse for operating our co-generation plants for more than 270 days per annum. We also seek to increase the plant load factor of our co-generation plants, which will enable us to maximise the utilisation of our plants.

Assist mitigation of the shortage of power in the state of Uttar Pradesh and help the state in meeting its power requirements.

There is a shortage of electricity in the state of Uttar Pradesh where our co-generation plants are located. We plan to sell the electricity not used by our sugar mills, to the electricity distribution company(ies). This will further improve our financial position.

Turbine Business

Expand our manufacturing infrastructure.

We are focussed on expanding our infrastructure for manufacturing turbines, which will enable us to improve the economies of scale and cater to the demand of a larger number of customers. This will in turn benefit in reducing our lead-time for product delivery to match the requirements of our customers and the export marketing for turbines on a sustained basis. The infrastructure development shall further consolidate our position in the turbines market.

Increase the range of products offered by us.

Currently, we manufacture turbines of a capacity of up to 15.0 MW. We are capable of offering solutions of capacity of up to 50.0 MW through packaging of turbines of Skoda. We are in the process of commercialising in-house technology for models of turbines from 15.0 MW to 24.0 MW capacities. This will enable us to enter new markets and take orders for bigger turbines, which are used by users in industries in addition to those, which we cater to currently.

Use services to establish product life-cycle relationships with customers.

To enable the optimal use of a turbine in its entire life-cycle, our experience is that a customer for turbines needs both a product manufacturer and a service provider. In recognition of this, we have developed service capabilities and an extensive service network, which distinguishes us from our competitors. We use our technological capabilities, trained personnel and extensive service network to establish a relationship with the customer, which in turn enables us to supply the turbine, maintain and service it during its entire life-cycle. We offer operations and maintenance services in addition to supply of spares, regular servicing and annual maintenance contracts enabling us to provide value-added services and establish deeper relationships with our customers.

Focus on export of steam turbines.

We have installed a number of steam turbines outside the country, including the European Union and have got a favourable response from our international customers, which makes us confident about the international acceptability of our turbines.

In addition, we have consistently improved upon the quality of our steam turbines and have developed an effective model for servicing of steam turbines. Hence, the combination of cost effective engineered products and services is the basis for our efforts in the export market for steam turbines.

Continuously improve the technology in our turbines.

We are focussed on continually improving the technology used in our turbines. We plan to continue our investments in research and development for the improvement of efficiency, among other parameters, used in evaluating turbines. We are focused on technological advances for our products, which will enable us to maintain our position in the turbines market.

Gears Business

Increase the range of products manufactured by us.

Presently, the arrangement with Lufkin enables us to manufacture gearboxes including rotating parts, up to 15.0 MW, beyond which capacity we manufacture entire gears and gearboxes without the rotating parts. The rotating parts are imported from Lufkin. On May 14, 2005, we renewed our arrangement with Lufkin for a further seven years with effect from July 1, 2005, subject to the approval of the government. Under the revised terms of our arrangement with Lufkin, we shall be able to manufacture complete gears and gearboxes of up to 25.0 MW beyond which we will manufacture the gears and gearboxes where the rotating parts have been imported from Lufkin. We continue to be the preferred supplier for purchases by Lufkin to be made from India under the terms of the arrangement. Therefore, our strategy in the Gears Business is to continue the growth of the range of products offered in this segment.

Diversify and broaden our customer base.

The renewed arrangement with Lufkin allows us to exclusively export gears and gearboxes manufactured by us using Lufkin's technology to a number of countries in Africa and south Asia. Lufkin will also act as an agent for the export of our gears and gearboxes below 7.5MW developed and manufactured by us.

We also continue to focus on new customer segments in hydro electricity generation, gas turbines, space applications, marine applications and defence related applications.

Water Business

Focus on high technology.

With a burgeoning demand for clean water from both industry and municipalities, coupled with stringent regulatory norms and a decrease in availability, there is a considerable market for water and wastewater treatment equipment. This demand can be catered to by high technology solutions. Our focus on the high technology segment of this business is based not only on demand factors, but also as the business allows is to effectively utilise our engineering capabilities.

Focus on high margin equipment and solutions.

We have shifted our business focus from providing turnkey solutions to providing high value-added equipment to turnkey solution providers and end customers. This shift has enabled us to exit the business of turnkey supply and enter the higher margin business of equipment supply, where the number of suppliers are relatively few due to high entry barriers. Our product mix of high value-added, technologically advanced, equipment would also allow us to command high margins. Hence, we now plan to be suppliers of high technology equipment and solutions.



THE ISSUE

Public Issue of Equity Shares by the Company:

Which comprises a:	
Issue:	50,000,000 Equity Shares.
Of which:	
Qualified Institutional Buyers Portion:	Up to 25,000,000 Equity Shares (allocation on discretionary basis)
Non-Institutional Portion:	At least 7,500,000 Equity Shares (allocation on proportionate basis)
Retail Portion:	At least 17,500,000 Equity Shares (allocation on proportionate basis).
Equity Shares outstanding prior to the Issue:	207,880,150 Equity Shares.
Equity Shares outstanding post the Issue	257,880,150 Equity Shares.
Objects of the Issue:	See the section titled “Objects of the Issue” on page 46 of this Red Herring Prospectus.

SUMMARY FINANCIAL AND OPERATING INFORMATION

The following tables set forth certain summary financial data derived from our restated unconsolidated financial statements as of and for fiscal years ended March 31, 2001, 2002, 2003, 2004 and 2005 and for the three month period ended June 30, 2005. These financial statements have been prepared in accordance with Indian GAAP, the Companies Act and the SEBI Guidelines. The restated financial statements have been restated as described in the Auditors' report included therewith, in the section titled "Financial Statements" beginning on page 168 of this Red Herring Prospectus. The financial information represented in the table below for fiscal 2001, 2002, 2003, 2004, 2005 and the three month periods ended June 30, 2005 have been audited by the Auditors. The following tables also set forth certain operating data for the fiscal years ended March 31, 2001, 2002, 2003, 2004, 2005 and the three month period ended June 30, 2005.

The summary financial and operating data presented below should be read in conjunction with our financial statements, the notes thereto and the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations" on page 232 of this Red Herring Prospectus. Indian GAAP differs in certain significant respects from U.S. GAAP. For more information on these differences, see "Summary of Significant Differences between Indian GAAP and U.S. GAAP" on page 227 of this Red Herring Prospectus.

SUMMARY PROFIT AND LOSS INFORMATION

(Rs. in million)

	Quarter ended June 30, 2005 (Audited)	% of Total Income	Fiscal 2005 (Audited)	% of Total Income	Fiscal 2004 (Audited)	% of Total Income	Fiscal 2003 (Audited)	% of Total Income	Fiscal 2002 (Audited)	% of Total Income	Fiscal 2001 (Audited)	% of Total Income
Income												
Sales :												
- Of products manufactured by the company (including excise duty)	2,548.04		10,197.79		6,396.38		7,035.19		6,032.92		5,118.81	
Less : Excise Duty	153.94		602.42		468.19		502.07		418.76		304.34	
Net Sales of products manufactured by company	2,394.10		9,595.37		5,928.19		6,533.12		5,614.16		4,814.47	
- Of products traded by the company	116.74		12.39		-		-		-		-	
- Of products not normally dealt in by the company	-		-		-		-		-		100.27	
Total Sales (net of excise duty)	2,510.84	99.6	9,607.76	99.6	5,928.19	99.5	6,533.12	99.5	5,614.16	99.5	4,914.74	99.4
Other Income	10.72	0.4	37.95	0.4	29.15	0.5	36.10	0.5	27.84	0.5	27.66	0.6
Total Income	2,521.56	100.0	9,645.71	100.0	5,957.34	100.0	6,569.22	100.0	5,642.00	100.0	4,942.40	100.0
Expenditure												
Materials	920.21	36.5	6,007.82	62.3	5,305.46	89.1	4,213.61	64.1	4,207.72	74.6	3,737.27	75.6
Manufacturing & Operating	88.57	3.5	522.86	5.4	546.18	9.2	471.04	7.2	500.58	8.9	443.70	9.0
Personnel	149.76	5.9	546.61	5.7	502.80	8.4	495.47	7.5	465.45	8.2	433.18	8.8
Administration	70.44	2.8	299.58	3.1	272.52	4.6	259.02	3.9	262.21	4.6	238.33	4.8
Selling & Distribution	25.54	1.0	107.96	1.1	98.16	1.6	63.01	1.0	61.27	1.1	58.70	1.2
Off-season Expenses charged (Net)	(104.00)	(4.1)	4.40	0.0	72.37	1.2	(58.95)	(0.9)	(32.31)	(0.6)	(0.45)	(0.0)

(Rs. in million)

	Quarter ended June 30, 2005 (Audited)	% of Total Income	Fiscal 2005 (Audited)	% of Total Income	Fiscal 2004 (Audited)	% of Total Income	Fiscal 2003 (Audited)	% of Total Income	Fiscal 2002 (Audited)	% of Total Income	Fiscal 2001 (Audited)	% of Total Income
Decrease/(Increase) in Inventories of finished goods and work in progress	937.15	37.2	454.03	4.7	(1,270.72)	(21.3)	674.52	10.3	(576.95)	(10.2)	(546.42)	(11.1)
Sub Total	2,087.67	82.8	7,943.26	82.4	5,526.77	92.8	6,117.72	93.1	4,887.97	86.6	4,364.31	88.3
Operating Profit – EBITDA	433.89	17.2	1,702.45	17.6	430.57	7.2	451.50	6.9	754.03	13.4	578.09	11.7
Financing (Net)	82.86	3.3	295.59	3.0	223.69	3.8	312.68	4.8	499.13	8.8	471.50	9.5
Amortisation	13.87	0.5	55.27	0.6	64.54	1.1	49.23	0.7	42.75	0.8	42.62	0.9
Profit before Depreciation, Tax & Non-recurring items	337.16	13.4	1,351.59	14.0	142.34	2.4	89.59	1.4	212.15	3.8	63.97	1.3
Depreciation (Net of transfer from revaluation reserve)	42.75	1.7	123.41	1.3	102.91	1.7	99.21	1.5	100.07	1.8	99.13	2.0
Net Profit / (Loss) before Tax & Non-Recurring Items	294.41	11.7	1,228.18	12.7	39.43	0.7	(9.62)	(0.1)	112.08	2.0	(35.16)	(0.7)
Fringe benefit tax	3.00	0.1	-	-	-	-	-	-	-	-	-	-
Current Tax	33.50	1.4	230.45	2.4	30.55	0.5	6.11	0.1	1.79	0.0	6.69	0.1
Deferred Tax	8.16	0.3	141.12	1.4	(32.83)	(0.6)	(6.74)	(0.1)	48.12	0.9	(18.90)	(0.4)
Net Profit / (Loss) after Tax and before Non-Recurring Items	249.75	9.9	856.61	8.9	41.71	0.7	(8.99)	(0.1)	62.17	1.1	(22.95)	(0.5)
Non-Recurring Income (net of tax)	-	-	-	-	-	-	-	-	-	-	-	-
- Profit on disposal of assets on closure of undertaking	-	-	-	-	3.70	0.1	0.43	0.0	64.83	1.1	4.75	0.1
- Profit on sale of long term investments	-	-	-	-	-	-	-	-	48.25	0.9	-	-
Net Profit / (Loss) after Tax	249.75	9.9	856.61	8.9	45.41	0.8	(8.56)	(0.1)	175.25	3.1	(18.20)	(0.4)

SUMMARY BALANCE SHEET
(Rs. in million)

	As of June 30, 2005	As of March 31,				
		2005	2004	2003	2002	2001
A Fixed Assets						
Gross Block	3,664.13	3,631.99	2,467.76	2,387.32	2,313.32	2,267.09
Less: Depreciation	1,212.68	1,169.14	1,065.38	972.07	883.07	823.40
Net Block	2,451.45	2,462.85	1,402.38	1,415.25	1,430.25	1,443.69
Less : Revaluation Reserve	183.32	184.20	187.74	191.28	194.12	197.42
Net Block after adjustment of Revaluation Reserve	2,268.13	2,278.65	1,214.64	1,223.97	1,236.13	1,246.27
Intangible Assets	24.46	26.46	29.29	41.29	25.91	17.10
Discarded Assets Pending Disposal	2.22	2.22	2.03	4.10	6.03	136.82
Plant & Machinery Acquired under Lease	213.02	216.02	234.91	241.87	232.98	262.31
Capital Work in Progress / Capital Advances	836.41	300.40	182.54	16.59	6.68	9.95
Total	3,344.24	2,823.75	1,663.41	1,527.82	1,507.73	1,672.45
B Investments	230.25	229.75	229.65	229.56	228.93	233.87
C Current Assets, Loans & Advances						
Inventories	3,373.19	4,352.78	4,650.90	3,259.66	3,996.70	3,427.51
Sundry Debtors	482.75	666.49	583.70	371.88	470.64	373.93
Cash & Bank Balances	219.35	227.87	159.87	125.06	156.18	114.02
Other Current Assets	9.38	8.98	10.59	10.90	13.62	14.11
Loans & Advances	840.69	685.45	591.66	585.88	551.35	564.10
Total	4,925.36	5,941.57	5,996.72	4,353.38	5,188.49	4,493.67
D Liabilities & Provisions						
Secured Loans	3,696.38	4,299.64	3,864.44	2,820.54	3,426.58	3,574.07
Unsecured Loans	618.09	201.29	238.70	183.97	199.79	255.70
Deferred Tax Liability (Net)	347.75	339.58	198.46	229.16	235.62	126.08
Current Liabilities & Provisions	1,954.25	2,435.24	2,563.11	1,840.63	2,002.05	1,545.96
Total	6,616.47	7,275.75	6,864.71	5,074.30	5,864.04	5,501.81
E Net Worth (A+B+C-D)	1,883.38	1,719.32	1,025.07	1,036.46	1,061.11	898.18
F Represented by						
1. Share Capital	207.88	103.02	122.89	122.89	122.89	122.89
2. Reserves & Surplus	1,889.31	1,829.28	1,136.44	1,128.13	1,160.33	1,018.93
Less : Revaluation Reserve	183.32	184.20	187.74	191.28	194.12	197.42
Reserves (Net of Revaluation Reserve)	1,705.99	1,645.08	948.70	936.85	966.21	821.51
Less : Debit balance of Profit & Loss Account	0.00	0.00	0.00	0.00	0.00	3.49
	1,705.99	1,645.08	948.70	936.85	966.21	818.02
3. Less: Miscellaneous Expenditure	30.49	28.78	46.52	23.28	27.99	42.73
Net Worth (1+2-3)	1,883.38	1,719.32	1,025.07	1,036.46	1,061.11	898.18

SUMMARY OF SEGMENT RESULTS

(Rs. in million)

	Quarter ended June 30, 2005	Fiscal 2005	Fiscal 2004	Fiscal 2003	Fiscal 2002	Fiscal 2001
Sugar business						
External Sales including excise duty	1,898.19	8,063.54	4,824.02	5,457.85	4,560.13	3,873.98
External Sales net of excise duty	1,793.72	7,608.02	4,448.09	5,048.73	4,238.49	3,655.57
Sales to other segments	21.53	68.05	39.28	-	-	-
Other Income	2.09	21.16	22.45	28.81	18.15	11.71
Total revenue for sugar business	1,817.34	7,697.23	4,509.82	5,077.54	4,256.64	3,667.28
Total expenditure for sugar business	1,467.00	6,301.24	4,276.13	4,854.05	3,580.16	3,240.32
Profit without tax and interest	350.34	1,395.99	233.69	223.49	676.48	426.96
Turbine Business						
Revenue:						
External Sales including excise duty	539.24	1,741.31	1,315.84	1,186.46	992.80	913.90
External Sales net of excise duty	494.88	1,618.48	1,240.31	1,107.70	913.55	843.17
Sales to other segments	17.59	5.21	1.49	1.08	2.10	26.20
Other Income	3.91	15.31	5.43	4.12	2.87	4.68
Total revenue for Turbine Business	516.38	1,639.00	1,247.23	1,112.91	918.52	874.06
Total expenditure for Turbine Business	471.98	1,484.43	1,092.64	987.45	837.99	777.40
Profit without tax and interest	44.40	154.57	154.59	125.46	80.53	96.66
Co-generation business						
External Sales including excise duty	52.09	114.84	-	-	-	-
External Sales net of excise duty	52.09	114.84	-	-	-	-
Sales to other segments	14.72	73.19	-	-	-	-
Other Income	0.01	0.01	-	-	-	-
Total revenue for co-generation business	66.82	188.04	-	-	-	-
Total expenditure for co-generation business	61.88	143.80	-	-	-	-
Profit without tax and interest	4.94	44.24	-	-	-	-
Agri business						
External Sales including excise duty	116.74	12.39	-	-	-	-
External Sales net of excise duty	116.74	12.39	-	-	-	-
Sales to other segments	-	-	-	-	-	-
Other Income	-	-	-	-	-	-
Total revenue for Agri business	116.74	12.39	-	-	-	-
Total expenditure for Agri business	115.25	13.11	-	-	-	-
Profit /(Loss) without tax and interest	1.49	(0.72)	-	-	-	-

(Rs. in million)

	Quarter ended June 30, 2005	Fiscal 2005	Fiscal 2004	Fiscal 2003	Fiscal 2002	Fiscal 2001
Other operations						
External Sales including excise duty	58.52	278.10	256.52	390.88	479.99	431.20
External Sales net of excise duty	53.41	254.03	239.79	376.69	462.11	416.01
Sales to other segments	41.98	75.08	69.89	58.79	55.07	42.71
Other Income	0.71	0.64	0.74	1.29	1.39	2.88
Total revenue for other operations	96.10	329.75	310.43	436.76	518.57	461.59
Total expenditure for other operations	82.92	310.19	341.87	396.11	524.42	461.94
Profit / (Loss) without tax and interest	13.18	19.56	(31.44)	40.65	(5.85)	(0.35)

SUMMARY OPERATING DATA

Sugar Business

	Quarter ended June 30, 2005	2004-2005	2003-2004	2002-2003	2001-2002	2000-2001
Capacity in TCD	25,250	25,250	25,250	25,250	25,250	24,500
Capacity Utilisation (in %)	-	81.72	85.86	85.67	80.54	80.48
Weighted Average Crushing Season Duration (Days)	19.01	173.98	163.28	179.37	178.98	161.78
Total sugar cane crushed in MMT for						
(a) crushing season	NA	3.59	3.54	3.88	3.64	3.19
(b) fiscal year	0.25	3.70	4.33	3.27	3.33	3.12
Price of Sugarcane per metric tonne						
Basic Statutory Minimum Price (SMP)	745.00	745.00	730.00	695.00	620.50	595.00
SMP – Sugar mills weighted average	905.10	903.12	870.82	823.65	762.72	686.41
State Advised Price (SAP)	1,070.00	1,070.00	950.00	950.00	950.00	900.00
Recovery of Sugar (% of Sugarcane Crushed)						
Recovery % (in crushing season)	NA	10.09%	10.29%	9.99%	10.00%	10.44%
Recovery % (in fiscal)	10.66%	10.04%	10.26%	10.06%	9.89%	10.35%
By products generated/savings as a % of sugarcane crushed in fiscal:						
Molasses generated	5.35	4.40	5.14	5.30	5.06	4.84
Bagasse savings	2.34	4.76	3.90	3.32	2.44	3.16
Sugar sold in (metric tonne)						
Free sale sugar sold in India	95,607.70	410,866.10	290,071.50	361,994.20	246,949.30	163,636.50

	Quarter ended June 30, 2005	2004-2005	2003-2004	2002-2003	2001-2002	2000-2001
Levy Sugar sold in India	14, 212.20	63,709.30	30,566.30	18,860.80	44,362.00	67,052.90
Exports of sugar	0.00	0.00	6,935.20	0.00	5,676.80	28,818.00
Sugar Total	109,819.90	474,575.40	327,573.00	380,855.00	296,988.10	259,507.40
Molasses sold (in metric tonne)	20,426.30	139,739.40	232,028.80	183,236.00	177,331.50	162,219.34
Realization price per metric tonne (in Rs.)						
Free sale sugar	16,342.60	15,244.30	12,607.00	12,543.10	13,737.20	14,194.20
Levy Sugar	12,896.64	12,785.40	12,809.50	12,173.00	11,838.80	11,523.70
Exports of Sugar	0.00	0.00	9,950.00	0.00	12,474.90	12,884.20
Molasses	2,911.58	3,247.30	954.40	1,104.30	1,177.10	964.70

The capacity utilisation during crushing seasons is provided herein below:

Crushing season	Capacity utilisation %
2004-2005	81.72
2003-2004	85.86
2002-2003	85.67
2001-2002	80.54
2000-2001	80.48

As of March 31, 2005 and June 30, 2005, we had six outlets for our Agri Business. Two of these outlets are owned and operated by us and four are operated by franchisees.

Co-generation Business

The operation of our Co-generation Business commenced on December 5, 2004. Hence, operating data is available only for the period after December 5, 2004.

Period	Number of units of power generated (in Kwh)
Fiscal 2005 (December 5, 2004 to March 31, 2005)	50.711
Quarter ended June 30, 2005	20.967

Turbines Business

	Quarter ended June 30, 2005	Fiscal 2005	Fiscal 2004	Fiscal 2003
Turbines sold (in MW)	81.93	224.70	190.50	170.50
Number of turbines serviced	95	737	845	736

RECENT DEVELOPMENTS

We are a listed company and are required to publish unaudited financial results on a quarterly basis in accordance with Clause 41 of the listing agreements with the Stock Exchanges. Accordingly, we have published the unaudited quarterly financial statements of our Company as of the half year ended September 30, 2005 on October 14, 2005.

Set forth below is certain financial information derived from the unaudited unconsolidated statement of assets and liabilities of the Company as of September 30, 2005 and the related unconsolidated statements of profit and loss and cash flows for the period ended September 30, 2005. These unaudited financial statements, together with the review report dated October 11, 2005 prepared by J.C.Bhalla & Co., Chartered Accountants, are included in this Red Herring Prospectus. These financial statements have not been restated in accordance with SEBI Guidelines and do not include any information on a consolidated basis. Also, these unaudited unconsolidated financial statements do not include complete information as may be disclosed in our audited financial statements, such as additional detail in the statement of assets and liabilities, statement of profit and loss, statement of cash flows and the notes to the financial statements.

These financial statements have been prepared by the Company in accordance with Indian GAAP and a limited review has been conducted by J. C. Bhalla & Company, Chartered Accountants, in accordance with the “Auditing and Assurance Standard (AAS) 33: Engagement to Review Financial Statements” issued by the Institute of Chartered Accountants of India and do not constitute an audit conducted in accordance with Indian GAAP and under the auditing standards prescribed by the Institute of Chartered Accountants of India for an audit. Also these procedures would not necessarily reveal matters of significance with respect to the information contained in these unaudited financial statements or omitted therefrom. There can be no assurance that there will not be any changes or omissions, material or otherwise, in the information disclosed in these unaudited financial statements included in this Red Herring Prospectus and the information in our audited financial statements. Should a material deviation exist between these unaudited financial statements and our audited financial statements, it could have a material adverse effect on the market price of the Equity Shares.

The financial information presented below should be read in conjunction with the financial statements and the notes thereto included in the sections titled “Financial Statements”, “Summary Financial and Operating Information” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” beginning on pages 168, 16 and 232, respectively, of this Red Herring Prospectus. Indian GAAP differs in certain significant respects from U.S. GAAP. For information on these differences, see the section titled “Summary of Significant Differences between Indian GAAP and U.S. GAAP”, which appears on page 14 of this Red Herring Prospectus.



REVIEW REPORT

The Board of Directors
Triveni Engineering & Industries Ltd
Noida
U.P.

We have reviewed the accompanying condensed balance sheet of Triveni Engineering & Industries Ltd as at September 30, 2005 and the condensed statement of profit and loss for the half year and quarter ended September 30, 2005 and the condensed cash flows for the half year ended September 30, 2005. These condensed financial statements have been approved by the board of directors of the company and are the responsibility of the company's management. Our responsibility is to issue a report on these financial statements based on our review.

We conducted our review in accordance with the Auditing and Assurance Standard (AAS) 33, Engagements to Review Financial Statements issued by the Institute of Chartered Accountants of India. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit, and accordingly, we do not express an audit opinion.

Management has informed us that provision for leave encashment liability has been accounted for on an estimated basis and not in accordance with actuarial valuation as prescribed by AS-15, accounting for Retirement Benefits issued by the Institute of Chartered Accountants of India.

Based on our review, except for the provision of leave encashment described in the previous paragraph, nothing has come up to our attention that causes us to believe that the accompanying financial statements do not give a true and fair view in accordance with the Accounting Standards issued by the Institute of Chartered Accountants of India.

For **J C BHALLA & CO**
CHARTERED ACCOUNTANTS

Sd/-
SUDHIR MALLICK
PARTNER
MEMBERSHIP NO.80051

Place : New Delhi
Dated : October 11, 2005

TRIVENI ENGINEERING & INDUSTRIES LIMITED
CONDENSED BALANCE SHEET AS AT SEPTEMBER 30, 2005

(Rs. in million)

Particulars	Half Year Ended Sept. 30, 2005
SOURCES OF FUNDS	
Shareholder's Funds	
Share Capital	207.90
Equity Share Capital	2,327.30
Reserve & Surplus	
Loans Funds	
Secured Loans	2,365.60
Unsecured Loans	1,143.30
Deferred Tax Liability (Net)	385.20
	6,429.30
Application of Funds	
Fixed Assets	
Gross Block	5,066.02
Less : Depreciation	1,247.73
Net Block	3,818.29
Add : Capital Work in Progress	761.64
Add : Intangible Assets	21.70
Add : Discarded Fixed Assets pending disposal/sale	18.09
Add : Plant & Machinery Acquired under Lease	208.38
	4,828.10
Investments	230.20
Current Assets, Loans & Advances	
Inventories	1,610.20
Sundry Debtors	546.30
Cash & Bank Balances	227.60
Loans & Advances	1,074.40
Other Current Assets	9.30
	3,467.80
Less : Current Liabilities & Provisions	
Current Liabilities	1,841.20
Provisions	298.10
	2,139.30
Net Current Assets	1,328.50
Miscellaneous Expenditure (To the extent not written off or adjusted)	42.50
	6,429.30

Explanatory Notes to Accounts as per Annexure – I

As per attached review report of even date

For and on behalf of

J C BHALLA & COMPANY

Chartered Accountants

sd/

SUDHIR MALLICK

Partner

sd/-

V P GHULIANI

Vice President (Legal)

Company Secretary

sd/-

SURESH TANEJA

Vice President

& CFO

sd/-

DHRUV M SAWHNEY

Chairman & Managing Director

sd/-

LT GEN K K HAZARI (Retd)

Director & Chairman

Audit Committee

Place : Noida (U.P)

Date: October 11, 2005.



CONDENSED PROFIT & LOSS ACCOUNT FOR THE PERIOD ENDED SEPTEMBER 30, 2005

(Rs. in million)

Particulars	Half Year Ended Sept. 30, 2005	Quarter Ended Sept. 30, 2005
Income		
Gross Sales	6,025.10	3,355.30
Less : Excise Duty	480.50	315.20
Net Sales	5,544.60	3,040.10
Other Income	35.00	21.50
	5,579.60	3,061.60
Expenditure		
Materials	1,449.70	534.90
Personnel Expenses	315.40	151.00
Other Expenditure	414.20	233.50
Financing (net)	137.10	53.20
Amortisation	27.50	13.70
Depreciation	87.70	44.90
Off-season Expenses (net)	(302.60)	(191.40)
(Increase)/decrease in work-in-progress/finished goods	2,595.20	1,654.40
	4,724.20	2,494.20
Profit before taxation	855.40	567.40
Provision for Income Tax		
Normal Tax Liability	130.40	96.10
Net Deferred Tax Charges	41.10	36.70
Fringe Benefits Tax	6.10	3.10
Net Profit After Taxation	677.80	431.50
Add : Surplus brought forward	82.40	308.31
Less : Transfer to Capital Redemption Reserve Account	19.87	-
Profit Available for Appropriation	740.33	739.81
Tax on Distributed Profits (earlier year)	0.52	-
Balance Carried Forward	739.81	739.81
Earning Per Share-basic/Diluted (not annualised)-Rs.	3.26	2.08

Explanatory Notes to Accounts as per Annexure – I

As per attached review report of even date

For and on behalf of

J C BHALLA & COMPANY

Chartered Accountants

sd/

SUDHIR MALLICK

Partner

sd/-

V P GHULIANI

Vice President (Legal)
Company Secretary

sd/-

SURESH TANEJA

Vice President
& CFO

sd/-

DHRUV M SAWHNEY

Chairman & Managing Director

sd/-

LT GEN K K HAZARI (Retd)

Director & Chairman
Audit Committee

Place : Noida (U.P)

Date: October 11, 2005.

CONDENSED CASH FLOW FOR THE PERIOD ENDED SEPTEMBER 30, 2005

(Rs. in million)

Particulars	Half Year Ended Sept. 30, 2005
A. Cash Flow from Operating Activities	3,207.60
B. Cash Flow from Investing Activities	(1,911.20)
C. Cash Flow from Financing Activities	(1,296.70)
Net Increase/(Decrease) in Cash (A+B+C)	(0.30)
Cash and Cash equivalents at beginning of the Period	191.60
Cash and Cash equivalents at end of the Period	191.30

Explanatory Notes to Accounts as per Annexure – I

As per attached review report of even date

For and on behalf of

J C BHALLA & COMPANY

Chartered Accountants

sd/-

DHRUV M SAWHNEY

Chairman & Managing Director

sd/

SUDHIR MALLICK

Partner

sd/-

V P GHULIANI

Vice President (Legal)
Company Secretary

sd/-

SURESH TANEJA

Vice President
& CFO

sd/-

LT GEN K K HAZARI (Retd)

Director & Chairman
Audit Committee

Place : Noida (U.P)

Date: October 11, 2005.

ANNEXURE I

Select Explanatory Note to Condensed Financial Statements for the half year ended September 30, 2005.

1. Basis for Presentation

The accompanying unaudited condensed financial statements have been prepared in accordance with Accounting Standards issued by the Institute of Chartered Accountants of India and other recognized accounting practices and policies.

2. Accounting Policies

The same accounting policies have been followed in these financial statements as are applied in the audited annual financial statements for the year ended March 31, 2005 and for the quarter ended June 30, 2005.

- Provision for tax including deferred tax charge has been considered on a pro-rata basis of the estimated tax liability for the financial year 2005-2006. Deferred tax charges is net of credit of Rs.27.60 million due to change in tax rates in respect of opening net deferred tax liability as on March 31, 2005.
- After approval of the shareholders in a general meeting held on May 19, 2005, commission of Rs.13.50 million payable to the Managing Director in respect of the financial year 2004-2005 has been provided and included under the head "Personnel" in the Profit & Loss Account.

5. Provision for leave encashment liability has been accounted for on estimate basis as the actuarial valuation for the current year will be carried out at the year-end.
6. During the half year ended Sept.30, 2005. The company has :
 - a) Allotted 124,728,090 equity shares of Re.1/- each, as bonus shares to its shareholders in the ratio of 3 bonus shares for every 2 existing shares held, by capitalising Securities Premium Account.
 - b) Paid the second and last installment in respect of redemption of its cumulative preference shares and accordingly these shares stand fully redeemed. The amount paid is Rs.19.87 million on account of capital and Rs.63.58 million on account of premium.
7. Loans and Advances include :
 - (i) Rs.20.03 million paid to defaulting suppliers and contractors of the molasses based chemical project. The cases are sub-judice and pending final outcome, such balances have been considered good and no account has been taken of claims by or against the Company.
 - (ii) Rs.9.83 million disputed by a customer and is considered good by the Company. As the matter is sub-judice, no account has been taken for claims by or against the customer;
 - (iii) Rs.5.60 million due from one party which is doubtful of recovery, as the arbitration proceedings are yet to commence.
8. Encashment of Bank Guarantees and amount with-held by the customers in earlier years, against which the Company has filed recovery suits / appeals in the Courts or made representation to the customer – Rs. 95.99 million. Pending final decision, the amount of Rs.104.10 million paid against above (including cheque for Rs. 2.00 million yet to be encashed) are included under “Loans and Advances and Sundry Debtors” and are considered good and no account are taken for claims by or against the Company.
9. Miscellaneous expenditure includes Rs.23.01 million incurred till Sept.30, 2005, towards the proposed public issue of equity shares in respect of which the Company has filed Draft Red Herring Prospectus with SEBI.
10. There have not been any material changes in the contingent liabilities from those disclosed in the audited accounts for the quarter ended June 30, 2005.
11. Pursuant to compliance of Accounting Standard 17 regarding Segment Reporting, the relevant information for the half year ended September 30, 2005 is provided below :

(Rs.in million)

	Sugar	Steam Turbines	Co-generation	Agri Business	Other Operations	Eliminations	Total
REVENUE							
External sales	4201.20	1460.50	52.20	135.30	175.90	-	6025.10
Less : excise duty	242.50	206.50	-	-	31.50	-	480.50
External sales (net)	3958.70	1254.00	52.20	135.30	144.40	-	5544.60
Inter-segment sales	39.60	77.00	14.70	-	119.40	250.70	-
Other income	19.40	10.60	-	0.20	0.60	-	30.80
Total revenue	4017.70	1341.60	66.90	135.50	264.40	-	5575.40

(Rs.in million)

	Sugar	Steam Turbines	Co-generation	Agri Business	Other Operations	Eliminations	Total
Result							
Segment result	884.50	164.40	(15.40)	1.30	39.10	2.90	1,071.00
Unallocated expenses (net)	-	-	-	-	-	-	78.56
Operating profit	-	-	-	-	-	-	992.44
Interest expense	-	-	-	-	-	-	(152.90)
Interest/Dividend income	-	-	-	-	-	-	15.86
Income taxes (including deferred tax)	-	-	-	-	-	-	(177.60)
Net profit after tax	-	-	-	-	-	-	677.80
Other information							
Segment assets	3,744.70	1,143.10	1,611.80	28.90	627.40	-	7,155.90
Unallocated assets	-	-	-	-	-	-	1,412.70
Total assets	-	-	-	-	-	-	8,568.60
Segment liabilities	471.30	1,092.60	110.80	2.50	218.50	-	1,895.70
Unallocated liabilities	-	-	-	-	-	-	4,137.70
Total liabilities	-	-	-	-	-	-	6,033.40
Capital expenditure (net)	471.93	118.73	805.10	0.62	11.70	-	-
Depreciation	48.80	4.30	22.60	0.20	8.50	-	-
Amortisation	14.70	10.20	-	0.10	1.40	-	-

Notes :

1. The Company's operations have been categorised into four major business segments in accordance with the Accounting Standard (AS-17) 'Segment Reporting' – Sugar, Steam Turbines, Co-generation and Agri Business. These constitute 93.65% of the total turnover of the Company.
2. There are no geographical segments as the volume of exports is minimal and the major turnover of the company takes place indigenously. There is further no major reliance on few customers or suppliers.
3. Inter segment transfers have been priced based on competitive market prices charged to external customers for similar goods.
4. Segment result is segment revenue less segment expense. Segment expense includes all expenses directly attributable to the segments and some portion of enterprise expenses that can be allocated on a reasonable basis to the segments. Interest expense, even on working capital facilities, is not included in segment expenses and accordingly, segment liabilities do not include any corresponding borrowing.

For and on behalf of
J C BHALLA & COMPANY
Chartered Accountants

sd/-
DHRUV M SAWHNEY
Chairman & Managing Director

sd/
SUDHIR MALLICK
Partner

sd/-
V P GHULIANI
Vice President (Legal)
Company Secretary

sd/-
SURESH TANEJA
Vice President
& CFO

sd/-
LT GEN K K HAZARI (Retd)
Director & Chairman
Audit Committee

Place : Noida (U.P)
Date: October 11, 2005.



GENERAL INFORMATION

Registered Office of our Company

Triveni Engineering & Industries Limited

Deoband, District Saharanpur,

Uttar Pradesh 247 554.

Registration Number: 20-22174

Our Company is registered at the Registrar of Companies, Uttar Pradesh & Uttaranchal, West Cott Building, The Mall, Kanpur 208 001.

Board of Directors

The following persons constitute our Board of Directors:

1. Mr. Dhruv M. Sawhney;
2. Dr. F. C. Kohli;
3. Mr. M. K. Daga;
4. Lt. Gen. K.K. Hazari (Retd.);
5. Mr. R. C. Sharma;
6. Mr. V. Venkateswarlu; and
7. Mr. R. K. Kapoor.

For further details of our Chairman, Managing Director and whole-time directors, see section titled “Our Management” on page 139 of this Red Herring Prospectus.

Company Secretary and Compliance Officer

Mr. V.P.Ghuliani

Vice President (Legal) & Company Secretary

Tel: +91 120 5308000

Fax: +91 120 5311011

E-mail: legal@ho.trivenigroup.com

Investors can contact the Compliance Officer in case of any pre-Issue or post-Issue related problems such as non-receipt of letters of allotment, credit of allotted shares in the respective beneficiary account or refund orders, etc.

Legal Advisors to the Issue

Domestic Legal Counsel to the Company

Amarchand & Mangaldas & Suresh A. Shroff & Co.

Amarchand Tower,

216, Okhla Industrial Estate, Phase – III,

New Delhi - 110 020.

Tel. : +91 11 2692 0500

Fax. : +91 11 2692 4900

E-mail: am.delhi_corp@amarchand.com

International Legal Counsel to the Company**Allen & Overy**

9/F, Three Exchange Square,

Central Hong Kong SAR.

Tel: +852 2974 7000

Fax: +852 2974 6999

E-mail: David.Johnson@hongkong.allenoverly.com

Auditors**M/s J.C. Bhalla & Co., Chartered Accountants**

18-A, Nizamuddin West,

New Delhi-110 013.

Tel: + 91 11 24358924

Fax: + 91 11 24356352

E-mail: taxaid@vsnl.com

Domestic Legal Counsel to the BRLMs**Khaitan & Co.**

Mehar Chambers

4th & 5th Floor

R.K. Marg

Ballard Estate

Mumbai-400 008

Tel: +91 22 5636 5000

Fax: + 91 22 5636 5050

E-mail: bom@khaitanco.com

Bankers to the Company**Punjab National Bank**

Deoband, District Saharanpur,

Uttar Pradesh.

Tel: +91 1336 222 346

Fax: +91 1336 222 313

Central Bank of India

Khatauli, District Muzaffarnagar,

Uttar Pradesh.

Tel: +91 1396 272 902

Canara Bank

Corporate Service Branch,

Ansak Towers,

38, Nehru Place,

New Delhi 110 019.

Tel: +91 11 264 16896

Fax: +91 11 264 16895

E-mail: fcscdel@canarabank.co.in



Oriental Bank of Commerce

A 30-33, 1st Floor,
Connaught Place,
New Delhi, 110 001.
Tel: +91 11 233 26995
Fax: +91 11 233 26407
E-mail: obc@bcindia.com

Union Bank of India

IFB, M-11, 1st Floor,
Middle Circle,
Connaught Circus,
New Delhi 110 001.
Tel: +91 11 234 17401
Fax: +91 11 234 17405
E-mail: ubiifbcp@vsnl.net

Standard Chartered Bank

H-2, Connaught Circus,
New Delhi 110 001.
Tel: +91 11 234 06481
Fax: +91 11 233 20641
E-mail: Rakesh.bhutoria@in.standardchartered.com

State Bank of Travancore

Ansal Chambers,
Bhikaiji Cama Place,
R.K. Puram,
New Delhi, 110 066.
Tel: +91 11 261 85506
Fax: +91 11 261 84785
E-mail: rkpuram@sbt.co.in

UTI Bank

Statesman House
Barakhamba Road,
New Delhi, 110 001.
Tel: +91 11 515 21956
Fax: +91 11 515 21953
E-mail: amit.mathur@utibank.co.in

Book Running Lead Managers**JM Morgan Stanley Private Limited**

141, Maker Chambers III,
Nariman Point,
Mumbai - 400 021.
Tel: + 91 22 5630 3030
Fax: + 91 22 2202 8224
E-mail: teilfpo@jmmorganstanley.com
Website: www.jmmorganstanley.com
Contact Person: Mr. Pratik Loonker.

ICICI Securities Limited

ICICI Centre,
H.T. Parekh Marg, Churchgate,
Mumbai 400 020.
Tel: + 91 22 2288 2460
Fax: + 91 22 2283 7045
E-mail: teil_fpo@isecltd.com
Website: www.iseconline.com
Contact Person: Mr. Pranjali Srivastava.

Senior Co- Manager**Karvy Investor Services Limited**

Karvy House,
46, Avenue 4,
Street No.1, Banjara Hills,
Hyderabad 500 034.
Tel: +91 40 2343 1546.
Fax: +91 40 2343 1551.
E-mail: triveni.ipo@karvy.com
Website: www.karvy.com
Contact Person: Mr. M. Murali Krishna.

Syndicate Members**JM Morgan Stanley Retail Services Private Limited**

Apeejay Business Centre,
Apeejay House, 3 Dinsha Vachha Road,
Churchgate,
Mumbai 400 020.
Tel: + 91 22 5504 0404
Fax: + 91 22 5630 1694
E-mail: teifpo@jmmorganstanley.com
Website: www.jmmorganstanley.com
Contact Person: Mr. Pratik Loonker.

ICICI Brokerage Services Limited

ICICI Centre,
H.T. Parekh Marg, Churchgate,
Mumbai 400 020.
Tel: + 91 22 2288 2460
Fax: + 91 22 2283 7045
E-mail: teil_fpo@isecltd.com
Website: www.iseconline.com
Contact Person: Mr. Anil Mokashi.



Karvy Stock Broking Limited

Karvy House, 46, Avenue 4,
Street No.1, Banjara Hills,
Hyderabad 500 034.
Tel: +91 40 2343 1546.
Fax: +91 40 2343 1551.
E-mail: triveni.ipo@karvy.com@karvy.com
Website: www.karvy.com
Contact Person: Mr. M. Murali Krishna.

Registrar to the Issue**Karvy Computershare Private Limited**

Karvy House,
46, Avenue 4,
Street No.1, Banjara Hills,
Hyderabad, 500 034.
Tel: +91 40 2343 1546.
Fax: +91 40 2343 1551.
E-mail: triveni.ipo@karvy.com@karvy.com
Website: www.karvy.com
Contact Person: Mr. M. Murali Krishna.

Bankers to the Issue and Escrow Collection Banks**ICICI Bank Limited**

Capital Markets Division
30, Mumbai Samachar Marg
Mumbai 400 001
Tel : + 91 22 2265 5285
Fax : + 91 22 2261 1138
Contact Person : Mr. Sidhartha Sankar Routray
E-Mail: sidhartha.routray@icicibank.com
Website:www.icicibank.com.

Standard Chartered Bank

270, D.N. Road
Fort, Mumbai, 400 001.
Tel: + 91 22 2268 3965
Fax: + 91 22 2209 4388
E-mail:banhid.bhattacharya@standardchartered.com
Website:www.standardchartered.co.in
Contact Person: Mr. Banhid Bhattacharya.

The Hong Kong and Shanghai Banking Corporation Limited

52/60, Mahatma Gandhi Road,
Mumbai, 400 001.
Tel: + 91 22 2268 1673
Fax: + 91 22 2273 4388
E-mail:dhirajbajaj@hsbc.co.in
Website:www.hsbc.co.in
Contact Person: Mr. Dhiraj Bajaj.

UTI Bank Limited

B2 and B3, Sector 16,
NOIDA, Uttar Pradesh,
Tel: + 91 120 2510 751
Fax: + 91 120 2510 737
E-mail: pinaki.mukherjee@utibank.co.in
Website: www.utibank.com
Contact Person: Mr. Pinaki Mukherjee.

YES Bank Limited

Nehru Centre
5th floor, Discovery of India Building,
Dr. Annie Besant Road,
Worli, Mumbai, 400 018.
Tel: + 91 22 5669 9086
Fax: + 91 22 2494 7639
E-mail: rajesh.lahori@yesbank.in
Website: www.yesbank.in
Contact Person: Mr. Rajesh Lahori.

Statement of Inter se Allocation of Responsibilities for the Issue

The following table sets forth the distribution of responsibility and coordination for various activities among the BRLMs:

Activity	Responsibility	Coordination
Capital structuring with the relative components and formalities such as type of instruments etc.	JMMS I-Sec	JMMS
Due diligence of the Company's operations/management/ business plans/legal etc. Drafting and design of Red Herring Prospectus and of statutory and non-statutory advertisement including memorandum containing salient features of the Prospectus and any other publicity material. The BRLMs shall ensure compliance with stipulated requirements and completion of prescribed formalities with the Stock Exchanges, RoC and SEBI including finalisation of the Prospectus and filing with the Stock Exchanges/RoC.	JMMS I-Sec	JMMS
Appointment of other intermediaries viz. Registrar to the Issue, printers, advertising agency and Bankers to the Issue.	JMMS I-Sec	I-Sec
Retail and Non-Institutional marketing strategy, which will cover <i>inter alia</i> : <ul style="list-style-type: none"> Formulating marketing strategies, preparation of publicity budget; Finalise media and public relations strategy; Finalise centers for holding conferences for press and brokers; Finalise collection centers; Follow-up on distribution of publicity and issue material; including form, prospectus and deciding on the quantum of the Issue material. 	JMMS I-Sec	I-Sec
Institutional marketing strategy, which will cover <i>inter alia</i> : <ul style="list-style-type: none"> Finalise the list and division of investors for one-on-one meetings; Managing the book, co-ordination with Stock Exchanges & pricing and institutional allocation in consultation with the Company and the BRLMs; Finalise roadshow presentations. 	JMMS I-Sec	JMMS



Activity	Responsibility	Coordination
The post bidding activities including management of Escrow Accounts, coordination of non-institutional allocation, intimation of allocation and dispatch of refunds to Bidders etc.	JMMS I-Sec	I-Sec
The post Issue activities will involve essential follow up steps, including finalisation of trading and dealing instruments and dispatch of certificates and demat delivery of Equity Shares, with the various agencies connected with the work such as the Registrar to the Issue and Bankers to the Issue and the banks handling refund business. The BRLMs shall be responsible for ensuring that these agencies fulfil their functions and enable them to discharge this responsibility through suitable agreements with the Company.		

Credit Rating

As the Issue is of equity shares, credit rating is not required.

Trustees

As the Issue is of equity shares, the appointment of trustees is not required.

Book Building Process

Book Building Process refers to the process of collection of Bids, on the basis of the Red Herring Prospectus within the Price Band. The Issue Price is fixed after the Bid/ Issue Closing Date.

The principal parties involved in the Book Building Process are:

- (1) The Company;
- (2) Book Running Lead Managers;
- (3) Senior Co- Manager;
- (4) Syndicate Members who are intermediaries registered with SEBI or registered as brokers with BSE/NSE and eligible to act as underwriters. Syndicate Members are appointed by the BRLMs; and
- (5) Registrar to the Issue.

SEBI through its guidelines has permitted an issue of securities to the public through 100% Book Building Process, wherein: (i) upto 50% of the Issue shall be allocated on a discretionary basis to QIBs, (ii) at least 15% of the Issue shall be available for allocation on a proportionate basis to the Non-Institutional Bidders and (iii) at least 35% of the Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price.

QIBs are not allowed to withdraw their Bid(s) after the Bid/Issue Closing Date. For further details please refer to the section titled "Terms of the Issue" on page 53 of this Red Herring Prospectus.

Our Company shall comply with guidelines issued by SEBI for this Issue. In this regard, our Company has appointed JM Morgan Stanley Private Limited and ICICI Securities Limited and as the BRLMs to manage the Issue and to procure subscription to the Issue.

Illustration of Book Building and Price Discovery Process *(Investors may note that this illustration is solely for the purpose of easy understanding and is not specific to the Issue)*

Bidders can bid at any price within the price band. For instance, assuming a price band of Rs. 40 to Rs. 48 per share, issue size of 6,000 equity shares and receipt of nine bids from bidders details of which are shown in the table below. A graphical

representation of the consolidated demand and price would be made available at the website of the BSE (www.bseindia.com) and NSE (www.nseindia.com). The illustrative book as shown below, shows the demand for the shares of the company at various prices and is collated from bids from various investors.

Number of equity shares bid for	Bid Price (Rs.)	Cumulative equity shares bid	Subscription
500	48	500	8.33%
700	47	1,200	20.00%
1,000	46	2,200	36.67%
400	45	2,600	43.33%
500	44	3,100	51.67%
200	43	3,300	55.00%
2,800	42	6,100	101.67%
800	41	6,900	115.00%
1,200	40	8,100	135.00%

The price discovery is a function of demand at various prices. The highest price at which the issuer is able to issue the desired quantum of shares is the price at which the book cuts off i.e. Rs. 42 in the above example. The issuer, in consultation with the BRLMs will finalise the issue price at or below such cut off price i.e. at or below Rs. 42. All bids at or above this issue price and cut-off bids are valid bids and are considered for allocation in respective category.

The process of Book Building under DIP Guidelines is relatively new and investors are advised to make their own judgment about investment through this process prior to making a Bid or Application in the Issue.

Steps to be taken for bidding:

1. Check eligibility for making a Bid (see section titled “Issue Procedure - Who Can Bid” on page 342 of this Red Herring Prospectus);
2. Ensure that you have a demat account and the demat account details are correctly mentioned in the Bid cum Application Form.
3. If your Bid is for Rs. 50,000 or more, ensure that you have mentioned your PAN and attached copies of your PAN to the Bid cum Application Form (see section titled “Issue Procedure — ‘PAN’ or ‘GIR’ Number” on page 355 of this Red Herring Prospectus).
4. If you are a body corporate making a Bid, please ensure that you provide your UIN in the Bid cum Application Form. (see, section titled “Issue Procedure — Unique Identification Number” on page 355 of this Red Herring Prospectus).
5. Ensure that the Bid cum Application Form is duly completed as per instructions given in the Red Herring Prospectus and in the Bid cum Application Form.

Underwriting Agreement

After the determination of the Issue Price and allocation of our Equity Shares but prior to filing of the Prospectus with RoC, our Company will enter into an Underwriting Agreement with the Underwriters for the Equity Shares proposed to be offered through this Issue. It is proposed that pursuant to the terms of the Underwriting Agreement, the BRLMs shall be responsible for bringing in the amount devolved in the event that the Syndicate Members do not fulfill their underwriting obligations. Pursuant to the terms of the Underwriting Agreement, the obligations of the Underwriters are subject to certain conditions to closing, as specified therein.

The Underwriters have indicated their intention to underwrite the following number of Equity Shares:

Name and Address of the Underwriters	Indicative Number of Equity Shares to be Underwritten	Amount Underwritten (Rs. In million)
JM Morgan Stanley Private Limited 141, Maker Chambers III Nariman Point Mumbai - 400 021	24,999,000	[●]
ICICI Securities Limited ICICI Centre H.T. Parekh Marg, Churchgate Mumbai 400 020.	24,999,000	[●]
Senior Co- Manager Karvy Investor Services Limited Karvy House, 46, Avenue 4, Street No.1, Banjara Hills, Hyderabad 500 034.	500	[●]
Syndicate Members JM Morgan Stanley Retail Services Private Limited Apeejay Business Centre Apeejay House, 3 Dinsha Vachha Road Churchgate, Mumbai 400 020	500	[●]
ICICI Brokerage Services Limited ICICI Centre, 163, Backbay Reclamation H.T. Parekh Marg Mumbai, 400 020	500	[●]
Karvy Stock Broking Limited Karvy House, 46, Avenue 4, Street No.1, Banjara Hills, Hyderabad, 500 034.	500	[●]

The above mentioned amount is indicative and this would be finalized after determination of Issue Price and actual allocation of the Equity Shares. The Underwriting Agreement is dated [●].

In the opinion of the Board of Directors (based on certificates dated November 7, 2005 given to them by BRLMs, the Senior Co- Manager and the Syndicate Members), the resources of the Underwriters are sufficient to enable them to discharge their respective underwriting obligations in full. All the above-mentioned Underwriters are registered with SEBI under Section 12(1) of the SEBI Act or registered as brokers with the stock exchanges. The above Underwriting Agreement has been accepted by the Board of Directors and our Company has issued letters of acceptance to the Underwriters.

Allocation among Underwriters may not necessarily be in proportion to their underwriting commitments. Notwithstanding the above table, the Underwriters shall be severally responsible for ensuring payment with respect to the Equity Shares allocated to investors procured by them. In the event of any default, the respective Underwriter in addition to other obligations to be defined in the Underwriting Agreement, will also be required to procure/ subscribe to the extent of the defaulted amount. Allocation to QIBs is discretionary as per the terms of this Red Herring Prospectus and may not be



proportionate in any way and the patterns of allocation to the QIBs could be different for the various Underwriters. For details of the parameters for allocation to QIBs see the section titled “Issue Procedure—Basis of Allocation” on page 359 of this Red Herring Prospectus.



CAPITAL STRUCTURE

Our share capital as at the date of this Red Herring Prospectus is set forth below:

(Rs. in million)

	Aggregate nominal value	Aggregate Value at Issue Price
A. Authorised Capital¹		
500,000,000 Equity Shares of Re.1 each	500	
20,000,000 Preference Shares of Rs.10 each	200	
B. Issued, Subscribed and Paid-Up Capital prior to the Issue:		
207,880,150 Equity Shares of Re.1 each	207.88	
C. Present Issue to the public in terms of the Red Herring Prospectus		
50,000,000 Equity Shares of Re.1 each	50.0	[●]
D. Issued, Subscribed and Paid-Up Capital post the Issue:		
257,880,150 Equity Shares of Re.1 each	257.88	
E. Share Premium Account		
Prior to the Issue		423.37
Post the Issue		[●]

¹ The authorized share capital of our Company was Rs. 20 million and was divided into 1.5 million equity shares of Rs.10 each and 0.5 million preference shares of Rs. 10 each when the present management took over the Company in 1992. In 1993, the authorized capital was increased to Rs. 50 million divided into 4.5 million equity shares of Rs.10 each and 0.5 million preference shares of Rs. 10 each through a special resolution passed by the shareholders of the Company at an extraordinary general meeting held on June 30, 1993. The authorised capital of the Company was then increased to Rs. 150 million divided into 10 million equity shares of Rs. 10 each and 5.0 million preference shares of Rs. 10 each through a special resolution of the shareholders passed at an annual general meeting held on November 29, 1994. The authorised share capital of the Company was further increased to Rs.200 million divided into divided into 10 million equity shares of Rs. 10 each and 10 million preference shares of Rs. 10 each through a special resolution of the shareholders passed at an extraordinary general meeting held on June 2, 1995. The authorised share capital of the Company was further increased to Rs.350 million divided into 20 million equity shares of Rs.10 each and 15 million preference shares of Rs.10 each through a special resolution of the shareholders passed at an annual general meeting held on June 27, 1997. The authorized share capital of the Company was further increased to Rs.400 million divided into 20 million equity shares of Rs.10 each and 20 million preference shares of Rs.10 each through a special resolution of the shareholders passed at an extraordinary general meeting held on December 28, 1999. Each equity shares of Rs.10 each was subdivided into 10 Equity Shares of Re.1 each through special resolution of the shareholders passed at an extraordinary general meeting held on January 27, 2005. This resulted in the authorized capital of the Company being divided into 200 million Equity Shares of Re.1 each and 20 million preference shares of Rs.10 each. The authorized share capital of the Company was further increased to Rs.700 million divided into 500 million Equity Shares of Re.1 each and 20 million preference shares of Rs.10 each through a resolution of the shareholders passed at an extraordinary general meeting held on May 19, 2005.

Notes to the Capital Structure

1. Share Capital History of our Company:

The following is the history of the equity share capital of our Company:

Date of Allotment & Date on which fully paid-up	Number of Equity Shares (of face value of Rs. 10)	Issue Price (Rs.)	Consideration (cash, bonus, consideration other than cash)	Reasons for allotment (including persons to whom allotment was made)	Cumulative Share Capital (Rs. in Million)
Upto 1966-1967 [#]	750,000	10.00	Cash/bonus issue	Promoters and public	7.50
From 1966-1967 to 1970-1971	250,000	Nil	Bonus issue	Existing shareholders	10.00
December 30, 1993	900,000	65.00	Cash	Erstwhile TEWL on private placement basis.	19.00
May 31, 1994	1,557,300*	40.00	Cash	Promoter group, including their relations, friends and associates on private placement basis.	34.57
June 20, 1994	442,700	40.00	Cash	Promoter group on private placement basis.	39.00
June 20, 1994	350,000	65.00	Cash	Erstwhile TEWL on private placement basis.	42.50
March 31, 2000	(-)1,350,000	Less: Cancellation of shares held by Erstwhile Triveni Engineering & Industries Limited, i.e., cross holdings consequent upon merger of Erstwhile Triveni Engineering & Industries Limited with Gangeshwar Limited.			29.00
May 27, 2000	9,390,001	10.00	For consideration other than cash on the implementation of the scheme of amalgamation of the Erstwhile Triveni Engineering & Industries Limited with Gangeshwar Limited approved by the Allahabad High Court vide order dated March 6, 2000.	Shareholders of the Erstwhile Triveni Engineering & Industries Limited.	122.90
May 8, 2003	(-)3,973,995	Less: Equity shares of those shareholders who did not intend to retain their Equity Shares converted into 12% redeemable cumulative preference shares of Rs. 10 each pursuant to the scheme of arrangement under Section 391 of the Companies Act duly approved by the shareholders by more than three fourths majority and with the sanction of the Allahabad High Court vide order dated March 27, 2003.			83.15
Total	8,315,206				83.15
February 16, 2005	83,152,060	Consequent upon sub-division of every Equity Share of Rs. 10 each into ten equity shares of Re. 1 each.			83.15
June 17, 2005	124,728,090	Bonus issue of three Equity Shares for every two existing Equity Shares.			207.88
Total	207,880,150				207.88

*Out of this, 800 Equity Shares were forfeited for non-payment of call money.

[#] The data with regard to allotment of shares is available only post 1966. The same is because the data for periods prior to 1966 had not been handed over to the present management when it took over the management in 1992. The available records of the Company do not have these records. The date of initial listing of our equity shares is also not traceable.



The following is the history of the preference share capital of our Company:

Date of Allotment and date on which fully paid up	No. of Preference Shares	Face Value (Rs.)	Issue Price (Rs.)	Consideration	Remarks
January 23, 1998	15,000,000	10	10	Cash	Erstwhile Triveni Engineering & Industries Limited on private placement basis. (Cancelled on merger of the Erstwhile Triveni Engineering & Industries Limited with Gangeshwar Limited, being cross holding.)
May 8, 2003	3,973,995	10	10	For consideration other than cash on the implementation of the scheme of arrangement between the Company and its equity shareholders under Section 391 of the Companies Act duly approved by the shareholders by more than three fourths majority and with the sanction of the Allahabad High Court vide order dated March 27, 2003.	To those shareholders of the Company who dated March 27, 2003, did not intend to retain their equity shares pursuant to the scheme of arrangement under Section 391 of the Companies Act duly approved by the shareholders by more than three fourths majority and with the sanction of the Allahabad High Court vide order dated March 27, 2003. The preference shares have been duly redeemed at a premium of Rs. 32 per share in two equal annual instalments on April 1, 2004 and April 1, 2005.

2. Promoters' Contribution and Lock-in

(a) The Equity Shares which are being locked in for three years from the date of allotment are as follows:

Sl.No.		Date of allotment/ acquisition	Date when made fully paid up	Consideration*	No. of Equity Shares	% of post Issue share capital
1	Shri Dhruv M. Sawhney	17.6.2005	17.6.2005	Other than cash as Bonus shares	10,838,787	4.20
2	Mrs Rati Sawhney	16.2.2005 17.6.2005	16.2.2005 17.6.2005	Cash Other than cash as Bonus shares	1,480,000 6,033,105	0.57 2.34
3	Mr. Tarun Sawhney	16.2.2005 17.6.2005	16.2.2005 17.6.2005	Cash Other than cash as Bonus shares	180,000 4,825,065	0.07 1.87
4	Mr. Nikhil Sawhney	16.2.2005 17.6.2005	16.2.2005 17.6.2005	Cash Other than cash as Bonus shares	260,000 4,741,590	0.10 1.84
5	M/s Umananda Trade & Finance Ltd.	17.6.2005	17.6.2005	Other than cash as Bonus shares	5,199,960	2.02

Sl.No.		Date of allotment/ acquisition	Date when made fully paid up	Consideration*	No. of Equity Shares	% of post Issue share capital
6	M/s Tarnik Inv. & Trading Ltd.	16.2.2005	16.2.2005	Cash	1,400,000	0.54
		17.6.2005	17.6.2005	Other than cash as Bonus shares	5,204,370	2.02
7	M/s Subhadra Trade & Finance Ltd.	16.2.2005	16.2.2005	Cash	1,800,000	0.70
		17.6.2005	17.6.2005	Other than cash as Bonus shares	3,238,410	1.26
8	M/s Kameni Upaskar Ltd.	16.2.2005	16.2.2005	Cash	1,420,000	0.55
		17.6.2005	17.6.2005	Other than cash as Bonus shares	2,977,935	1.15
9	M/s Dhankari Investments Ltd.	17.6.2005	17.6.2005	Other than cash as Bonus shares	2,000,778	0.77
	TOTAL				51,600,000	20.00

*The Equity Shares being locked-in for a period of three years from the date of Allotment and which have been issued for consideration other than cash have been issued through the Bonus Issue and are not from a bonus issue out of a revaluation reserves or reserves without accrual of cash resources. The same has been certified by the Auditors through their letter dated October 22, 2005. All Equity Shares, which are being locked-in for three years are not ineligible for computation of promoter's contribution and lock-in under Clause 4.6 of the SEBI Guidelines.

(b) Other Restrictions

Our Company has agreed with the BRLMs that for a period of 90 days commencing from the date of listing of the Equity Shares Allotted pursuant to this Issue, our Company and its subsidiaries shall not, and shall not announce any intention to, without the prior written consent of the BRLMs, directly or indirectly, (1) issue, offer for sale, sell, pledge or otherwise dispose of (or enter into any transaction or device that is designed to, or could be expected to, result in the disposition at any time in the future of) any equity or equity-linked securities or (2) enter into any swap or other derivatives transaction that transfers to another, in whole or in part, any of the economic benefits or risks of ownership of such securities, whether any such transaction described in (1) and (2) herein is to be settled by delivery of any securities of our Company, in cash or otherwise. However, the restriction contained in the preceding sentence shall not apply to the pledge of securities for availing of financial facilities from banks/ financial institutions as may be permitted by relevant SEBI guidelines.

However, notwithstanding anything contained hereinabove, with a view to enhancing shareholder value, Company may evaluate and undertake various restructuring alternatives including reconstitution, de merger, spin off and part divestment of any undertaking of the Company as per applicable laws, post the listing of the Equity Shares pursuant to the Issue and such decisions relating to any future restructuring shall be taken by the board of directors of the Company in their fiduciary capacities and in the best interests of the Company.

Further, our Promoters and the Promoter group entities (each a Lock-up Entity), whose current aggregate shareholding in the Company is 187,108,220 Equity Shares (approximately 72.56% of the post-Issue equity capital), have agreed that, without the prior written consent of the BRLMs, they will not (and will not publicly announce any intention to), until 90 days from the date of listing of the Equity Shares issued in the Issue (the Lock-Up Period):

- (1) directly or indirectly, offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any

option or contract to sell, grant any option, right or warrant to purchase, lend, or otherwise transfer or dispose of, directly or indirectly, any Equity Shares or any other securities convertible into or exercisable or exchangeable for Equity Shares; or

- (2) enter into any swap or other arrangement that transfers to another, in whole or in part, directly or indirectly, any of the economic consequences of ownership of the Equity Shares, or any other securities convertible into or exercisable or exchangeable for Equity Shares,

whether any such transaction described in clause (1) or (2) above is to be settled by delivery of Equity Shares or such other securities, in cash or otherwise.

The foregoing restrictions on the Promoters and Promoter group entities, however, will not apply to:

- (a) any inter se sale, transfer or disposition of Equity Shares among the Lock-up Entities; or
- (b) any sale, pledge, transfer or disposition by a Lock-up Entity to any person or entity that is not a Lock-up Entity, to the extent that such sale, pledge, transfer or disposition does not, either individually or collectively with any sale, transfer or disposition effected during the Lock-up Period by any other Lock-up Entity, result in or may result in the transfer, directly or indirectly, of Equity Shares, of more than 10% of the total post Issue Equity Shares in the secondary market or to strategic or other partners/investors in the year following the listing of the Equity Shares pursuant to the Issue.

3. Shareholding of the Promoters and the directors of our Promoter companies in our Company is as below:

Sl. No.	Name of Promoter/Directors of Promoters Companies	Number of Equity Shares of Re. 1 each	% of pre Issue share capital	% of post Issue share capital
1.	Mr. Dhruv M. Sawhney	37,714,645	18.14	14.62
2.	Mrs. Rati Sawhney	20,155,175	9.70	7.82
3.	Mr. Tarun Sawhney	16,141,775	7.76	6.26
4.	Mr. Nikhil Sawhney	15,802,650	7.60	6.13
5.	Man Mohan Sawhney (HUF)	3,679,225	1.77	1.43
6.	Umananda Trade and Finance Limited	19,579,325	9.42	7.59
7.	Tarnik Investment and Trading Limited	18,673,950	8.98	7.24
8.	Dirc Investments Limited#	Nil	Nil	0.00
9.	Subhadra Trade and Finance Limited	12,027,375	5.79	4.66
10.	TOFSL Trading and Investment Limited	10,242,500	4.93	3.97
11.	Dhankari Investments Limited	9,828,375	4.73	3.81
12.	Kameni Upaskar Limited	9,913,225	4.77	3.84
13.	The Engineering and Technical Services Limited	7,978,750	3.84	3.09
14.	Carvansera Limited	4,697,750	2.26	1.82
15.	Accurate Traders Limited	673,500	0.32	0.26
16.	Mr. S.S. Walia, Director of Accurate Traders Limited and Dhankari Investments Limited.	138,615	0.07	0.05
17.	Mr. V.P. Ghuliani, Director of Subhadra Trade and Finance Limited, Umananda Trade and Finance Limited and Accurate Traders Limited.	98,382	0.05	0.04
	Total	187,345,217	90.13	72.65

The assets of DIRC Investments Limited have been distributed by the liquidator and it does not hold any Equity Shares of our Company. However, DIRC Investments Limited continues to be a Promoter of our Company.

The other companies and individuals which are part of our Promoter group do not hold any Equity Shares of our Company.

The details of the allotment/acquisition of Equity Shares to/by our Promoters and the directors of our Promoter companies are as follows:

Sl. No	Name of Promoter	Number of Equity Shares allotted/acquired (A)	Number of Equity Shares sold (B)	Number of shares held prior to subdivision of Equity Shares (C=A-B)	Number of Equity Shares held post the subdivision of shares (D)	Number of Equity Shares allotted in the Bonus Issue (E)	Number of Equity Shares held (F= D+E)
1.	Mr. Dhruv M. Sawhney	1,101,122	124,000	977,122	15,085,858 [#]	22,628,787	37,714,645
2.	Mrs. Rati Sawhney	881,207	75,000	806,207	8,062,070	12,093,105	20,155,175
3.	Mr. Tarun Sawhney	720,671	75,000	645,671	6,456,710	9,685,065	16,141,775
4.	Mr. Nikhil Sawhney	707,106	75,000	632,106	6,321,060	9,481,590	15,802,650
5.	M/s. Manmohan Sawhney (HUF)	222,169	75,000	147,169	1,471,690	2,207,535	3,679,225
6.	Kameni Upaskar Limited	396,929	400	396,529	3,965,290	5,947,935	9,913,225
7.	Umananda Trade and Finance Limited	1,083,173	300,000	783,173	7,831,730	1,1747,595	19,579,325
8.	Subhadra Trade and Finance Limited	1,044,867	563,772	481,095	4,810,950	7,216,425	12,027,375
9.	The Engineering and Technical Services Ltd.	1,219,150	900,000	319,150	3,191,500	4,787,250	7,978,750
10.	TOFSL Trading and Investments Limited	1,609,700	1,200,000	409,700	4,097,000	6,145,500	10,242,500
11.	Tarnik Investments & Trading Limited	1,046,958	300,000	746,958	7,469,580	11,204,370	18,673,950
12.	Accurate Traders Limited	26,940	Nil	26,940	269,400	404,100	673,500
13.	Caravanserai Limited	737,910	550,000	187,910	1,879,100	2,818,650	4,697,750
14.	Dhankari Investments Limited	568,135	175,000	393,135	3,931,350	5,897,025	9,828,375
15.	Mr. V.P. Ghuliani	3,487	800	2,687	39,353 ^{##}	59,029	98,382
16.	Mr.S.S.Walia	1,186	100	1,086	55,446 ^{###}	83,169	138,615
	Total	11,370,710	4,414,072	6,956,638	74,938,087	112,407,130	187,345,217

[#]Including 5,314,638 Equity Shares resulting from the distribution of assets of DIRC Investments Limited by the liquidator.

^{##} Including 12,483 Equity Shares resulting from the distribution of assets of DIRC Investments Limited by the liquidator.

^{###} Including 44,586 Equity Shares resulting from the distribution of assets of DIRC Investments Limited by the liquidator.

4. Shareholding Pattern of our Company

Shareholding pattern of our Company prior to and post the Issue:

Category of Shareholders	Prior to the Issue		Post-Issue	
	Number of Equity Shares	Percentage of equity share capital (%)	Number of Equity Shares	Percentage of equity share capital (%)
Promoters	187,108,220	90.01	187,108,220	72.56
Persons acting in concert	3,001,825	1.44	3,001,825	1.16
Public	17,770,105	8.55	67,770,105	26.28
Total	207,880,150	100.00	257,880,150	100.00

The Promoters and the persons acting in concert will not participate in the Issue. The persons acting in concert are Mr. R.C.Sharma, Ms.Asha Sharma, Mr. S.C.Sharma, Mr. Sharad C. Sharma, Ms. Sarita Sharma, Mr. H.C.Sharma and Mr. Rishab C. Sharma.

It should be noted that these persons are being reflected as being part of the public shareholders in our filings under the Listing Agreement.

However, as the BSE, in its letter dated March 16, 2005, whereby it has directed us to increase the public shareholding in our Company to 25% has not considered the Equity Shares held by the above mentioned persons as part of the public shareholding, we are reflecting these shareholders as persons acting in concert in this Red Herring Prospectus.

5. Our Company, our Directors and the BRLMs have not entered into any buy-back and/or standby arrangements for purchase of Equity Shares from any person.
6. In the case of over-subscription in all categories, up to 50% of the Issue shall be available for allocation on a discretionary basis to Qualified Institutional Buyers, at least 15% of the Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders and at least 35% of the Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price. Under subscription, if any, in any category would be met with spill over from other categories at the sole discretion of our Company in consultation with the BRLMs.
7. Over subscription to the extent of 10% of the Issue can be retained for the purpose of rounding off to the nearer multiple of the minimum allotment lot.

8. The list of top ten shareholders of our Company and the number of Equity Shares held by them is as under:

(a) Top ten shareholders of our Company as on October 31, 2005 are as follows:

Sr. No.	Name of Shareholders	Number of Equity Shares of Re. 1 each
1.	Mr. Dhruv M. Sawhney	37,714,645
2.	Mrs. Rati Sawhney	20,155,175
3.	Umananda Trade & Finance Ltd.	19,579,325
4.	Tarnik Investments & Trading Ltd.	18,673,950
5.	Mr. Tarun Sawhney	16,141,775
6.	Mr. Nikhil Sawhney	15,802,650
7.	Subhadra Trade & Finance Ltd.	12,027,375
8.	TOFSL Trading and Investments Ltd.	10,242,500
9.	Kameni Upaskar Ltd.	9,913,225
10.	Dhankari Investments Ltd.	9,828,375

(b) Top ten shareholders of our Company as on October 31, 2003 are as follows:

Sr. No.	Name of Shareholders	Number of Equity Shares of Rs. 10 each
1.	TOFSL Trading and Investments Ltd.	1,609,700
2.	The Engineering & Technical Services Ltd.	1,219,150
3.	Carvanserai Ltd.	737,910
4.	Umananda Trade & Finance Ltd.	607,173
5.	Tarnik Investments & Trading Ltd.	606,958
6.	Mr. Dhruv M. Sawhney	483,122
7.	Mr. Nikhil Sawhney	482,106
8.	Mr. Tarun Sawhney	479,671
9.	Dhankari Investments Ltd.	393,135
10.	Dirc Investments Ltd.	319,518

(c) Top ten shareholders as on October 21, 2005 are as follows:

Sr. No.	Name of Shareholders	Number of Equity Shares of Re. 1 each
1.	Mr. Dhruv M. Sawhney	37,714,645
2.	Mrs. Rati Sawhney	20,155,175
3.	Umananda Trade & Finance Ltd.	19,579,325
4.	Tarnik Investments & Trading Ltd.	18,673,950
5.	Mr. Tarun Sawhney	16,141,775
6.	Mr. Nikhil Sawhney	15,802,650
7.	Subhadra Trade & Finance Ltd.	12,027,375
8.	TOFSL Trading and Investments Ltd.	10,242,500
9.	Kameni Upaskar Ltd.	9,913,225
10.	Dhankari Investments Ltd.	9,828,375

9. Except the Bonus Issue and as disclosed hereunder, our Promoter group, or the directors of our Promoter companies or our Directors have not purchased, acquired or sold any Equity Shares, during a period of six months preceding the date on which the Red Herring Prospectus was filed with SEBI.

Pursuant to the distribution of assets of DIRC Investments Limited by the liquidator on June 15, 2005, Mr. Dhruv M. Sawhney, our Chairman and Managing Director has received 5,314,638 Equity Shares, Mr. V.P.Ghuliani has received 12,483 Equity Shares and Mr. S.S.Walia has received 44,586 Equity Shares of our Company.

10. There have been no sales or purchases of securities of our Company by any relative of our Promoters in the six months preceding the date on which this Red Herring Prospectus is filed with SEBI.
11. Our Company has not granted any options or issued any shares under any employees stock option or employees stock purchase scheme.
12. An investor cannot make a Bid for more than the number of Equity Shares offered through the Issue, subject to the maximum limit of investment prescribed under relevant laws applicable to each category of investor.
13. Up to 50% of the Issue shall be available for allocation on a discretionary basis to QIB Bidders, minimum 15% of the Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders and minimum 35% of the Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price. Under-subscription, if any, in any category would be met with spill over from other categories at our sole discretion in consultation with the BRLMs.
14. Except as disclosed in the section titled “Our Management—Shareholding of Directors and Key Managerial Employees” on page 145 of this Red Herring Prospectus, none of our Directors and key managerial employees hold any Equity Shares.
15. There would be no further issue of capital whether by way of issue of bonus shares, preferential allotment, rights issue or in any other manner during the period commencing from submission of the Red Herring Prospectus with SEBI until the Equity Shares to be issued pursuant to the Issue have been listed.
16. We presently do not intend or propose to alter our capital structure for a period of six months from the date of opening of the Issue, by way of split or consolidation of the denomination of Equity Shares or further issue of Equity Shares (including issue of securities convertible into or exchangeable, directly or indirectly for Equity Shares) whether preferential or otherwise except that if we enter into acquisitions or joint ventures, we may, subject to necessary approvals, consider raising additional capital to fund such activity or use Equity Shares as currency for acquisition or participation in such joint ventures.
17. There shall be only one denomination of the Equity Shares, unless otherwise permitted by law. We shall comply with such disclosure and accounting norms as may be specified by SEBI from time to time.
18. As on November 4, 2005 the total number of holders of Equity Shares was 428.
19. Except as stated in the section titled “Objects of the Issue—Means of Finance” on page 47 of this Red Herring Prospectus, we have not raised any bridge loans against the proceeds of the Issue.
20. Except as disclosed in the sections titled “Capital Structure - Notes to the Capital Structure” on page 38 and “Other Regulatory and Statutory Disclosures - Issues otherwise than for Cash” on page 336 of this Red Herring Prospectus, we have not issued any Equity Shares out of revaluation reserves or for consideration other than cash.
21. We confirm that the guidelines relating to preferential allotments as prescribed by SEBI have been complied with, including obtaining a certificate from the statutory auditors of our Company. With regard to the Bonus Issue we have complied with all applicable guidelines.
22. There are no outstanding warrants, options or rights to convert debentures, loans or other instruments into our Equity Shares.

OBJECTS OF THE ISSUE

A scheme of arrangement between us and our equity shareholders was duly approved by our shareholders and sanctioned by the Allahabad High Court through its order dated March 27, 2003. This scheme of arrangement provided for conversion of upto a maximum of 40% of the then equity shares of our Company into preference shares. As a result of the implementation of this scheme of arrangement, the non-promoters' equity shareholding in our Company was reduced to 8.07% of the paid-up equity share capital of our Company. As a result of the same, the BSE through letter no. DCS\SMG\RCG\2004\532356 dated March 16, 2005, stated, inter alia, that pursuant to the scheme of arrangement the non-promoter holding in the Company was reduced from 37.76% to 8.07% and the Company does not satisfy the condition for continuous listing as provided under clause 40A (i) of the Listing Agreement. The letter further required that the Company should come out with an offer for sale and/or a public offer so as to increase the non promoter holding to at least 25% within 6 months and the shares issued pursuant to the above mentioned scheme of arrangement shall be listed only after the Company complies with the same. The BSE, through letter dated October 27, 2005 has granted us an extension till December 31, 2005 for compliance with their letter dated March 16, 2005. For details of the scheme of arrangement, see the section titled "History and Certain Corporate Matters" on page 114 of this Red Herring Prospectus.

Objects of the Issue:

The objects of the Issue are: (a) to comply with the terms of the letter from the BSE, no. DCS\SMG\RCG\2004\532356 dated March 16, 2005 and (b) finance the establishment of a new sugar mill, a new co-generation plant and certain expansion projects and general corporate purposes. The non-Promoter shareholding of the Company will be at least 25% of the fully diluted paid up share capital of the Company after the Issue.

The main objects clause and objects incidental or ancillary to the main objects in our Memorandum of Association enable us to undertake our existing activities and the activities for which funds are being raised by us through the Issue.

Project Costs and Means of Financing

The projects being undertaken by utilising funds from this Issue are for the establishment of a new sugar plant, a new co-generation plant and certain expansion projects. The costs of these projects and the means of financing these projects are summarised in the table below:

Sr. No.	Proposed Expenditure Program	Estimated cost of project (Rs. million)	Estimated amount of debt to be utilized (Rs.million)	Estimated amount of Company's equity contribution to be raised from the Issue (Rs. million)
1.	Establishment of sugar plant at Sabitgarh, Uttar Pradesh.	1,355.00	NIL	1,355.00
2.	Establishment of co-generation plant in Khatauli, Uttar Pradesh.	800.00	601.40	198.60
3.	Expansion of infrastructure of our Turbine Business at Bangalore, Karnataka	184.36	NIL	184.36
4.	Expansion of infrastructure of our Gears Business at Mysore, Karnataka.	256.22	80.00	176.22
5.	General Corporate Purposes	Not applicable	Not applicable	[●]
6.	Issue expenses	[●]	Not applicable	Not applicable
	Total*	2,595.58	681.40	1,914.18

* Not including the amounts for general corporate purposes and Issue expenses.



The entire estimated project cost of Rs 2,595.58 million shall be utilised for creation of tangible assets, except a sum of Rs.135.00 million, which has been earmarked towards funding the working capital requirements of our sugar mill at Sabitgarh.

Means of Finance

Debt:

With regard to the debt component of these projects, which amounts to Rs.681.40 million, we have tied up the entire amount, as of October 31, 2005. Hence, we confirm that firm arrangements of finance through verifiable means towards at least 75% of the stated means of finance, excluding the amount to be raised through the Issue, have been made. The details of the total debts that have been tied up as of October 31, 2005 and their utilisation for these projects are as follows:

Sl.No.	Proposed Expenditure Program	Amount of Debt Tied Up (Rs. in Million)	Name of Lender	Nature of document and date of document	Amount of Debt Utilised for the Projects (Rs. in million)
1.	Establishment of co-generation plant in Khatauli, Uttar Pradesh.	200.00	Rabo India Finance Private Limited.	Sanction letter dated May 4, 2005.	200.00
		120.00	UTI Bank Limited	Loan agreement dated March 18, 2005	113.90*
		48.75	Oriental Bank of Commerce	Sanction letter dated October 12, 2004	48.75
		232.65	Sugar Development Fund of the GoI	Sanction letters dated February 22, 2005 and July 1, 2005.	NIL [#]
2.	Expansion of capacity of Gears Business at Mysore, Karnataka	80.00	UTI Bank Limited	Loan agreement dated March 18, 2005	NIL*
	Total	681.40			362.65

* With respect to the loans from UTI Bank Limited, the difference between the debt tied up and the debt utilised for projects is on account of opening of certain letters of credit in favour of our suppliers in relation to the respective projects. These amounts will be considered to have been disbursed to us on the dates when the payments under the letters of credit are made to the respective suppliers.

With respect to the loans from the Sugar Development Fund, the preconditions for disbursement of funds have been complied with and the disbursement is expected to commence shortly.

Equity:

The equity component in respect of the aforesaid projects (excluding for general corporate purposes and Issue expenses) is estimated at Rs.1,914.18 million, which is proposed to be raised from this Issue. Any amounts raised in excess of the equity contribution for the proposed projects and the Issue expenses, will be utilized for general corporate purposes and if the amount raised from this Issue is short of the equity contribution required for the proposed projects and the Issue expenses, the same will be funded from internal accruals of our Company.

Funds deployed in the above mentioned projects as of September 30, 2005.

The details of the amount spent as of September 30, 2005, on the projects mentioned as part of the Objects of the Issue are provided in the table below. The amounts to be recouped from the proceeds of the Issue, have been detailed in the section titled “Objects of the Issue—Amounts that will be recouped from the proceeds of the Issue” on page 52 of this Red Herring Prospectus.

Project	Amount Spent (Rs. in million)	Funded by debt drawn (Rs. in million)	Funded from bridge financing (Rs. in million)*	Funded from internal accruals (Rs. in million)
1. Establishment of sugar plant at Sabitgarh, Uttar Pradesh.	508.89	NIL	508.89	Nil
2. Establishment of co-generation plant in Khatauli, Uttar Pradesh.	746.25	362.65	144.85	238.75
3. Expansion of infrastructure of our Turbine Business at Bangalore, Karnataka	74.31	NIL	Nil	74.31
4. Expansion of infrastructure of our Gears Business at Mysore, Karnataka.	60.45	NIL	Nil	60.45
Total	1,389.90	362.65	653.74	373.51

* The amounts that are spent on the projects out of internal accruals or bridge financing will be recouped from the proceeds of the Issue, subject to the limits of the equity contributions for the respective projects.

Bridge Finance

Pending the availability of the proceeds of the Issue, the equity contributions of the projects mentioned above have been temporarily financed through short term bridge loans and internal accruals.

We have been sanctioned short term loans for general corporate purposes including bridge financing of various projects including certain projects for which funds are not being raised through this Issue. The details of the same, as of October 31, 2005 are as follows:

Name of lender	Date of sanction	Amount sanctioned (Rs. in million)	Amount drawn down (Rs. in million)	Rate of Interest (%)	Term of loan (months from date of disbursement)
IDBI Bank Limited	April 30, 2005	250.0	250.0	6.75	6
UTI Bank Limited	June 16, 2005	250.0	150.0	7.5	6
IDBI Bank Limited	July 2, 2005	250.0	250.0	7.0	6
Standard Chartered Bank	July 5, 2005	200.0	200.0	6.9	6
State Bank of Patiala	July 12, 2005	250.0	250.0	6.75	6
State Bank of Bikaner and Jaipur	July 18, 2005	150.0	150.0	6.75	6
Central Bank of India	July 14, 2005*	250.0	Nil	7.00	12
Total		1,600.0	1,250.0		

*Although the loan had been sanctioned on July 14, 2005, the terms and conditions were accepted by our Company on October 24, 2005.

We will use a portion of the Issue proceeds to repay these loans to the extent they are used in the projects mentioned as part of the Objects of the Issue, subject to the limits of the equity contributions for the respective projects.

Schedule for implementation and utilisation of Issue proceeds

The following table details the schedule for implementation and utilisation of Issue proceeds in respect of the above mentioned projects:

Project	Estimated Schedule of Implementation.	Estimated Issue Proceeds Utilisation as of March 31, (Rs. in million)	
		2006*	2007
Establishment of sugar plant at Sabitgarh, Uttar Pradesh.	Commencement of operations by December 2005 and completion in fiscal 2007.	1,050.00	305.00
Establishment of co-generation plant in Khatauli, Uttar Pradesh.	Commencement of operations by October, 2005	198.60	NIL
Expansion of infrastructure of our Turbine Business at Bangalore, Karnataka.	By March, 2006	184.36	NIL
Expansion of infrastructure of our Gears Business at Mysore, Karnataka.	By September, 2006	122.52	53.70

*including amounts already spent on the projects.

I Funds requirement for the new sugar plant in Sabitgarh, Uttar Pradesh.

As discussed in the section titled “Our Business” on page 82 of this Red Herring Prospectus, we have acquired the land and have received certain government approvals for a new sugar plant with a capacity of 7,000 TCD at Sabitgarh in western Uttar Pradesh. For details of the approvals received, applied for and not yet applied for with respect to our sugar mill at Sabitgarh, see the section titled “Government and Other Approvals” on page 326 of this Red Herring Prospectus. The same will entail an expenditure of Rs.1,355.00 million including Rs.508.89 million, which has been spent on the same as of September 30, 2005 (as certified by M/s. Garg Deepak & Associates, Chartered Accountants, Muzaffarnagar, Uttar Pradesh). This expenditure is proposed to be financed entirely through the net proceeds of the Issue and the amount of Rs.508.89 million which has been spent will be recouped from the proceeds of the Issue.

II Funds requirement for the new co-generation plant in Khatauli, Uttar Pradesh.

Our co-generation plant in Khatauli has been synchronised with the power grid and has commenced the external sale of electricity on October 19, 2005. The total expenditure for the same is Rs. 800.00 million including Rs.746.25 million, which has been spent on the same as of September 30, 2005 (as certified by M/s. Garg Deepak & Associates, Chartered Accountants, Muzaffarnagar, Uttar Pradesh). This project is being financed by a combination of debt and equity. The debt component of this project is Rs. 601.40 million out of which an amount of Rs.362.65 million has been drawn as of October 31, 2005. The total equity component is Rs.198.60 million which we will recoup from the proceeds of the Issue.

III Funds requirement for expansion of capacity of Turbine Business at Bangalore, Karnataka.

As discussed in the section titled “Our Business” on page 82 of this Red Herring Prospectus, we plan to enhance the capacity of our Turbine Business. The same will entail a total expenditure of Rs. 184.36 million including Rs.74.31 million, which has been spent on the same as of September 30, 2005 (as certified by M/s. S.S. Swamy, Chartered Accountants, Bangalore). This expenditure is proposed to be financed entirely through the net proceeds of the Issue and the amount of Rs.74.31 million which has been spent will be recouped from the proceeds of the Issue.

IV. Funds requirement for expansion of capacity of Gears Business at Mysore, Karnataka.

As discussed in the section titled “Our Business” on page 82 of this Red Herring Prospectus, we plan to enhance the capacities of our gears businesses. The same will entail a total expenditure of Rs.256.22 million including Rs.60.45 million, which has been spent on the same as of September 30, 2005 (as certified by M/s. S.K. Venugopala Rao, Chartered Accountants, Mysore). This project is being financed by a combination of debt and equity. The debt component of this project is Rs.80.00 million. The total equity component is Rs.176.22 million. The equity component of Rs.176.22 million is proposed to be financed through the net proceeds of the Issue and the amount of Rs.60.45 million which has been spent will be recouped from the proceeds of the Issue.

V. Contracts for the implementation of the projects.

The details of the agreements which have already been entered into for the implementation of the expansion plans of the Company are as follows¹:

Project	Contract for	Date of Order	Name of Party	Value of Award (Rs. in Million)	Status of Contract
Establishment of Sugar mill at Sabitgarh, Uttar Pradesh	Supply of Boiler	07/01/05	M/s ISGEC John Thompson Limited	129.70	Under Execution
	Supply of centrifugal machine	10/05/05	M/s National heavy Engineering Cooperative Limited	24.70	Under Execution
	Supply of evaporator body, batch pan, mono and vertical crystalliser	17/05/05	M/s Mahashakti Machines Private Limited	18.71	Under Execution
	Supply of AC Motors and VFD	13/05/05	M/s ABB Limited	17.50	Under Execution
	Supply of semi kestner and batch pan	17/05/05	Ms. Uttam Sucrotech Limited	15.88	Under Execution
Establishment of Co-generation plant in Khatauli, Uttar Pradesh	Supply of boiler	29/09/04	M/s ISGEC John Thompson Limited	163.80	Completed
	Supply of steam turbine with accessories	07/05/04	SKODA	50.29	Completed
	Execution of Civil Work	03/12/04	M/s Skyline Engineering Contracts (Pvt) Ltd.	49.80	Completed
	Supply of Fuel Handling System	22/02/05	M/s Hyquip Projects Pvt. Ltd.	58.00	Completed
	Supply of Steam Piping Package	22/03/05	M/s Dee Development Engineers Pvt. Ltd.	28.50	Completed
Expansion of capacity of Turbine Business at Bangalore, Karnataka and Gears Business at Mysore, Karnataka	Supply of 15 TPH Boiler	24/03/05	M/s Thermax Ltd.	5.00	Under Execution
	Supply of Cranes Construction of Building	22/04/05	M/s WMI Cranes Ltd.	6.93	Completed
		25/04/05	M/s Indian Commerce & Indus Co. Pvt. Ltd.	19.90	Completed
	Construction of Building	25/04/05	M/s S Subhramanyan Construction Co Pvt. Ltd.	11.45	Completed
	Supply of Grinding and Hobbing Machines	08/06/04	M/s Gleason Pfauter, Germany	90.87	Completed
	Completion of Structural Work	24/11/04	M/s Indian Commerce and Industries Co. Pvt. Ltd	8.62	Completed

¹ The table represents the principal contracts executed by us relating to the operations and expansions mentioned in the table. As on October 31, 2005, in addition to the above-mentioned contracts there are 502, 323 and 72 contracts entered into for the purposes for our expansion plans at Sabitgarh, Khatauli and Bangalore/Mysore, respectively.

VI. Appraisal Reports

The financial appraisal for our co-generation plant at Khatauli has been conducted by UTI Bank Limited through its report dated February 24, 2005.

The scope of the appraisal report of UTI Bank Limited was to carry out the financial appraisal of the co-generation plant in Khatauli. The same was done as the Company was desirous of availing a loan from the Sugar Development Fund of the GoI, for which financial appraisal from a financial institution or scheduled bank is mandatory.

There are no weaknesses and threats to the project which have been highlighted in the appraisal report by UTI Bank Limited.

The total project cost in the appraisal for the co-generation plant at Khatauli is Rs.800 million including Rs.162.00 million, the financing of which had been already tied up. The means of finance in the appraisal report by UTI Bank Limited for the remainder Rs.638.00 million is as follows:

Sl. No	Source of Funds	Amount (Rs. in million)
1.	Sugar Development Fund of the GoI	191.40
2.	Banks/Financial Institutions	300.00
3.	Internal accruals	146.60
	Total	638.00

The details of the financing for the remainder Rs 162.00 million is as follows:

Sl. No	Source of Funds	Amount (Rs. in million)
1.	Sugar Development Fund of the GoI	90.45
2.	Banks/Financial Institutions	48.75
3.	Internal accruals	22.80
	Total	162.00

There has been a revision in the means of finance from the date of appraisal by UTI bank Limited. The revision is on account of lower disbursement by Sugar Development Fund. The deficit caused by such lower disbursement was adjusted by higher disbursements from banks and from internal accruals. The details of such revision of the means of finance are as follows:

Sl. No	Source of Funds	Means of financing as appraised by UTI Bank Limited. (Rs.in million)	Final means of financing (Rs.in million)	Change (Rs. in million)
1.	Sugar Development Fund of the GoI	191.40	142.20	(49.20)
2.	Banks/Financial Institutions	300.00	320.00	20.00
3.	Internal accruals	146.60	175.80	29.20
	Total	638.00	638.00	-

None of the other projects for which Issue proceeds will be utilized have been financially appraised.

VII. General Corporate Purposes

The amount of [●] million, which is raised through the Issue and which is in excess of the equity contributions required for the proposed projects and the Issue expenses, will be utilized for general corporate purposes. The management, in accordance with the policies of the Board, will have the flexibility in utilizing any surplus amounts from the proceeds of the Issue.

VIII. Issue Related Expenses

The Issue related expenses include, among others, underwriting and selling commissions, printing and distribution expenses, legal fees, advertisement expenses, registrar and depository fees. The estimated Issue expenses are as follows:

Activity	Expense (Rs. in millions)
Lead Management, underwriting and selling commissions*	[●]
Advertising and marketing expenses	35.00
Printing and Stationary expenses	20.00
Others (Registrar fees, legal fees etc.)	9.00
Total estimated Issue expenses	[●]

* The lead manager's underwriting and selling commissions ranges between 2.5% to 2.75% of the proceeds of the Issue. The amounts in this regard will be finalised on finalisation of the Issue Price.

Amounts that will be recouped from the proceeds of the Issue

The amounts that will be spent on the projects out of internal accruals or bridge finance will be recouped from the proceeds of the Issue, subject to the limits of the equity contribution earmarked for the respective projects. The details of these amounts as of September 30, 2005 are as follows:

Sr. No.	Project	Amounts spent as of September 30, 2005 which are to be recouped from the proceeds of the Issue (Rs. in million)	Maximum funds which can be recouped from the proceeds of the Issue (Rs. in million)
1.	Establishment of sugar plant at Sabitgarh, Uttar Pradesh.	508.89	1,355.00
2.	Establishment of co-generation plant in Khatauli, Uttar Pradesh.	198.60	198.60
3.	Expansion of capacity of Turbine Business at Bangalore, Karnataka	74.31	184.36
4.	Expansion of capacity of Gears Business at Mysore, Karnataka.	60.45	176.22
	Total	842.25	1,914.18

Interim Use of Proceeds

The management, in accordance with the policies set up by the Board, will have flexibility in deploying the proceeds received from the Issue. Pending utilisation for the purposes described above, we intend to temporarily invest the funds in high quality interest bearing liquid instruments including deposits with banks, for the necessary duration or for reducing overdraft to save interest costs. Such investments would be in accordance with investment policies approved by our Board of Directors from time to time.

Monitoring of Utilisation of Funds

Our Board will monitor the utilization of the proceeds of the Issue. We will disclose the utilization of the proceeds of the Issue under a separate head in our Balance Sheet for fiscal 2006 and 2007 clearly specifying the purpose for which such proceeds have been utilized. We will also, in our Balance Sheet for fiscals 2006 and 2007, provide details, if any, in relation to all such proceeds of the Issue that have not been utilized thereby also indicating investments, if any, of such unutilized proceeds of the Issue.

No part of the proceeds of the Issue will be paid by us as consideration to our Promoters, our directors, key management personnel or companies promoted by our Promoters.



TERMS OF THE ISSUE

The Equity Shares being offered are subject to the provisions of the Companies Act, our Memorandum and Articles of Association, the terms of this Red Herring Prospectus, Prospectus, Bid cum Application Form, the Revision Form, the Confirmation of Allocation Note and other terms and conditions as may be incorporated in the allotment advices and other documents/certificates that may be executed in respect of the Issue. The Equity Shares shall also be subject to laws as applicable, guidelines, notifications and regulations relating to the issue of capital and listing and trading of securities issued from time to time by SEBI, the Government of India, the Stock Exchanges, the RBI, RoC and/or other authorities, as in force on the date of the Issue and to the extent applicable.

Ranking of Equity Shares

The Equity Shares being offered shall be subject to the provisions of our Memorandum and Articles of Association and shall rank *pari passu* in all respects with the existing Equity Shares including rights in respect of dividend. The allottees will be entitled to dividend or any other corporate benefits, if any, declared by our Company from the date of Allotment.

Mode of Payment of Dividend

We shall pay dividend to our shareholders as per the provisions of the Companies Act.

Face Value and Issue Price

The Equity Shares with a face value of Re. 1 each are being offered in terms of this Red Herring Prospectus at a total price of Rs. [●] per Equity Share. At any given point of time there shall be only one denomination for the Equity Shares.

Rights of the Equity Shareholder

Subject to applicable laws, the equity shareholders shall have the following rights:

- Right to receive dividend, if declared;
- Right to attend general meetings and exercise voting powers, unless prohibited by law;
- Right to vote on a poll either in person or by proxy;
- Right to receive offers for rights shares and be allotted bonus shares, if announced;
- Right to receive surplus on liquidation;
- Right of free transferability of shares; and
- Such other rights, as may be available to a shareholder of a listed public company under the Companies Act and our Memorandum and Articles of Association.

For a detailed description of the main provisions of our Articles of Association dealing with voting rights, dividend, forfeiture and lien, transfer and transmission and/or consolidation/splitting, see section titled “Main Provisions of Articles of Association of the Company” on page 363 of this Red Herring Prospectus.

Market Lot and Trading Lot

In terms of existing SEBI Guidelines, the trading in the Equity Shares shall only be in dematerialised form for all investors. Since trading of our Equity Shares is in dematerialised mode, the tradable lot is one Equity Share. In terms of Section 68B of the Companies Act, the Equity Shares shall be allotted only in dematerialised form. Allotment through this Issue will be done only in electronic form in multiples of 1 Equity Share subject to a minimum allotment of 125 Equity Shares.

Nomination Facility to the Investor

In accordance with Section 109A of the Companies Act, the sole or first Bidder, along with other joint Bidder(s), may

nominate any one person in whom, in the event of death of sole Bidder or in case of joint Bidders, death of all the Bidders, as the case may be, the Equity Shares allotted, if any, shall vest. A person, being a nominee, entitled to the Equity Shares by reason of the death of the original holder(s), shall in accordance with Section 109A of the Companies Act, be entitled to the same advantages to which he or she would be entitled if he or she were the registered holder of the Equity Share(s). Where the nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to Equity Share(s) in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale/transfer/alienation of Equity Share(s) by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. Fresh nomination can be made only on the prescribed form available on request at the registered office of our Company or at the registrar and transfer agent of our Company.

In accordance with Section 109B of the Companies Act, any person who becomes a nominee by virtue of the provisions of Section 109A of the Companies Act, shall upon the production of such evidence as may be required by our Board, elect either:

- a. to register himself or herself as the holder of the Equity Shares; or
- b. to make such transfer of the Equity Shares, as the deceased holder could have made.

Further, our Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the Equity Shares, and if the notice is not complied with, within a period of 90 days, our Board may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

Since the allotment of Equity Shares in the Issue will be made only in dematerialised mode, there is no need to make a separate nomination with us. Nominations registered with the respective Depository Participant of the applicant would prevail. If the investors require changing the nomination, they are requested to inform their respective Depository Participant.

Minimum Subscription

If we do not receive a minimum subscription of 100% of the Issue to the extent of the amount payable on application, including devolvment of Underwriters, within 60 days from the Bid/ Issue Closing Date, we shall forthwith refund the entire subscription amount received. If there is a delay beyond eight days after we become liable to pay the amount (i.e., 60 days from the Bid/ Issue Closing Date), we shall pay interest prescribed under Section 73 of the Companies Act.

The minimum subscription prescribed in the SEBI Guidelines is 90% of the Issue. The BSE through letter no. DCS\SMG\RCG\2004\532356 dated March 16, 2005 requires that the Company should come out with an offer for sale and/ or a public offer so as to increase the non-Promoter holding to at least 25% within 6 months and the shares issued pursuant to scheme of arrangement shall be listed only after the Company complies with the same. The BSE, through letter dated October 27, 2005 has granted us an extension till December 31, 2005 for compliance with their letter dated March 16, 2005. The number of Equity Shares being offered to the public through this Issue is 50,000,000. In the event 90% of the Equity Shares offered in the Issue are subscribed, then the Issue would be successful in accordance with the SEBI Guidelines. However, it would result in the non-Promoter holding being more than 75% of the post Issue capital of the Company and the requirement of the BSE to increase the non-Promoter holding in the Company to at least 25% will not be satisfied. Hence, in order to ensure compliance with the BSE letter and ensure continuous listing, the minimum subscription has been determined as 100% of the Issue, which is more than the mandatory requirement under the SEBI Guidelines. 100% subscription to the Issue would ensure that the Promoter holding of Equity Shares is 72.56% of the post Issue share capital of our Company.

BASIS FOR ISSUE PRICE

The Issue Price will be determined by our Company in consultation with the BRLMs on the basis of assessment of market demand for the offered Equity Shares by the Book Building Process. The face value of the Equity Shares is Rs. 1 and the Issue Price is 42 times the face value at the lower end of the Price Band and 50 times the face value at the higher end of the Price Band.

QUALITATIVE FACTORS

Some of the qualitative factors, which may form the basis for computing the Issue Price, are mentioned below. For details on these qualitative factors, see “Industry” on page 62 of this Red Herring Prospectus and “Our Business” on page 82 of this Red Herring Prospectus.

Factors external to us

- India is the largest consumer and the second largest producer of sugar in the world.
- The sugar industry is the 2nd largest agro-industry located in the rural India and has been a focal point for socio-economic development in the rural areas.
- The per capita white sugar consumption in India (18 Kg in 2003-04) is lower than the world average (22.57 Kg in 2003-04). For details of the per capita white sugar consumption, see the section titled “Industry – Consumption Trends” on page 68 of this Red Herring Prospectus.
- According to ISMA information, sugar stocks as a percentage of consumption, which is one of the factors that sharply effect sugar prices in India, were at the lowest levels in the last five years as of the end of Sugar Year 2004. Further, according to ISMA information, sugar stocks as a percentage of consumption are further expected to fall to 25% by the end of Sugar Year 2005.
- End consumers of electricity in India experience shortages in terms of reliable access to electricity and the Government has targeted capacity additions of about 41,000 MW during 10th Five Year Plan.
- The demand-supply gap and government focus on electricity sector is expected to create a favourable environment for setting up of new electricity plants of various sizes, which require turbines and gears.
- Growing population, rising pollution levels, industrial demand and discharge norms are generating a demand for high end technology for water and wastewater solutions. With significant investments required in the water and wastewater sector, it can be expected that there will be substantial demand for these equipments.

Factors internal to us

- We are ranked 235th amongst the largest listed companies in India based on our net revenue in fiscal 2004, according to the BS 1000 Data Bank published in February 2005.
- We have been in the business of sugar production for more than 70 years and are amongst the three largest producers of sugar in India based on sugar production in Sugar Year 2003-2004 derived from ISMA Working Results of Sugar Factories in India, 2003-2004.
- Our sugar mills are strategically located in some of the best sugarcane growing areas in India and in the proximity of the largest markets for sugar. For details on the strategic location of our sugar mills, please refer to the section titled “Our Business – Our Competitive Strengths” beginning on page 86 of this Red Herring Prospectus.
- We have been in the business of manufacture of small steam turbines since mid 1960’s and are one of the largest and most experienced manufacturers of small steam turbines (i.e. turbines generating up to 15.0MW) in India.
- We have an order book of over 510.51 MW as on October 11, 2005 for our Turbine Business.

- We are a provider of services for the life term of the turbine and are focussed on creating customer proximity.
- We are one of the leading players in the gear and gearbox industry in India and we have an order book of over Rs. 285.39 million as on October 11, 2005.
- We have an arrangement with Lufkin, which allows us access to latest technologies and processes for gears and gearboxes above the capacity of 7.5 MW.
- We have advanced engineering capabilities and experience in the field of water and wastewater treatment. We have a technical agreement with US Filter that enables us to provide our customers with technologically advanced products.

Quantitative Factors

The Information about us that has been presented in this section is derived from our restated unconsolidated financial statements prepared in accordance with Indian GAAP that are included in this Red Herring Prospectus. We are focused on the production and marketing of sugar and engineering products and have provided information related to these industries in this section.

The information about other companies that has been presented in this section is derived from Capital Market magazine (Vol. XX/16, October 10 – 23, 2005 and Vol. XX/06, May 23 – June 5, 2005). We are not strictly comparable to these companies as they do not have a business mix similar to us.

Some of the quantitative factors, which may form the basis for computing the Issue Price, are as follows:

1. Earning Per Share (EPS) of face value of Rs. 1

Year	Basic and Diluted EPS (Rs.)*	Weight
FY 2003	(0.04)	1
FY 2004	0.17	2
FY 2005	4.11	3
Weighted Average	2.11	

* Diluted EPS calculations for fiscal 2003, 2004 and 2005 have been done in accordance with Accounting Standard 20 - "Earnings per share" issued by the Institute of Chartered Accountants of India. It is the ratio of net profit after tax attributable to the equity shareholders to the total number of equity shares. The profit after tax attributable to equity shareholders has been adjusted by excluding extraordinary and non-recurring items and the total number of Equity Shares have been adjusted to reflect the current face value of Rs 1 per share and the Bonus Issue in all the years. The weighted average of diluted EPS for these fiscals has been calculated by giving weights of 1, 2 and 3 for fiscal 2003, 2004 and 2005 respectively.

2. Price/Earning (P/E) ratio in relation to Issue Price of Rs. [●]

- Based on our fiscal 2005 Basic and Diluted EPS of Rs. 4.11 - [●]
- P/E for Sugar Industry (based on fiscal 2005 EPS) *
 - Highest - 56.00
 - Average - 11.14
 - Lowest - 0.49
- P/E for Engineering Industry (based on fiscal 2005 EPS) *
 - Highest - 318.57
 - Average - 35.32
 - Lowest - 2.30

* Highest, Average and Lowest P/E have been derived from information published in Capital Market magazine (Vol. XX/16, October 10 – 23, 2005 and Vol. XX/06, May 23 – June 5, 2005) and has been considered for those companies in the Sugar and Engineering Industries whose EPS information for fiscal 2005 was mentioned in Capital Market magazine (Vol. XX/06, May 23 – June 5, 2005) as well as whose Price per Share as of October 3, 2005 was mentioned in Capital Market magazine (Vol. XX/16, October 10 – 23, 2005).

3. Return on Net Worth (RoNW)*

Year	RoNW (%)	Weight
FY 2003	(0.83%)	1
FY 2004	4.34%	2
FY 2005	52.20%	3
Weighted Average	27.41 %	

* RoNW has been calculated as the ratio of Net profit after tax to Net Worth where:

- Net Profit after tax is the Net Profit after tax and preference dividend as attributable to the equity shareholders; and
- Net worth is the equity shareholders fund (i.e., Net Worth as shown in the Annexure I to the Report on the Restated Financial Statements, minus, Preference Share Capital and premium payable on redemption of Preference share capital).

4. Minimum return on increased Net Worth required to maintain pre-Issue EPS of Rs. 4.11 - [●]

5. Net Asset Value per share (NAV)

	NAV
As of March 31, 2005*	7.87
After the Issue	[●]
Issue Price	[●]

* NAV has been calculated as the ratio of net worth of equity shareholders to the total number of Equity Shares, where:

- Net worth is the equity shareholders fund (i.e., Net Worth as shown in the Annexure I to the Report on the Restated Financial Statements, minus, Preference Share Capital and premium payable on redemption of Preference share capital).
- the total number of Equity Shares have been adjusted to reflect the current face value of Rs 1 per share and the Bonus Issue for all years.

6. Comparison with industry peers*

Peers in Sugar industry

Particulars	Face Value Per Share (Re./Rs.)	Price Per Share	NAV (Rs.)	EPS (Rs.)	P/E (times)
Triveni Engineering & Industries Limited	1	[●]	7.87	4.11	[●]
Bajaj Hindusthan	1	213.0	15.8	8.9	23.9
Dhampur Sugar	10	165.0	25.4	9.1	18.1
Balrampur Chini	1	88.0	21.2	6.1	14.4

Peers in Engineering industry

We earned aggregate revenues of Rs 1,960.58 million from our Engineering Business comprising our turbines, gear and water and waste water treatment businesses in fiscal 2005 which was 19.87% of our total revenues for that period. There are no listed comparables in the Indian engineering industry that have a portfolio or revenue mix of products that is comparable to our business of turbines, gears & gearboxes and water & water treatment equipment.

* Information for industry peers has been taken from Capital Market magazine (Vol. XX/16, October 10 – 23, 2005 and Vol. XX/06, May 23 – June 5, 2005). The Price per Share as of October 3, 2005 is as mentioned in Capital Market magazine (Vol. XX/16, October 10 – 23, 2005). The EPS for fiscal 2005 is as mentioned in Capital Market magazine (Vol. XX/06, May 23 – June 5, 2005). The NAV is the book value per share as mentioned in Capital Market magazine (Vol. XX/06, May 23 - June 5, 2005). The P/E ratio has been computed by dividing the abovementioned Price per Share with the abovementioned EPS for fiscal 2005.

STATEMENT OF TAX BENEFITS

The Company has been advised that under the current tax laws, the following tax benefits, inter alia will be available to the Company and its shareholders.

1. Under the Income Tax Act, 1961

A. The Company

1. The Company is eligible under section 35D of the Income Tax Act, 1961 to a deduction equal to one-fifth of certain specified expenditure, including specified expenditure incurred in connection with the issue for the extension of the industrial undertaking, for a period of five successive years subject to the limits provided and conditions specified under the said section.
2. The Company would be eligible for depreciation @ 15% on the cost of Plant and Machinery as per the provisions of Income Tax Act, 1961. Further the Company would be entitled to depreciation @ 80% of the cost of Plant & Machinery in the nature of energy saving devices and would also be entitled to depreciation on its other assets as per Rule 5 of the Income Tax Rules, 1962.
3. As per provisions of section 32(1)(iia) of the Income Tax Act, 1961 the company would be entitled to additional depreciation @ 20% of the actual cost of new Plant & Machinery during previous year ending on or after 31.3.2006 subject to the fulfillment of other conditions specified under the said section.
4. The Company would be eligible for tax holiday as per the provisions of section 80 IA of the Income Tax Act, 1961, up to 100% of the taxable profit of its existing power generating unit generating power in the form of steam and electricity and also in respect of new power generating unit, if it starts generating power by 31st March 2006 subject to fulfillment of conditions specified in that section. The Company would also be eligible to claim deduction u/s 80 JJAA of the Income Tax Act, 1961 in respect of its new units subject to fulfillment of conditions specified in that section.
5. Under Section 115 JAA (1A) of the Income Tax Act, 1961 tax credit shall be allowed of any tax paid (MAT) under Section 115 JB of the Act for any Assessment Year commencing on or after April 1, 2006. Credit eligible for carry forward is the difference between MAT paid and the tax computed as per the normal provisions of the Income-tax Act. Such MAT credit shall not be available for set-off beyond 5 years succeeding the year in which the MAT credit initially arose.

B. The Shareholders

I. Resident Indians

1. Under Section 10(34) of the Income Tax Act, 1961 income earned by way of dividend on the shares of the company is exempt from income-tax in the hands of the shareholders.
2. Under Section 10(38) of the Income Tax Act, 1961 long term capital gains arising to the shareholder from transfer of a long term capital asset being an equity share in the company (i.e. equity shares held for the period of more than twelve months) and on which security transaction tax has been charged is exempt.
3. As per the provisions of section 111A of the Income Tax Act, 1961 tax on short term capital gain is charged to tax @ 10% (plus applicable surcharge and education cess) provided the capital gain arises from the transfer of equity shares of the company which are held for a period of not more than 12 months and on which security transaction tax has been charged.
4. As per the provisions of section 112 of the Income Tax Act, 1961 the long term capital gains arising from the transfer of shares of the company being long term capital asset, other than as mentioned in point 2 above, shall

be chargeable to tax @ 20% (plus applicable surcharge and education cess) after indexation as provided in second proviso to Section 48, or @ 10% (plus applicable surcharge and education cess) without indexation.

5. Long term capital gains as stated in point 4 above on sale of shares of the company shall be exempt from income tax if such gains are invested in bonds/shares specified in section 54EC or section 54ED of the Income Tax Act, 1961 subject to the fulfillment of the conditions specified in the said sections. In the case of individual or HUF members, exemption is also available u/s 54F subject to the fulfillment of the conditions specified in the said section.
6. In terms of section 88E of the Income Tax Act, 1961 the securities transaction tax paid by the shareholder in respect of the taxable securities transactions entered into in the course of his business would be eligible for rebate from the amount of income-tax on the income chargeable under the head "Profit and gains of business or profession" arising from taxable securities transactions subject to the fulfillment of other conditions specified under the said section.

II. Non-Resident Indians

1. Any income by way of dividends received on the shares of the company is entitled to be exempted u/s 10(34) of the Income Tax Act, 1961.
2. In the case of Non Resident Indians taxability of long term capital gains and short term capital gains is similar to resident Indians. Refer paras B.I.2 to B.I.5 above.
3. Further under Section 115E of the Income Tax Act, 1961 income by way of long term capital gains arising from the transfer of shares (otherwise than as mentioned in paras B.I.2 and B.I.4 above) held in the company will be taxable @ 10% (plus applicable surcharge and education cess) subject to the fulfillment of other conditions specified under Chapter XII –A of the Income Tax Act, 1961. Further above said long term capital gains shall be exempt under section 115F of Income Tax Act, 1961 subject to the fulfillment of other conditions specified under the said section.
4. Rebate of Securities Transaction Tax paid is available under section 88E of the Income Tax Act, 1961. Refer para B.I.6 above.

III. Foreign Institutional Investors (FII)

1. Any income by way of dividends received on the shares of the company is entitled to be exempted u/s 10(34) of the Income Tax Act, 1961.
2. Under Section 10(38) of the Income Tax Act, 1961 long term capital gains arising to the shareholder from transfer of a long term capital asset being an equity share in the company (i.e. equity shares held for the period of more than twelve months) and on which security transaction tax has been charged is exempt.
3. Under Section 115AD(1)(iii) of the Income Tax Act, 1961 income by way of long term capital gain arising from the transfer of shares (otherwise than as mentioned in 2 above) held in the company will be taxable @ 10% (plus applicable surcharge and education cess). It is to be noted that the benefits of indexation are not available to FIIs.
4. Short term capital gains on transfer of securities shall be chargeable @ 30% / 10% (plus applicable surcharge and education cess) as per clause (ii) to Section 115AD of the Income Tax Act, 1961.
5. Long term capital gains as stated in point 3 above on sale of shares of the company shall be exempt from income tax if such gains are invested in bonds/shares specified in section 54EC or section 54ED of the Income Tax Act, 1961 subject to the fulfillment of the conditions specified in the said sections.

IV. Venture Capital Companies/ Funds

In terms of section 10(23FB) of the Income Tax Act, 1961 all venture capital companies /funds registered with Securities and Exchange Board of India, subject to the conditions specified, are eligible for exemption from income tax on all their income, including income from sale of shares of the company.

V. Mutual Funds

As per the provisions of section 10(23D) of the Income Tax Act, 1961 any income of Mutual funds registered under the Securities and Exchange Board of India Act, 1992 or Regulations made thereunder or any other Mutual Funds set up by public sector banks or public financial institutions or authorized by the Reserve Bank of India would be exempt from income tax.

2. Under the Wealth Tax Act, 1957

All assesses are entitled to exemption from wealth tax in respect of the shares of the company as shares or securities are not included in the definition of asset u/s 2(ea) of the Wealth Tax Act, 1957.

3. Under Central Excise Tariff

In respect of the Capital goods and allied machinery being purchased for ongoing projects, the benefit of Cenvat credit is available under Rule 4 of the Cenvat Credit Rules, 2004 subject to fulfillment of the conditions specified.

4. Under Finance Act 1994 -Service Tax

In respect of services availed for ongoing projects, the benefit of Cenvat-Service Tax is available under Rule 4 of the Cenvat Credit Rules, 2004 subject to fulfillment of the conditions specified.

5. Under Export Import Policy

Import of Capital Goods under Export Promotion Capital Goods scheme (EPCG scheme) at concessional rate of duty subject to fulfillment of obligations.

Notes:

- All the above benefits are as per the current tax laws and will be available only to the sole/ first named holder in case the Equity Shares are held by joint holders.
- In respect of non-residents, taxability of capital gains mentioned above shall be further subject to any benefits available under the Double Taxation Avoidance Agreement, if any between India and the country in which the non-resident has fiscal domicile.

INDUSTRY

SUGAR

World Sugar Scenario

Brazil and India are the largest sugar producing countries followed by China, USA, Thailand, Australia, Mexico, Pakistan, France and Germany. Global sugar production increased from approximately 125.88 MMT in 1995-1996 to 149.4 MMT in 2002-2003 and then declined to 143.7 MMT in 2003-2004, whereas consumption increased steadily from 118.1 MMT in 1995-1996 to 142.8 MMT in 2003-2004 as shown in Exhibit 1 (Source: FO Licht World Sugar Balance). The production for 2004-05 declined further to 141.7 MMT, where the decline in production in Asia contributed most significantly to the fall in world sugar production (Source: FO Licht International Sugar and Sweetener Report, October 2005). The world consumption is projected to grow to 160.7 MMT in 2010 and 176.1 MMT by 2015 (Source: FO Licht, 2005).

EXHIBIT 1: World Sugar Production, Supply, And Distribution (Raw Value)

(September – August)
(All figures in '000 metric tons)

	2003-2004	2002-2003	2001-2002	2000-2001	1999-2000
Opening Stocks	69,327.3	62,040.0	62,063.3	62,223.6	57,611.7
Production	143,701.9	149,405.2	137,982.6	132,200.0	134,753.9
Imports	48,190.3	48,593.2	45,261.1	43,573.9	41,226.3
Exports	52,062.7	51,339.9	47,759.7	44,212.9	42,720.6
Consumption	142,766.9	139,371.1	135,507.3	13,1721.2	128,647.7
Ending Stocks	66,389.9	69,327.3	62,040.0	62,063.3	62,223.6
Ending stocks as % of consumption	46.50%	49.74%	45.78%	47.12%	48.37%

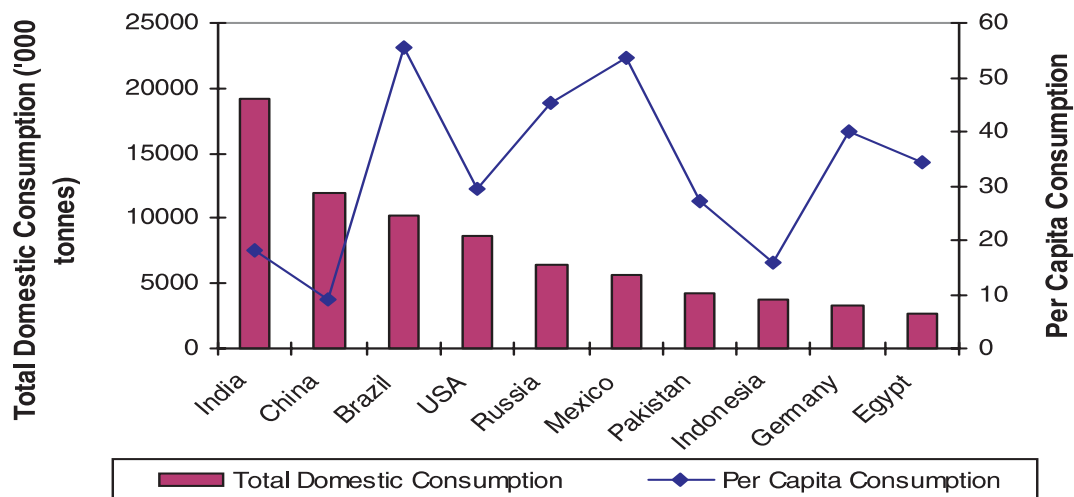
(Source: FO Licht World Sugar Balance for 1995/1996 till 2004/2005)

According to ISO, the world sugar consumption is set to reach 147.0 MMT in 2004-2005, resulting in a deficit of around five MMT in 2004-2005. Further, from October 2003 to March 2005, nearly 5 MMT of surplus sugar are estimated to have been removed from the world sugar balance, reducing the stock/ consumption ratio to less than 42%.

The world's largest consumers of sugar are India, China, Brazil, USA, Russia, Mexico, Pakistan, Indonesia, Germany and Egypt. According to USDA Foreign Agriculture Service, the consumption of sugar in Asian countries has increased at a faster rate, as a direct result of increasing population, increasing per capita income and increased availability.

EXHIBIT 2: DOMESTIC CONSUMPTION FOR 2003-2004

(All units in MMT)

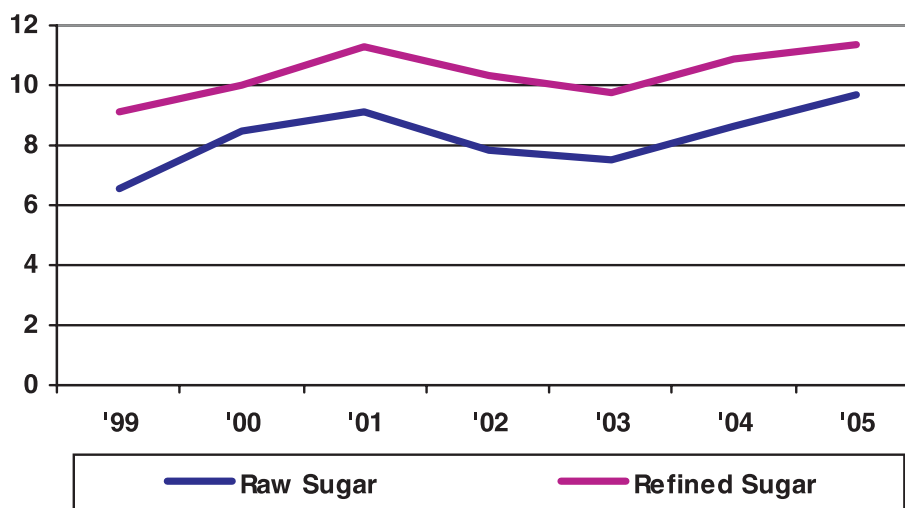


(Source: FO Licht World Sugar Balance for 1995/1996 till 2004/2005)

World sugar prices fell steadily from 1994-1995 till 1998-1999 and have been almost stable at those levels. The trend seems to have now reversed and refined sugar prices have increased by 30% in the last 5 quarters - from 9.16 cents per pound in January, 2004 to 12.02 cents in March, 2005 (Source: USDA Foreign Agriculture Service). The declining world stocks (as a percentage of consumption) as seen in Exhibit 1 also have an impact on the price of sugar.

EXHIBIT 3: HISTORICAL SUGAR PRICES

(All prices in Cents per lb.)



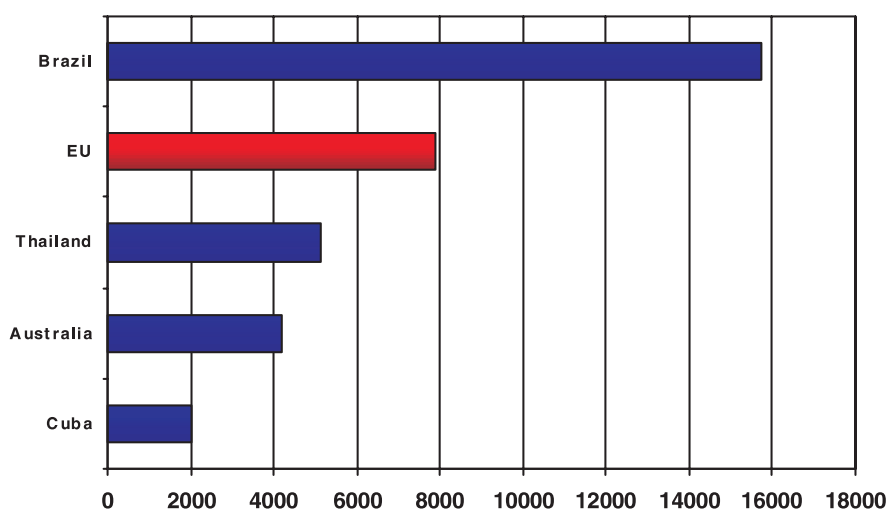
(Source: USDA Foreign Agriculture Service)

World Sugar Trade

World trade in raw sugar is typically around 22.0 MMT and white sugar around 16.0 MMT. Exhibit 4 shows the total exports of sugar for top exporting nations. Brazil is the largest exporter, followed by EU, Thailand, Australia and Cuba. The largest importers are Russia, Indonesia, UK, South Korea, Japan, Malaysia, the Middle East, and North Africa.

EXHIBIT 4: MAJOR EXPORTING NATIONS FOR 2003-2004

(All units in '000 metric tons)



(Source: FO Licht World Sugar Balance for 1995/1996 till 2004/2005)

EU and WTO situation

Within the EU-25, certain northern member states such as France and Germany are reasonably efficient producers and certain Mediterranean states, such as Greece and Italy, are inefficient producers (Source: USDA Foreign Agriculture Service). While the EU sugar regime is supposed to be self-financing through a series of producer levies, several parts of the regime are funded through the EU budget, mainly the subsidized export of white sugar and production refunds for sugar used by the chemical industry. According to USDA Foreign Agriculture Service, these subsidies amount to roughly € 1.7 billion a year (US\$ 2.1 billion). These subsidies encourage even the inefficient producers to manufacture more sugar which is dumped on the global markets.

On April 28, 2005 the World Trade Organization's highest court issued a final ruling that orders the European Union to stop dumping subsidized sugar illegally on global markets or face trade sanctions. The decision by the WTO's Appellate Body in Geneva gives the EU up to 15 months to bring itself into compliance with global trade rules. Last year, a panel of WTO experts found the EU exported about four MMT of sugar in 2000-2001, the period under investigation, or about three times more than the rules allow.

The WTO court ruling can be expected to reduce the amount of exports from EU thereby raising Global sugar prices. The reduction in EU exports can be expected to lead to a reallocation of US import quotas, to the benefit of non-EU white sugar producing countries.

According to FO Licht (International Sugar and Sweetener Report, July 4, 2005), the European Commission has put forward its proposals for the EU sugar regime in June 2005. Radical reforms are required to allow the EU to meet its international commitments following the WTO's decision to restrict EU sugar exports to about 1.3 MMT. However only 1.107 MMT can be exported with the EU sugar subsidy (FO Licht, July 25, 2005). This is a significant departure from subsidized EU annual exports of 3.5 – 4.5 MMT in the past.

INDIAN SCENARIO

India is the largest consumer and second largest producer of sugar in the world (Source: USDA Foreign Agricultural Service). The Indian sugar industry is the second largest agro-industry located in the rural India. The Indian sugar industry has a turnover of Rs. 500 billion per annum and it contributes almost Rs. 22.5 billion to the central and state exchequer as tax, cess, and excise duty every year (Source: Ministry of Food, Government of India). It is the second largest agro-processing industry in the country after cotton textiles. With 453 operating sugar mills in different parts of the country, Indian sugar industry has been a focal point for socio-economic development in the rural areas. About 50 million sugarcane farmers and a large number of agricultural labourers are involved in sugarcane cultivation and ancillary activities, constituting 7.5% of the rural population. Besides, the industry provides employment to about 2 million skilled/semi skilled workers and others mostly from the rural areas. (Source: ISMA Website accessed on October 18, 2005.)

The industry not only generates power for its own requirement but surplus power for export to the grid based on by-product bagasse. It also produces ethanol, an ecology friendly and renewable energy for blending with petrol.

EXHIBIT 5: INDIAN NATIONAL ECONOMY: SUGAR

Total Number of Sugar Factories	566
No. of Working Sugar Factories	453
Sugarcane Price paid annually	US \$ 3,700 million
No. of Sugarcane farmers/ families	50 million
Employment including ancillary activities	2 million people
Fuel Ethanol of 5% blend (Value)	US \$ 200 million per annum
Current export of Co-generated power (Value)	US \$ 100 million per annum

(Source: ISMA Website accessed on October 18, 2005, Ministry of Food, Government of India)

The sugar industry in the country uses only sugarcane as input, hence sugar companies have been established in large sugarcane growing states like Uttar Pradesh, Maharashtra, Karnataka, Gujarat, Tamil Nadu, and Andhra Pradesh. These six states contribute more than 85% of total sugar production in the country; Uttar Pradesh and Maharashtra together contribute more than 57% of total production. Exhibit 6 shows the state-wise sugar production in India for SY 2002-2003, SY 2003-2004 and SY 2004-2005 (P).

EXHIBIT 6: SUGAR PRODUCTION BY STATE IN INDIA (in MMT)

State	2002-2003	% of Total	2003-2004	% of Total	2004-05 (P)	% of Total
Uttar Pradesh	5.65	28.06%	4.55	33.60%	5.04	39.97%
Maharashtra	6.22	30.86%	3.18	23.44%	2.20	17.45%
Karnataka	1.87	9.28%	1.12	8.24%	1.05	8.32%
Gujarat	1.25	6.22%	1.07	7.87%	0.80	6.34%
Tamil Nadu incl. Pondicherry	1.68	8.34%	0.94	6.93%	1.05	8.32%
Andhra Pradesh	1.21	6.01%	0.89	6.54%	0.98	7.77%
Haryana	0.64	3.16%	0.58	4.30%	0.40	3.17%
Punjab	0.59	2.91%	0.39	2.88%	0.32	2.54%
Uttaranchal	0.50	2.47%	0.39	2.86%	0.38	3.01%
Bihar	0.41	2.03%	0.27	2.02%	0.25	1.98%
Others	0.13	0.65%	0.18	1.33%	0.14	1.11%
TOTAL	20.14	100.00 %	13.55	100.00 %	12.61	100 %

Source: ISMA Handbook of Sugar Statistics, July 2005

Growth in Capacity

Indian sugar industry has grown horizontally with large number of small sized sugar plants set up throughout the country as opposed to the consolidation of capacity in the rest of the important sugar producing countries, where greater emphasis has been laid on larger capacity of sugar plants. The average sugarcane crushing capacity in India, Brazil and Thailand is given below in Exhibit 7:

EXHIBIT 7: AVERAGE SUGARCANE CRUSHING CAPACITY

Country	Avg. Capacity (TCD)
Thailand	10,300
Brazil	9,200
India	3,500

(Source: ISMA Website accessed on October 18, 2005)

In the 1980s, the Government of India licensed new units with an initial capacity of 1,250 TCD which was subsequently increased to 2,500 TCD. Government de-licensed the sugar sector in August 1998, thereby removing the restrictions on expansion of existing capacity as well as on establishment of new units, with the only stipulation that a minimum distance of 15 Kms would continue to be observed between an existing sugar mill and a new mill. The number of sugar mills and the growth in capacity over decennial period 1980-1981 to 2000-2001 and in the year 2001-2002 to 2002-2003 is given in Exhibit 8.

EXHIBIT 8: GROWTH IN AVERAGE CAPACITY OF SUGAR MILLS

Decennial period ending	No. of Working Units	Average Capacity Per Unit (TCD)
1980-81	299	1650
1990-91	377	2030
2000-01	423	3000
2001-02	437	3200
2002-03	433	3350
2003-04	453	3500

(Source: ISMA Website accessed on October 18, 2005)

There are 566 installed sugar mills in the country with a production capacity of 180 lakh MTs of sugar, of which only 453 are working. These mills are located in 18 states of the country. Around 315 of the total installed mills are in the cooperative sector, 189 in the private sector and rest in the public sector (Source: Directorate of Sugar)

Sugarcane Acreage & Production

Sugarcane occupies about 2.7% of the total cultivated area (Source: ISMA Website accessed on October 18, 2005) and it is one of the most important cash crops in the country. The area under sugarcane has gradually increased over the years mainly because of much larger diversion of land from other crops to sugarcane by the farmers for economic reasons. The sugarcane area has, however, declined in the year 2003-04 mainly due to drought and pest attacks. Exhibit 9 shows area under sugarcane farming and total cane production.

EXHIBIT 9: SUGARCANE AREA AND PRODUCTION

SY Year	Area under sugarcane (Million hectares)	Sugarcane Production (MMT)
1980-81	2.7	154.2
1990-91	3.7	241.0
2001-2002	4.4	297.2
2002-2003	4.5	287.4
2003-2004	4.0	237.3
2004-2005 (P)	3.5	234.7

(Source: ISMA Handbook of Sugar Statistics, July 2005)

From a level of 154 MMT in 1980-1981, the sugarcane production increased to 241 MMT in 1990-1991 and further to 296 MMT in 2000-2001. Since then it has been hovering around 300 MMT until last year. In the season 2003-2004, however, sugarcane production declined to 236 MMT mainly due to drought. (Source: ISMA Website accessed on October 18, 2005)

Sugarcane Utilisation

Not only has the sugarcane acreage and sugarcane production been increasing, the drawal of sugarcane by the sugar industry has also been increasing over the years since in India sugarcane is utilised by sugar mills as well as by traditional users like gur and khandsari producers. In early 1980s, the proportion of sugarcane drawn by the sugar industry was hovering around 35%, which went upto to 50% in 1990s and to as high as 69% in the year 2002-2003. The sudden growth in 2002-2003 can be attributed to the fact that sugar prices in this year were very low and gur and khandsari manufacturers could not effectively compete with the low sugar prices. In the year 2003-2004, percentage drawal of sugarcane, however, declined due to rising sugar prices and more intense competition from the alternate sweeteners - gur and khandsari. Exhibit 10 gives data on sugarcane utilization for different purposes.

EXHIBIT 10: SUGARCANE UTILISATION

Year	% Sugarcane utilisation for		
	White sugar	Gur and khandsari	Seed, feed and chewing
1990-1991	50.7	37.4	11.9
2000-2001	59.7	28.8	11.5
2001-2002	60.6	27.7	11.7
2002-2003	67.8	20.3	11.9
2003-2004	55.8	32.3	11.9

(Source: Hand Book of Sugar Statistics of ISMA dated July, 2005.)

Factors affecting Sugar Production

Sugarcane availability depends on:

- Area under sugarcane cultivation: The area under cultivation of sugarcane in the proximity of the mill determines the amount of sugarcane that can be made available. Crop switching from sugarcane to other crops effectively lowers the area under cultivation of sugarcane.
- Climate and irrigation facilities: Sugarcane is a tropical crop which requires adequate water and sunshine. In addition, monsoons can affect the crop yield and quality of the crop. The state of UP is supplied water from the Ganga, which along with its tributaries and associated canal system accounts for 34% of the total river water available in the country (Source: Ministry of Water). This available perennial water reduces the state's reliance on seasonal monsoons.

- c. Crop diseases and pests: Crop diseases affect both the quantity and quality of sugarcane. Harvests have been impacted severely by insects and pests (E.g. Woolly Aphid). Several sugar factories are currently investing in research and development in the field of Entomology to control such pest outbreaks.
- d. Sugarcane yield: This is the total sugarcane output per hectare of land. It depends upon several factors like climate, soil, variety of sugarcane, and development measures undertaken by sugarcane farmers, agencies, co-operatives, government, and sugar manufacturers. Agricultural engineering and extension services, usually undertaken by individual sugar mills, have played an important role in increasing sugarcane yields.
- e. Diversion of sugarcane to other products: The sugarcane producers may not supply the sugarcane to a sugar manufacturer and divert the production to other products like gur and khandsari which are forms of crude sugar.

Sugar recovery: Sugar recovery is the amount of sugar recovered from a fixed amount of sugarcane during the crushing process. The recovery depends upon several factors like:

Sugarcane quality: The quality of sugarcane directly determines the sugar recovery. For example, farmers are encouraged to bring less trash and binding material to improve overall recovery.

Operational efficiencies of the manufacturer: Operating efficiencies and technology used impact the recovery to a large extent.

Sugarcane Variety: Higher recovery is possible from high-sugared sugarcane varieties.

Delay in crushing after harvesting of sugarcane: Sugarcane quality declines rapidly once the sugarcane has been harvested. To maintain high recovery it is essential to minimise the delay in crushing after the sugarcane is harvested.

Consumption Trends:

Total Indian consumption of sugar has grown at a Compounded Annual Growth Rate of 3.6% from 14.7 MMT in 1997-1998 to 18.2 MMT in 2003-2004 (Source: ISMA and CRIS-INFAC). Apart from white sugar, India also consumes alternate sweeteners - gur and khandsari, which are placed at about 9 MMT per annum. Taking into account all the 3 sweeteners i.e. white sugar, gur and khandsari, on a per capita basis, Indian consumption is more than the world average (See Exhibit 11). However, white sugar consumption is much lower than the world average.

EXHIBIT 11: PER CAPITA SUGAR CONSUMPTION IN VARIOUS COUNTRIES

(Kilogram, Raw Value)

Country	2000-2001	2001-2002	2002-2003	2003-2004
Australia	51.45	55.26	57.34	60.22
Brazil	53.40	54.18	54.25	55.36
E.U.	38.56	39.04	39.36	39.57
Russia	47.02	44.83	45.70	45.17
U.S.A.	33.17	32.01	30.45	29.52
Thailand	31.16	31.83	32.35	34.25
Japan	19.15	19.63	19.17	18.90
World Average	21.54	21.90	22.32	22.57
INDIA Sugar	16.5	17.5	17.5	18.0
INDIA Sugarcane based Alternate Sweeteners	10.0	9.0	9.0	9.0

(Source: FO Licht World Sugar Balance, ISMA Website accessed on October 18, 2005)

The consumption of white sugar in India is generally urban based, in rural areas the alternate sweeteners gur and khandsari are consumed in larger quantities. The consumption of sugar in urban areas in some of the states of Indian union with

higher GDP and income levels, matches favourably with various developed countries. The highest per capita consumption of sugar is in the states of Punjab and Haryana which are adjoining the sugar producing region of western Uttar Pradesh. As income levels and GDP rises, it can be expected that there will be a gradual shift from consumption of alternate sweeteners to white sugar. Also, as can be seen from Exhibits 11 and 12, the total per capita consumption of sweeteners in urban India is higher than total India average by around 5 kg per annum. This clearly implies that per capita consumption of sweeteners in rural India is much lower. It can be expected that this gap will close with increase in urbanization leading to a growth in the total sweeteners market in India.

EXHIBIT 12: PER CAPITA CONSUMPTION OF SUGAR IN URBAN INDIA

States	Kgs. per annum
Punjab	71.5
Haryana	68.5
Maharashtra	40.9
Gujarat	40.9
Kerala	41.5
Uttar Pradesh	35.2
Tamil Nadu	29.1
Karnataka	23.3
All India	31.5

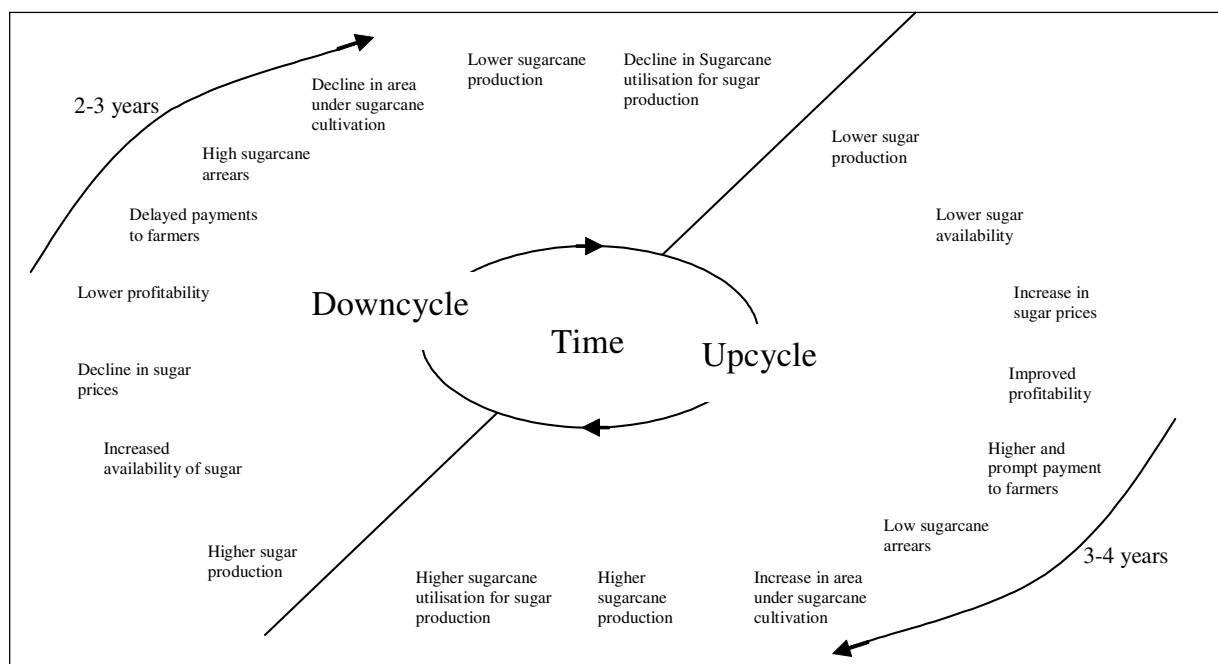
(Source: ISMA Website accessed on October 18, 2005)

Sugar Cycle

The domestic sugar industry typically follows a 5 to 7 year cycle. Higher sugarcane and sugar production results in a fall in sugar prices and non-payment of dues to farmers. This compels the farmers to switch to other crops thereby causing a shortage of sugarcane, causing an increase in sugarcane prices and extraordinary profits. Taking into account the prevalent higher prices for sugarcane, farmers then switch back to sugarcane.

For example, the bumper crops in sugar seasons (October - September) 2001-2002 and 2002-2003 resulted in higher production of sugar and consequently lower prices for sugar. This coupled with rising SMP/SAP in Uttar Pradesh, resulted in large sugarcane arrears leading to harsh times for sugarcane growers. To manage these arrears, mills had to approach the courts to allow them to sell over and above their monthly quota under the release mechanism. The resulting deluge of sugar led to further decline in sugar prices.

Taking into account the experience of 2002-2003, many farmers shifted to other crops leading to drop in sugarcane production in the country, as a consequence of which sugar production in 2003-2004 was low. Liquidation of accumulated stocks led to increasing prices in 2004-2005. To attract more sugarcane for their factories sugar manufacturers are expected to make higher and prompt payment to farmers during the next season. As shown in the illustration below, the Indian Sugar Industry has entered an up-cycle, which typically lasts 3-4 years.



(Source: Cris-Infac)

Demand-Supply scenario in the last decade

During the last decade, the sugar industry had been plagued with excess production and rising inventory leading to depressed sugar prices. The situation has, however, reversed in the last few years with fall in production leading to sugar stocks declining and domestic sugar prices rising (Exhibit 13). The decline in sugar production in the 2003-2004 was mainly due to the significant decline in Maharashtra due to drought and crop disease in addition to farmers switching out of sugarcane cultivation on account of non-payment. At the same time, drought affected sugarcane production in the southern States of Tamil Nadu, Karnataka and Andhra Pradesh further reducing production.

EXHIBIT 13: SUGAR BALANCE IN INDIA SINCE '99-'00

(MMT)	1999-2000	2000-2001	2001-2002	2002-2003	2003-2004	2004-2005(P)
Opening Stock	6.9	9.3	10.7	11.3	11.6	8.5
Production	18.2	18.5	18.5	20.2	14.0	12.6
Imports	0.4	0.0	0.0	0.0	0.4	2.0
Total Available	25.5	27.8	29.2	31.5	26.0	23.1
Local Consumption	15.5	16.2	16.8	18.3	17.3	18.6
Exports	0.7	1.0	1.1	1.5	0.2	0.0
Total Despatches	16.2	17.2	17.9	19.8	17.5	18.6
Closing Stock	9.3	10.7	11.3	11.6	8.5	4.5
Closing Stock/ Consumption (%)	60.0%	66.0%	67.3%	63.4%	49.1%	24.2%

Figures are for the sugar season (October to September)

(Source: ISMA)

As per FO Licht (October 2005), the Indian Sugar Production in SY 2004-05 is estimated at 12.6 MMT.

Closing stocks taken as a percentage of consumption is one of the factors that sharply effect sugar prices. It can be seen that closing stocks as a percent of consumption have been consistently above 49% in the past 5 years. However, the stocks are expected to fall in 2004-2005 to 25% levels (Source: ISMA).

Regulations

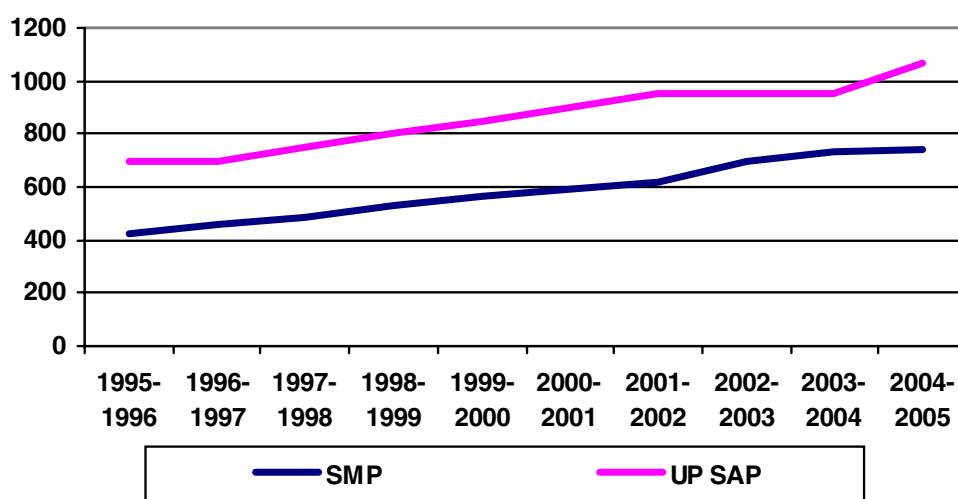
The Government of India, with the objective of increasing the sugar production in the country and providing it to citizens at affordable prices, has followed a policy of control and regulation of the sugar industry. This is a phenomenon that is also visible in the global markets where sugar remains to be one of the most regulated industries.

Sugarcane Pricing

Under the Sugarcane (Control) Order 1966, the government fixes the Statutory Minimum Price (SMP) for sugarcane every year based on the recommendations of the Commission on Agricultural Costs & Prices which takes into account factors like cost of cultivation, return to factories, average recovery for previous year, etc. The SMP is fixed for a given base level of recovery. In addition, the farmers are required to be paid for any additional increase in recovery. For the year 2004-2005, the Government of India fixed the SMP at Rs. 745.0 per metric tonne linked to a basic recovery of 8.5% with additional charge of Rs. 8.8 per metric tonne for every subsequent recovery of 0.1%. This means that the price to be paid for sugarcane on a 10% recovery will be Rs 876.5 per metric tonne. (Source: Government of India Gazette). For details of regulations and policies, see the section titled “Regulations and Policies” on page 108 of this Red Herring Prospectus.

The SMP is used as reference by the state governments to fix their State Advised Price (SAP). SAP in some states like Uttar Pradesh is higher by 25-30% than the SMP. The SAP is not related to recovery. For example, the SAP in western Uttar Pradesh for 2003-2004 was fixed at Rs 950.0 per metric tonne, which has increased to Rs 1,070.00 per metric tonne for 2004-2005. However, the Central Government has set up an Expert Group on New Sugarcane Pricing Policy to decide if the sugarcane pricing policy must be amended such that the prices paid to the farmers also take into account the quality of the sugarcane in the form of sucrose content.

EXHIBIT 14: Historical SMP and SAP in Uttar Pradesh (Rs. per MT)
(Based on base recovery of 8.5%)



(Source: Sugarcane Directorate of UP Government, Government of India Gazette)

Apart from fixation of statutory minimum price for sugarcane, the industry is also required to share extra realisation on free sale sugar with the sugarcane farmers, based on a fixed formula. Delay in making the sugarcane price payment over 15 days also attracts 15% penal interest.

Sugar pricing and distribution

The Government has been following a dual pricing policy for sugar, under which, a fixed percentage of the total production is to be necessarily sold by the sugar mills to the Government or its nominees at a pre-determined price referred to as “levy sugar”. The sugar so collected is distributed to consumers through Fair Price Shops under the Public Distribution System.

The balance sugar referred to as “free sale sugar” can be sold in the open market. Free sale sugar is also regulated to some extent, by way of a release mechanism, whereby the Government determines the quantum of sugar that can be sold every month. This helps the Government maintain stability in sugar prices, by regulating the supply of sugar based on the underlying demand. Thus, the Government statutorily determines the price of levy sugar, while the price for the free market sugar is market determined, affected to some extent by the release mechanism. As per Tuteja Committee, the central Government decided, in February 2002, to dispense with the release mechanism with effect from April 1, 2003. However, in March 2003, it was decided to continue with the release mechanism up to September 2005 and to review the position in February, 2005. The Tuteja Committee has also recommended that the central Government may dispense with the release mechanism for free sale sugar with effect from October 1, 2005.

The levy imposed has reduced from 40% in the 1990s to 10% effective from March 2002. The Tuteja Committee has also recommended continuing with the 10% levy obligation level. The Committee has also recommended that beyond the initial time limit, a maximum of 3 months may be permitted for lifting of levy sugar by the Government, whereafter the levy sugar quota would automatically be converted into free sale sugar, without any recurring levy obligation on this portion of levy sugar.

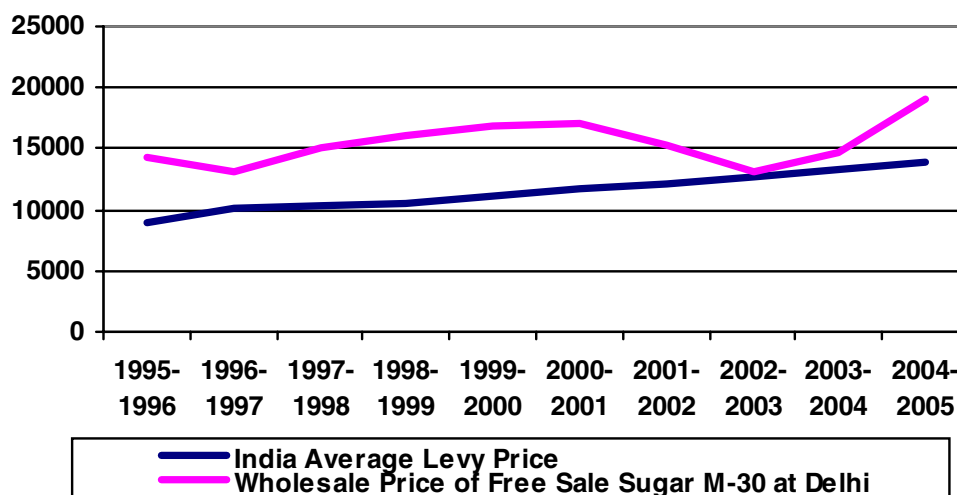
EXHIBIT 15: LEVY OBLIGATION OVER THE YEARS

Year	Levy Sugar: Free sale sugar ratio
1996-1997	40:60
1997-1998	40:60
1998-1999	40:60
1999-2000	40:60
2000-2001	30:70 (wef. January 2000)
2001-2002	15:85 (wef. February 2001)
2002-2003	10:90 (wef. March 2002)
2003-2004	10:90
2004-2005	10:90

(Source: Government of India Gazette, Sugarcane Directorate of Uttar Pradesh Government)

As can be seen from Exhibit 16, while the gap between levy sugar prices and free sale sugar prices had narrowed considerably until 2002-2003, it has since widened due to high free sale sugar prices.

EXHIBIT 16: Historical Free sale sugar and Levy Sugar Prices (Rs. per MT)



Source: CRISIL, ISMA Sugar Yearbook

Policy Initiatives – Sugar

- The Essential Commodities Act (ECA) was amended in June 2003 and the sugar release mechanism was brought within the direct purview of the ECA. This seeks to bring discipline in the sugar release mechanism by making it legally enforceable.
- In the past, the Government permitted only small sized units of 1,250 TCD and 2,500 TCD. Expansions for 5,000 TCD and above were discouraged. The industry has grown horizontally as a result of this. The Government of India de-licensed sugar sector in August 1998 encouraging entrepreneurs to set up sugar mills without a license but at a distance of 15kms away from existing factories. The de-licensing is applicable not only for new capacity initiatives but also for expansion of existing capacities.
- The Government permitted futures trading in sugar and granted approval to three companies for setting up Futures Exchange in November 2001. Consequently, certain sugar companies floated public limited companies to cater to this new segment. Futures trading will allow sugar companies to hedge and manage their risk better.
- The Government of Uttar Pradesh has issued a new Sugar Industry Incentive Policy, 2004 on August 24, 2004 and amended the same on December 17, 2004 (“UP Sugar Policy”). The UP Sugar Policy recognises the need to attract new private mills because the government sector and the co-operative sector may not be able to put up these mills due to constraints of funds. The incentive package under the UP Sugar Policy includes capital subsidies, reimbursement of transportation costs of sugar, etc. For details of the policy and other regulations governing the sugar industry, see the section titled “Regulations and Policies” on page 108 of this Red Herring Prospectus.

India in the World Market

Imports

To remedy fall in sugar stocks in the country, the Government of India initiated measures to support imports of raw sugar by the mills against future export commitments. Presently, almost all of the sugar imported into India is raw sugar imported by the mills for processing into refined sugar under the ‘Advanced Licensing Scheme (ALS)’. Indian mills are finding it advantageous to import raw sugar to process and sell in the domestic market, as domestic sugar prices are currently well above the international prices, even after accounting for processing, transportation, and distribution costs, and future export obligations.

Under the ALS, mills are allowed to import raw sugar at zero duty against a future export commitment. The mills can refine the imported raw sugar and sell it in the domestic market, but must re-export 1.00 tonne of refined sugar for every 1.05 tonnes of raw sugar imported within a specified period, which is currently 24 months (Source: USDA Foreign Agricultural Service).

Trade sources report that about 2.0 million tonnes of raw sugar was imported from October 2004 through September 2005, at prices ranging from \$ 200 to \$ 275 per tonne CIF at Indian port, mostly from Brazil and South Africa. With the recent strengthening of international prices, imports are expected to slow down, and SY 2005/06 imports are expected to reach 1.0 million tonnes. (Source: USDA Foreign Agricultural Service). All the above imports were under the Advance License Scheme.

India imposes an ad valorem duty of 60 percent on the CIF value, plus a countervailing duty (CVD) of Rs. 850 (\$ 19.50) per ton, on 'general' imports of raw and refined sugar (tariff code 1701). The CVD is in lieu of the local taxes and fees on the domestic sugar (central excise tax of Rs. 340 (\$ 7.80) per ton, additional excise duty of Rs. 370 (\$ 8.50) per ton and cess of Rs. 140 (\$ 3.22) per ton. The imported sugar is also subject to non-tariff barriers like the 'levy sugar obligation', the market quota release system, and other local regulations applicable to domestic sugar. The high import duties and other non-tariff barriers preclude imports of refined sugar by traders. (Source: USDA Foreign Agricultural Service)

Exports

Exports of sugar from the country have been de-canalized since 1997, enabling sugar mills to undertake exports on their own and to compete directly in the international market. Further, exports from a mill do not form part of the quota under the market quota release system.

Despite this, India has not been a consistent exporter of sugar in the past. It has been exporting sugar occasionally in periods of sugar surpluses. In the last five years it exported 4.07 MMT sugar. In these years, India had an average exportable surplus of 6.23 million tonnes every year.

As against this, on an average, the sugar exported was only 0.81 MMT or 7.69% of the total exportable surplus. This is primarily because domestic prices have remained higher than international prices. However, should quotas for LOME/APEC for India increase; there will be enough incentive for Indian manufacturers to export.

EXHIBIT 17: EXPORTABLE SURPLUS, SUGAR STOCK & ACTUAL EXPORTS

Year	Closing Stock (MMT)	Exportable surplus (MMT)	Actual Export (MMT)	% export of surplus stocks
1999-00	9.38	5.38	0.07	1.30
2000-01	10.4	6.4	1.2	18.75
2001-02	11.3	7.3	1.1	15.06
2002-03	11.6	7.6	1.5	19.73
2003-04	8.5	4.5	0.2	4.44
Average	10.23	6.23	0.81	7.69

(Source: ISMA Website accessed on October 18, 2005)

CO-GENERATION INDUSTRY

Co-generation is the concept of simultaneously producing two forms of energy. One of the forms of energy must always be heat and the other may be electricity or mechanical energy. In a conventional power plant, fuel is burnt in a boiler to generate steam. This steam is used to drive a turbine, which in turn drives an alternator through a high speed gear box to produce electric power. The exhaust steam is generally condensed to water which goes back to the boiler. However, in a co-generation plant, some amount of steam may be extracted from the turbine at the required pressure and temperature for use in the process.

The power produced by co-generation is used in internal industry processes, and excess power is sold to state utilities/distribution companies. Long-term Power Purchase Agreements (PPAs) are signed with these buyers based on terms and conditions as decided by the State Electricity Regulatory Commissions (SERCs).

Since co-generation can meet both power and heat needs, it has advantages in the form of significant cost savings for the plant and reduction in emissions of pollutants. The potential for co-generation lies in industries which have a requirement of both heat and electricity, primarily sugar and rice mills, distilleries, petrochemical, chemical, pulp and paper, aluminum, etc. Since India is the second largest producer of sugar in the world, bagasse-based co-generation is being promoted.

Co-generation of power by sugar mills in India began in the year 1993-1994 with the Ministry of Non-conventional Energy Sources (MNES) formulating its guidelines for fixation of the rate of power produced from non-conventional sources including by the sugar mills and supplied to the Electricity Boards. With a small beginning by 8 sugar mills generating 50 MW power, today, 48 units have set up their co-generation plants generating 680.0 MW power. According to information currently available, an equal number are in the process of putting up power plants to produce another 700 MW, taking the total generation to about 1400.0 MW (Source: ISMA Website accessed on October 18, 2005). The assessed potential for power by sugar co-generation is more than 5000 MW for India (Source: The Energy Research Institute).

One of the objectives of the National Electricity Policy issued by the Government is to promote co-generation and generation from renewable sources of energy. The urgent need to promote generation of power from such sources of energy, and the significant potential for co-generation in the sugar industry is well observed. There has been appreciable growth in this segment and this trend can be expected to continue in future as well because of growing demand for power in the country.

Benefits of Co-generation Systems:

- Provides economic competitive advantages through a maximized return on investment by utilizing the same fuel to provide heat and electricity;
- Environment friendly because of reduced air emissions of green house gases, sulphur dioxide, nitrogen oxides, and particulate matters;
- A reliable source of power and process steam or heat;
- Onsite electricity generation can reduce transmission and distribution losses; and
- Low gestation period.

POWER GENERATION INDUSTRY

As per the Ministry of Power ("MoP"), GoI, the all India installed capacity of electric power generating stations was 112,058.42 MW as on March 31, 2004. This total capacity consisted of 29,500.23 MW hydro power based capacity, 77,968.53 MW thermal power based capacity, 2,720 MW nuclear power based capacity and 1,869.66 MW wind power based capacity. Nevertheless, end consumers of electricity continue to experience shortages in terms of reliable access to electricity. It is estimated by the Ministry of Power that the current power shortage is 7.1% and the peak power shortage is 11.1%.

The 16th Electric Power Survey carried out by the Central Electricity Authority has projected a peak demand of 115,705 MW and an energy requirement of 719,097 MU by the end of 10th Five Year Plan (2002-07), while, according to the Secretary, Ministry of Power, GoI in his presentation at World Bank Conference "Energy Week 2004" held from March 8, 2005 to March 12, 2005 in Washington, USA, the peak demand and energy requirement by the end of the 11th Five Year Plan (2007-12) has been projected at 157,107 MW and 975,222 MU respectively. The GOI has targeted capacity additions of about 41,000 MW during 10th Five Year Plan. Further, in order to provide power on demand to all consumers by 2012, the GOI plans to add around 100,000 MW of additional capacities during the 10th and 11th Five Year Plan periods. (Source: 16th

Electric Power Survey and the website of the Planning Commission accessed on May 28, 2005).

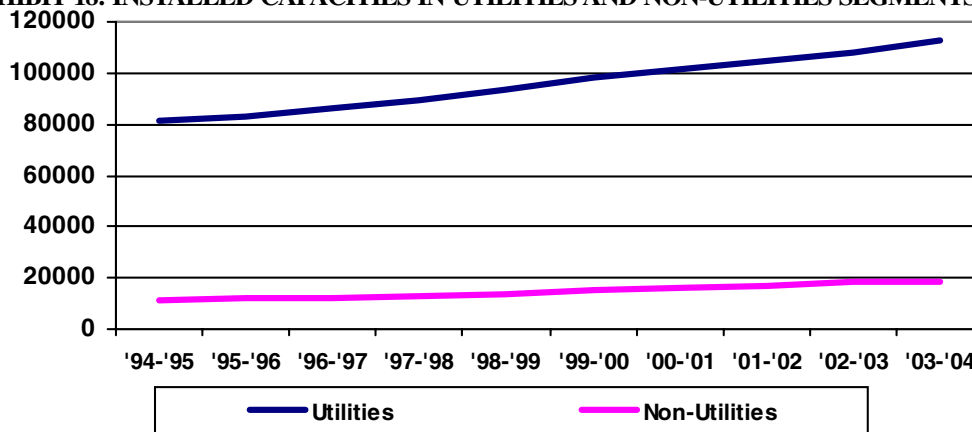
The National Electricity Policy 2005, inter alia, calls for:

1. Access to electricity to be available to all households in the next 5 years;
2. Availability of power to fully meet the demand by 2012. Energy and peaking shortages to be overcome fully; and
3. Supply of reliable and quality power.

Also, the National Electricity Policy expresses the need to use non-conventional energy sources such as co-generation, small hydro, solar, biomass and wind. It has also prescribed that the State Electricity Regulatory Commissions would determine the percentage of power that should be purchased from such sources of energy, apart from allowing 100% foreign investment as equity. Other sources which are covered under non-conventional/ renewable energy include, photo-voltaic, geothermal, tidal and urban & industrial waste based power projects (Source: Ministry of Power). Such sources of non-conventional and renewable energy sources shall also assist in bridging the demand supply gap.

The power generating sector can be broadly divided into two – the utilities segment which comprises of large power plants, and the non-utilities segment which consists of lower capacity plants and use industrial turbines (generally upto 60-100 MW). The non-utilities thermal electricity segment had an installed capacity of over 18,740 MW in 2003-'04 growing at a CAGR of 6.5% since the last 5 years (Source: CMIE Energy, May 2005)

EXHIBIT 18: INSTALLED CAPACITIES IN UTILITIES AND NON-UTILITIES SEGMENTS (MW)



(Source: CMIE Energy, May 2005)

The non-utilities segment consists of two types of power generators - Captive generators & Process Co-generation, and Small Independent Power Producers

Captive power generators and Process Co-generation – Lack of power, interruptions, and poor quality of power have motivated manufacturing companies to install small captive power generation plants to supply electricity for their processes. Certain industries like cement and steel are showing strong growth in the captive generation segment. The Ministry of Power estimates that there is a potential of over 25,000 MW of captive power capacity. Powerline estimates that 2350-3000 MW of captive capacity may be set up per year for the next 2-3 years, of which around 76% is expected to be steam based power plants.

Certain industries like sugar, paper, textiles, etc. use large amounts of steam in their manufacturing processes. This steam is also used to generate power simultaneously. This is called process co-generation. Typically, industries using co-generation produce enough electricity for their internal uses and may also sell surplus electricity to the grid under PPAs (Power Purchase Agreements) executed with state utilities / distribution companies under the terms and conditions set by the State Electricity Regulatory Commission (SERC). According to estimates the total co-generation potential in India is 7,574 MW as shown in Exhibit 19.

EXHIBIT 19: CO-GENERATION POTENTIAL IN INDIAN INDUSTRY

Industry	Potential (MW)
Alumina	59
Caustic Soda	394
Cement	78
Cotton Textiles	506
Iron and Steel	362
Man-made fibers (Including Nylon and PFY)	144
Paper	594
Refineries	232
Sugar	5131
Sulphuric Acid	74

(Source: The Energy Research Institute)

Small Independent Power Producers

Independent Power Producers (IPPs), generally with a capacity of 4 – 50 MW, are a form of Distributed Generation (DG), which use diesel, gas, biomass, municipal solid waste, small hydro, wind, etc. While a small part of the power produced in some cases, may be for captive consumption, the IPP enters into a power purchase agreement with the state utilities for the sale of balance power which is their primary objective.

Ministry of Non-Conventional Energy Sources, GoI (MNES) has been promoting projects based on biomass, agri-residues, forest waste, amongst others. IREDA provides funding for such projects and is already funding certain such projects in Andhra Pradesh, Tamil Nadu, Chattisgarh and Karnataka. MNES estimates that a total of 19,500 MW can be generated from fuel wood, crop residues and forest sources (about 500 million tonnes per annum) and bagasse in sugar industry.

To bridge the supply gap and also to deal with the problem of supplying electricity to a large and dispersed rural country, the Ministry of Power also feels DG can assist in meeting the needs of the rural masses especially for villages, where grid connectivity is either not feasible or not cost effective. Such villages are estimated at more than 18,000 in number. In a DG system, power is generated at the consumer end and thereby transmission and distribution (T&D) losses are minimised. Gokak Committee, which has gone into the details about the concept of DG, has made the following key observations:

- In India, the problem of T&D losses, unreliability of the grid, and the problem of remote and inaccessible regions have necessitated the use of DG; and
- The DG technologies in India relate to turbines, micro turbines, wind turbines, biomass, and gasification of biomass, solar photovoltaics, and hybrid systems. However, most of the decentralized plants are based on wind power, hydel power and biomass and biomass gasification. The solar technology is costly and fuel cells are yet to be commercialized.

Power Generation Equipment

Generation equipment is an integration of the various components (energy conversion system, balance-of- plant systems, heat source, heat pump, etc.) into a total system which provides the electrical and thermal requirements of a specified industrial process. The specific components comprising a generation plant will, however, depend upon the industry, the energy conversion system, and the strategy picked for sizing the energy conversion system. In a steam based power plant, steam is generated from the boiler using coal, bagasse, etc., and is fed into the turbine which is connected to the alternator by a high speed gearbox. The turbo-alternator produces power which is either used primarily for own use by the unit (captive power) or exported to the grid via an appropriate evacuation system. Any steam required for the processes can be extracted from the turbine at appropriate pressure.

Power generation equipment primarily includes steam turbines, gas turbines and engines, diesel engines, boilers, high speed gear boxes and alternators.

WATER AND WASTEWATER TREATMENT INDUSTRY

Sustainable water management in India is fast becoming a necessity as pressure on water resources due to growing population and industrial development is increasing. In India alone, water demand is expected to rise from 552 Billion Cubic Meters (BCM) in 2000 to 1050 BCM by 2025. Of the total water usage, 92% is devoted to agriculture, 3% to industry and 5% to domestic use. In the country, per capita fresh water availability has dropped from 5000 m³/year in 1947 to 2000 m³/year in 1997. By 2027, this is expected to further drop to 1500 m³/year. (Source: Development Alternatives).

Municipal water and related environment services have historically been managed by the Government with nearly 70% of the overall funding in the sector coming through central and state allocations (Source: UNESCO). However, the World Bank and other international bodies have pointed out that given the immense scale of investment required to service the needs of a fast growing economy and ever-increasing population, the government can no longer afford to be the sole source of funding for development of water infrastructure in the country. The national target of full water coverage for the urban population alone is estimated to require expenditure ranging from Rs. 11,200 crore to Rs. 16,800 crore for water supply and Rs. 28,900 crore to Rs. 62,600 crore for related sanitation services. The estimates of future investment requirements in the water and sanitation sectors in India are as follows:

EXHIBIT 20: FUTURE INVESTMENT REQUIREMENTS

Particulars	Low (Rs. in million)	High (Rs. in million)
Water Sector		
Backlog	26,000	39,000
Additional	86,000	129,000
Total	112,000	168,000
Sanitation Sector		
Backlog	203,000	529,000
Additional	86,000	97,000
Total	289,000	626,000

(Source: www.unesco-ihe.org)

The Rakesh Mohan Committee on Infrastructure states that if the service levels advocated by the Planning Commission are to be met, Operation & Maintenance (O&M) expenditure will have to rise from Rs. 100 per capita on water and Rs. 150 on sewerage to Rs. 300 per capita on water and Rs. 450 per capita on sewerage (Source: UNESCO). These investment gaps would have to be met through increased internal generation by local bodies and through the inflow of private sector resources.

In accordance with the recommendations of the Rakesh Mohan Committee on Infrastructure, private participation in the Indian water sector is increasing being encouraged via two modes:

- **Privatization through either BOOT projects or management contracts:** This is particularly popular in industrial and urban water supply related undertakings. The Government has also started subcontracting O&M of existing water & wastewater treatment plants to private operators given the economies in terms of fixed costs.
- **Infrastructure reforms with incentives for private participation:** The recent indirect fiscal benefits such as zero customs duty and zero excise duty, announced by the Government to bring down capital costs related to infrastructure projects are steps in that direction.

- At the same time, wider, more far-reaching reforms are in the pipeline that would further open up the sector to water systems players. The report of the influential Steering Committee on Drinking Water Supply and Sanitation for the Tenth Five Year Plan has significant positive implications for the overall growth in the sector, particularly private participation in water treatment infrastructure. Some of the key recommendations of the Committee include:
 - Central assistance for reforms in the sector;
 - Water is to be managed as an economic asset rather than a free commodity;
 - Highest priority to ensure safe drinking water on a sustainable basis to all habitations;
 - Encourage recycling of wastewater in both urban and rural areas;
 - Institutional funding for both rural and urban water supply and sanitation projects during implementation as well as operation and maintenance phases;
 - Private Sector participation in the form of service contracts and management contracts;
 - BOOT approach in bulk Water Supply and Treatment Schemes; and
 - Support to private enterprises in the form of venture capital.

Judiciary bodies have, in the recent past, pronounced many judgments compelling state governments/ municipalities and industrial undertakings to take up various environmental projects and comply with national hygiene and sanitation norms. As India continues to globalize and face competition from transnational companies, it would need to comply with more stringent international environmental standards.

Simultaneously, the Asian Development Bank (ADB) and World Bank are actively promoting privatization and commercialization of water in the country through their sector restructuring loans, Urban Water Supply loans and Urban Infrastructure loans.

Private participation in water engineering as a whole and the water treatment segment in particular is expected to witness a significant boost in the future. The Government of India has allowed 100% foreign direct investment in the infrastructure sector including water treatment system. The large size of the potential market, strong economic growth and continued liberalization offer immense scope for new entrants. With India's vast pool of high quality of technical and scientific manpower, strong growth can be expected in this sector. Together with its low manufacturing costs and engineering resources, India could become a global outsourcing base in future.

Further, due to growing water tax, and hence the cost of water, the manufacturing industry is itself being driven towards in-house water management and recycling of water. Also, regulations are getting stricter and enforcement agencies are insisting on high level of environmental clearances. This can be judged from the fact that even small scale industries are being regulated for integrated solutions through common effluent treatment plant approach. Further, there is a trend towards Indian companies voluntarily investing in pollution control to get ISO 14000 certification for better corporate image.

Emerging Opportunities

Industrial Sector

Typically the technology used for wastewater treatment in industry is based on physiochemical – biological treatment through conventional processes. However, membrane filtration is now increasing in popularity as the preferred option for wastewater recycling as it brings water close to the process water quality requirement for the industry. Drivers aiding the growth of this technology are:

- Stricter regulation monitoring
- Increasing focus on waste recovery

- Increasing fresh water cost and decreasing water availability
- Reducing cost of better technologies
- Increasing awareness of corporate social responsibility

In addition to the above, membrane technology also reduces the overall cost by way of reduced manpower and efficient energy utilization.

Municipal Sector

The municipal market is also in the process of radical shift in view of the deteriorating quality of water sources both for raw water intake and also for wastewater discharge. Unacceptably high coliform levels in river water are causing municipal bodies to re-evaluate their conventional processes of conventional treatment, which has not been successful in addressing the treatment requirements comprehensively.

Municipal bodies under the aegis of Ministry of Environment supported by global institutions are currently on a major drive to assess the possibilities of setting up membrane filtration systems in major metros. They are not only focusing on the efficient technology for the main treatment systems but also mechanical sludge de-watering to handle the huge sludge loads from the wastewater treatment plants. Membrane filtration systems can also be used for desalination of sea-water to provide potable water in coastal regions.

Further, the waste-to-energy concept is gaining momentum with various municipal bodies going forward for setting up power generation plants utilizing the bio-gas generated within the treatment systems. It is seen that the initial capital cost gets fully recovered by the energy savings.

Water and Wastewater Treatment Process

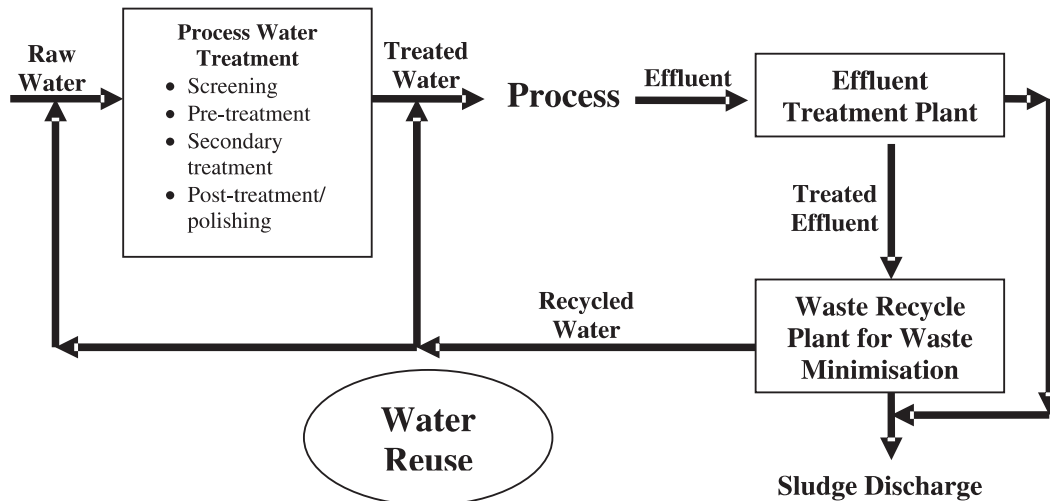
For any process industry, water is obtained from natural surface such as river, canal or bore well. Depending upon the source of raw water and impurities present, it is treated to make it suitable for various process applications.

This process water treatment may comprise primary treatment comprising of screening for the removal of big floating material and pre-treatment for the removal of suspended impurities and colour, etc. Secondary treatment and polishing may also be required depending on dissolved impurities and the level of purity to be achieved for specific process usages. Various technologies such as clarifiers, filters, membrane filtration, reverse osmosis systems, electro de-ionisation systems, etc. are used for achieving the desired quality.

A process plant can generate various liquid effluents like oil & grease, colour, suspended impurities, dissolved impurities, dissolved organics, etc. Process effluents are treated in Effluent Treatment Plants designed to remove such impurities and could include oil & grease removal equipment, grit removal equipment, clarifiers, aerators, diffusers, filters, membrane bioreactors, etc. Given the water scarcity and new stringent environmental norms, the treated wastewater, which was once discharged into water bodies, is now treated in wastewater recycling plants for further process usage. The sludge generated in process systems during various treatment stages is also dewatered in sludge dewatering devices such as thickeners, belt filter presses, centrifuges and vacuum filters.

The conventional approach in the segment has been typically a linear process with raw water going in as input at one end and treated water coming out at the other as the output. The entering raw water/wastewater is passed through a set of screens to remove the debris and larger particles and then treated. The treatment process could be a 2-3 stage process. The treatment should yield water which meets specifications of usage or discharge.

The newer approach to wastewater treatment uses treated water from waste recycle plant as input raw water for the water treatment plant. The waste recycle plant may use a membrane technology to give purified recycled water which can be reused in the process. The sludge is dewatered and discharged.



The Water Recycling Process

Some of the key equipments used in the water/wastewater treatment plants are:

- Intake Works/ Screening Equipment – gates, racks, and screens
- Pre-Treatment – clarifiers, collectors, oil removal units
- Secondary Treatment – aerators, diffusers, biological contactors, reactors, filters, clarifiers, membrane bio reactors
- Post Treatment and Polishing – media based filters, membrane based filters, electrical (continuous electro de-ionisers, CEDI) and non-electrical resin based polishers
- Sludge Dewatering Equipment – presses, centrifuges, vacuum filters

In a typical water/wastewater treatment plant, equipment costs account for a significant portion of the total cost. However, majority of the costs are civil works costs.

Growing population, rising pollution levels place a growing pressure on existing water resources. Further, industrial demand and discharge norms are generating a demand for high end technology for water and wastewater solutions. With significant investments required in the water and wastewater sector, it can be expected that there will be substantial demand for these equipments.

OUR BUSINESS

INTRODUCTION

We are ranked 235th amongst the listed companies in India based on our net revenue in fiscal 2004, according to the BS 1000 Data Bank published in February 2005. Our turnover and profitability for the preceding three financial years and for the three months period ended June 30, 2005 are as below:

(Rs. in million)

	Quarter ended June 30, 2005	Fiscal 2005	Fiscal 2004	Fiscal 2003
Turnover	2,510.84	9,607.76	5,928.19	6,533.12
% Increase / (decrease) in turnover over corresponding previous period	N.A	62.07	(9.26)	16.37
Profit / (Loss) after Tax (PAT)	249.75	856.61	45.41	(8.56)
% Increase / (decrease) in PAT over corresponding previous period	N.A	1,786.30	Not quantifiable*	Not quantifiable*

*The percentage change in PAT is not quantifiable as our Company had a profit in Fiscal 2004, a loss in Fiscal 2003 and profit in Fiscal 2002.

We have been in the business of manufacturing sugar since 1933. Since the mid 1960's in pursuance of our strategic objective of achieving a high degree of self-reliance, we entered into engineering businesses having synergies with the process of sugar manufacturing. These activities included the manufacture of turbines, associated gearboxes, plant and machinery for sugar mills and water and wastewater treatment equipment. Over the years, we have strategically identified and started manufacturing these engineering products for third party customers and have developed each of these as distinct businesses. Our businesses can be categorised into two broad areas, namely: (a) Sugar production and the related activity of co-generation of electricity and (b) Engineering.

OVERVIEW

Sugar production and Co-generation Business

Sugar production

We are amongst the three largest producers of sugar in India based on sugar production in Sugar Year 2004 derived from ISMA Working Results of Sugar Factories in India, 2003-2004. Our sugar production business is currently based in the north Indian state of Uttar Pradesh. We have three-sugar mills located at Khatauli (with crushing capacity of 16,000 TCD), Deoband (with crushing capacity of 10,000 TCD) and Ramkola (with crushing capacity of 3,500 TCD) in the state of Uttar Pradesh. As of September 30, 2005, our total crushing capacity was 29,500 TCD. We have recently expanded the crushing capacity of our sugar mill at Khatauli from 11,750 TCD to 16,000 TCD.



The aggregate of the sugar produced by our three units in 2004-2005 and 2003-2004 are as follows:

(in MMT)

	Khatauli	Deoband	Ramkola	Total
Crushing Season 2004-2005				
Sugar from cane	0.188	0.142	0.034	0.364
Sugar from raw sugar	0.008	0.010	-	0.018
Total sugar produced	0.196	0.152	0.034	0.382
Crushing Season 2003-2004				
Sugar from cane	0.179	0.155	0.030	0.364
Sugar from raw sugar	-	-	-	-
Total sugar produced	0.179	0.155	0.030	0.364

We produced 0.38 MMT and 0.36 MMT of sugar in the crushing season 2004-2005 and 2003-2004, respectively. This includes 0.008 MMT of sugar produced from raw sugar at Khatauli and 0.010 MMT of sugar produced from raw sugar in Deoband for the sugar year 2004-2005. We did not process any raw sugar in our sugar mills in the Sugar Year 2004. In the crushing season 2004-2005 and 2004-2003, we produced approximately 7.91% and 7.54% of the total sugar produced in the state of Uttar Pradesh, respectively and 3.01% and 2.66% of the total sugar produced in India. The sugar produced by our sugar mills located in western Uttar Pradesh (Khatauli and Deoband) was 0.35 MMT and 0.33 MMT in the crushing season 2004-2005 and 2003-2004, which was approximately 19.07% and 19.65% of the total sugar produced in western Uttar Pradesh in the same period, respectively according to the Hand Book of Sugar Statistics of ISMA dated July, 2005.

In the crushing season 2004-2005, our facility at Khatauli crushed approximately 1.87 million tonnes of sugarcane, which is the highest amount of sugarcane crushed by any sugar mill in India during the crushing season 2004-2005, according to a certificate dated October 13, 2005 to the same effect from ISMA. This certificate is listed as a Material Document in the section titled "Material Contracts and Documents for Inspection" on page 388 of this Red Herring Prospectus and is available for inspection.

In fiscal 2005, the segment revenue generated from the sugar business was Rs.7,697.23 million, which was 78.01% of our total segment revenue (including inter segment revenues) and the profit before tax was Rs.1,064.20 million, which is 86.65% of our total profit before tax of Rs.1,228.18 million. In fiscal 2004, the segment revenue generated from the sugar business was Rs.4,509.82 million, which was 74.33 % of our total segment revenue (including inter segment revenues) and the loss before tax was Rs.34.95 million.

We plan to increase the capacity of our sugar production by setting up new sugar mills in the state of Uttar Pradesh and expanding the crushing capacity of our existing sugar mill at Deoband from the existing capacity of 10,000 TCD to 14,000 TCD. We have recently expanded the crushing capacity of our sugar mill at Khatauli from 11,750 TCD to 16,000 TCD. We have acquired land, have received certain government approvals and started construction for a new sugar mill in Sabitgarh in western Uttar Pradesh. The Cane Commissioner, Uttar Pradesh, through order dated October 3, 2005, assigned a total Cane Area of 12,409 hectares for the crushing season 2005-2006 for our sugar mill at Sabitgarh. This sugar mill will have a crushing capacity of 7,000 TCD and is expected to commence operation by December 2005. We are also exploring sites for setting up two or more sugar mills of by 2007. For details of the government approvals for the sugar mill in Sabitgarh, see the section titled "Government and Other Approvals" on page 326 of this Red Herring Prospectus.

Our sugar plants in Khatauli, Deoband and Ramkola have captive, bagasse based power generation facility of 14.5 MW, 10.2 MW (in addition to the new co-generation plant) and 4.5 MW, respectively and consequently, there is no requirement for us to purchase power during the crushing season. In our sugar mill at Deoband, we also use a part of the electricity produced by our co-generation plant.

To support our sugar business and for sugarcane development and the welfare of our sugarcane farmers, we ran the "Triveni Khushali Bazaar" from February 2005 ("Agri Business"). This aimed to cater to the needs of the farming community

including tractors, farming implements, fertilisers, pesticides and other services such as facilitating institutional credit, etc. In fiscal 2005, the revenue generated from the Agri Business was Rs. 12.39 million, which was 0.13% of our total segment revenue (including inter segment sales). In fiscal 2005, the result from this was a loss of Rs.0.72 million. Our Company has decided to discontinue with this business as part of the Sugar Business of the Company and has decided, for better management, to transfer the business of “Triveni Khushali Bazaar” to our wholly owned subsidiary, Triveni SRI Limited. For further details on such transfer, please see the section titled “Our Business” on page 82 of this Red Herring Prospectus and the section titled “Risk Factors” on page xiii of this Red Herring Prospectus.

Co-generation business

We have a co-generation plant in Deoband and our co-generation plant in Khatauli has been synchronised with the power grid and has commenced the external sales of electricity on October 19, 2005. Both these plants are located in western Uttar Pradesh (“Co-generation Business”). In a sugar mill, bagasse, which is a by-product, is used for production of electricity and steam through a co-generation plant. Co-generation plants are used to produce two forms of useful energy simultaneously i.e. electric power and steam, with the surplus electric power being supplied to the power distribution company(ies). While we have had captive power plants in our sugar mills for a number of years, we started the co-generation of electricity with the commissioning of the new co-generating plant in Deoband on December 5, 2004 and thus the operational data for this segment is available only for fiscal 2005. This facility has a capacity of 22.0 MW and the surplus electric power is being supplied to Uttar Pradesh Power Corporation Limited (“UPPCL”) under a power purchase agreement for a period of 10 years. For details of the PPA, see section titled “History and Certain Corporate Matters” on page 114 of this Red Herring Prospectus.

In fiscal 2005, the segment revenue generated from co-generation business was Rs.188.04 million, which was 1.91% of our total segment revenue (including inter segment sales). and the profit before tax was Rs. 36.47 million, which was 2.97% of our total profit before tax. As we started our co-generation operations in fiscal 2005, there is no comparable data for fiscal 2004.

Engineering Business

Our engineering business portfolio comprises of three businesses. The main focus of our engineering business is our turbine business, which is based in Bangalore in the south Indian state of Karnataka. The other components of our engineering portfolio are our gears business based in Mysore in the state of Karnataka and our water and wastewater treatment business based in Noida in the state of Uttar Pradesh.

Turbine Business

We have been in the business of manufacture of small turbines since 1968 and we are one of the leading small steam turbine (i.e. turbines generating up to 15.0 MW) manufacturing companies in India.

The total capacity of the small steam turbines manufactured by us in fiscal 2005 was 224.7 MW as compared to 190.5 MW in fiscal 2004, which is an increase of 17.95%. We have an order book of over 510.51 MW as on October 11, 2005. We are capable of offering solutions up to 50.0 MW by packaging steam turbines of Skoda Power, a company based in Czech Republic (hereinafter referred to as “Skoda”). We have installed a number of working steam turbines outside the country including in Europe and have got favourable response from our international customers.

Our Turbine Business is located in Bangalore in the state of Karnataka. We have substantial research and development capability. One of our research initiatives has resulted in the development of tapered-twisted blades, which enhances the efficiency of a turbine. However, we have not yet applied for the intellectual property rights of the same. As a tapered twisted blade is a component of the turbine, its independent contribution to the sales of turbines is unascertainable.

We have customers in various sectors including sugar, steel, paper, textiles, chemicals, pharmaceuticals and independent power producers. To support such customers both domestically and internationally, we have established extensive sales and service networks.



We are undertaking expansion of our capacity in our Turbine Business, which will provide us the infrastructure for assembly of turbines of capacity of up to 50.0 MW. The expanded facilities are expected to be commissioned by December 2005. We are in the process of commercialising in-house technology for models of turbines from 15.0 MW to 24.0 MW.

In fiscal 2005, the segment revenue generated from our Turbine Business was Rs.1,639.00 million, which was 16.61% of our total segment revenue (including inter segment sales) and the profit before tax was Rs.115.60 million, which was 9.41% of our total profit before tax. In fiscal 2004, the segment revenue generated from the Turbine Business was Rs.1,247.23 million, which was 20.55 % of our total segment revenue (including inter segment revenues) and the profit before tax was Rs.127.18 million, which is 322.55% of our total profit before tax.

Gears Business

We are one of the leading manufacturers of gears and gearboxes in India, with manufacturing facilities in Mysore, in the state of Karnataka.

Currently, our Gears Business comprises of the design, manufacture and marketing of gears and gearboxes with a capacity of up to 70.0 MW and speeds up to 50,000 rpm. The range up to 7.5 MW is manufactured using our own technology and the range above 7.5 MW is manufactured using technology imported from Lufkin, a reputed international manufacturer of gears and gear boxes, based in Lufkin, Texas, U.S.A.

Our association with Lufkin is seven years old, which, along with our technology, has helped us to service the entire high-speed gear and gearbox market in India. Presently, the arrangement with Lufkin enables us to manufacture gearboxes including rotating parts, up to 15.0 MW, beyond which capacity we manufacture entire gears and gearboxes without the rotating parts. The rotating parts are imported from Lufkin. On May 14, 2005, we renewed our arrangement with Lufkin for a further seven years with effect from July 1, 2005, subject to the approval of the Government. Under the revised terms of our arrangement with Lufkin, we shall be able to manufacture complete gears and gearboxes of up to 25.0 MW beyond which we will manufacture the gears and gearboxes where the rotating parts have been imported from Lufkin. We continue to be the preferred supplier for purchases by Lufkin to be made from India under the terms of the contract.

In fiscal 2005, the segment revenue generated from our Gears Business was Rs.240.01 million, which was 2.43% of our total segment revenue (including inter segment sales) and the profit before tax was Rs. 21.86 million, which was 1.78% of our total profit before tax. In fiscal 2004, the segment revenue generated from the Gears Business was Rs.189.37 million, which was 3.12 % of our total segment revenue (including inter segment revenues) and the profit before tax was Rs.19.28 million, which is 48.90% of our total profit before tax (not including non-recurring items) which was Rs. 39.43 million. As of October 11, 2005, we had an order book amounting to Rs.285.39 million for new gears, refurbishment of gears and spare parts.

Water Business

We are a leading player in the water and wastewater treatment sector in India. Our Water Business, which is based in Noida, in the state of Uttar Pradesh, provides equipment and solutions for water and wastewater treatment applications, both in the industrial and the municipal sectors.

We market, design and manufacture one of the broadest ranges of equipment for this sector, providing end-to-end solutions for our customers' water and wastewater treatment requirements, from conventional clarification and filtration systems to membrane based schemes. We, through our in-house design and engineering capabilities have recently evolved from a turnkey operator to a mechanical equipment supplier, allowing us to focus on higher margins.

We have a license agreement with U.S. Filter, a Siemens business, which enables us to have access to a globally comprehensive, and technologically advanced, product range. Given the growth opportunity in the Indian market for water and wastewater treatment as well as the fact that the water and wastewater business is highly specialised, we believe that we are on the cusp of rapid growth for this business. We have also entered into an agreement with Memcor Australia Pty Limited for certain membrane equipment and systems. For details of this agreement, see the section titled "History and Certain Corporate Matters" on page 114 of this Red Herring Prospectus.

In fiscal 2005, the segment revenue from our Water Business was Rs.81.57 million, which was 0.83% of our total segment revenue (including inter segment sales) and the profit before tax was Rs.5.30 million, which was 0.43% of our total profit before tax. Prior to fiscal 2005, the financial data for our Water Business was part of erstwhile projects business and thus the financial data for fiscal 2004 is not separately available.

OUR COMPETITIVE STRENGTHS

We believe that we have distinct and different competitive strengths in each of our businesses.

Sugar Production and Co-generation Business

Sugar production

We are one of the leaders in the Indian sugar industry

We are amongst the three largest producers of sugar in India based on sugar production in Sugar Year 2004 derived from ISMA Working Results of Sugar Factories in India, 2003-2004. Two out of our three existing sugar mills have a crushing capacity of more than 7,000 TCD, which, in our estimates, is the minimum size of economic efficiency in the Indian sugar industry. Due to the size of our sugar production operations, we are able to benefit from economies of scale. We produced 0.38 MMT of sugar in the crushing season 2004-2005. This includes 0.008 MMT of sugar produced from raw sugar at Khatauli and 0.01 MMT of sugar produced from raw sugar in Deoband. In the crushing season 2003-2004, we produced 0.36 MMT of sugar which was approximately 7.91% of the total sugar produced in the state of Uttar Pradesh in the same period and approximately 21.17% of the total sugar produced in western Uttar Pradesh in the same period according to ISMA Final Consolidated Statement of Working Results of Sugar Factories in India for the seasons 2003-2004 and 2002-2003. In the crushing season 2004-2005, our facility at Khatauli crushed approximately 1.87 million tonnes of sugarcane, which is the highest amount of sugarcane crushed by any sugar mill in India during the crushing season 2004-2005, according to a certificate dated October 13, 2005 to the same effect from ISMA. This certificate is listed as a Material Document in the section titled "Material Contracts and Documents for Inspection" on page 388 of this Red Herring Prospectus and is available for inspection.

We plan to increase the capacity of our sugar manufacturing by setting up new sugar mills in the state of Uttar Pradesh and modernising and expanding the crushing capacity of the existing sugar mill at Deoband. We have recently expanded the capacity of our sugar mill at Khatauli from 11,750 TCD to 16,000 TCD. We have acquired land and have received government approvals for a new sugar mill in Sabitgarh in western Uttar Pradesh. The Cane Commissioner, Uttar Pradesh, through order dated October 3, 2005, assigned a total Cane Area of 12,409 hectares for the crushing season 2005-2006 for our sugar mill at Sabitgarh. This sugar mill is planned to have a crushing capacity of 7,000 TCD and is expected to commence operation by December 2005. We are also exploring sites for setting up two or more sugar mills by 2007. This will enable us to further improve the economies of scale and take advantage of certain incentives in accordance with the policies of the Government of Uttar Pradesh and help us consolidate our position in the sugar market. For details of the government approvals for the sugar mill in Sabitgarh, see the section titled "Government and Other Approvals" on page 326 of this Red Herring Prospectus.

Our strong financial position.

We have a strong financial position, which we believe will enable us to finance our capacity expansion plans. As of March 31, 2005, we had a long-term debt to equity ratio of 0.72:1. In fiscal 2005 we had net cash flow from operating activities of Rs.1,409.85 million. Our weighted average cost of debt financing declined from 10.00% in fiscal 2004 to 8.93% in fiscal 2005.

Our manufacturing facilities are strategically located in some of the best sugarcane growing areas in India.

All of our manufacturing facilities for sugar production are located in the north Indian state of Uttar Pradesh and the two largest sugar mills at Khatauli and Deoband are located in western Uttar Pradesh, which is one of the largest sugarcane growing areas in India. Our sugar mill in Sabitgarh, which is under construction is also located in western Uttar Pradesh. As a result of our presence in the state of Uttar Pradesh, we benefit from the following advantages. Firstly, our proximity

to sugarcane growing areas is an important factor because not only should sufficient quantities of sugarcane be available to a sugar mill but also expedient crushing of sugarcane within a very short time of harvest ensures better recovery of sugar. The duration of the crushing season in western Uttar Pradesh is the highest in the state of Uttar Pradesh according to Indian Sugar Magazine, Vol. LIV, No, Twelve dated March 2005. This is because of the sufficient quantities of sugarcane available in western Uttar Pradesh. Secondly, the state of Uttar Pradesh is located on the Gangetic river belt and the water table is higher than most other areas in India and is well irrigated. Our sugar mills in western Uttar Pradesh are located in the fertile region between the rivers Yamuna and Ganga which are snowfed rivers. As a result, sugarcane growth is less dependent upon the vagaries of monsoons compared to other parts of the country. Consequently, the rates of sugar recovery in western Uttar Pradesh have been the highest in the state of Uttar Pradesh according to Indian Sugar Magazine, Vol. LIV, No, Twelve dated March 2005.

Our operations are strategically located in the proximity of the largest markets for sugar.

Our sugar mills are located close to the sugar deficient markets of Punjab, Haryana, Delhi, Madhya Pradesh, Rajasthan, Gujarat and West Bengal. Thus, our primary markets are located close to our manufacturing facilities and we do not rely on transporting our sugar to distant markets, which gives us a comparative advantage in distribution costs of this bulk commodity. In addition, our location in the northern part of India, generally offers us better price realizations from sugar sales compared to south Indian cities. (Source: Indian Sugar Magazine, Vol. LIV, No, Twelve dated March 2005 and Handbook of Sugar Statistics published by ISMA dated July, 2004.)

We have excellent relationships with sugarcane farmers.

We make timely payments to sugarcane farmers and have built excellent relationships and goodwill with them, which is an important factor in our industry. We have a good record of early payments to farmers for sugarcane despite the cyclical nature of the sugar industry and have strong ties with approximately 167,000 sugarcane farmers. As early as May 2005, according to the statement of dues payable by sugar mills dated May 2, 2005 issued by the Office of the Cane Commissioner, Government of Uttar Pradesh our sugar mills were among the few sugar mills in the state of Uttar Pradesh, which did not have any arrears for payment to sugarcane farmers for previous Sugar Years. We believe this strong relationship is a significant competitive advantage because farmers have no obligation to grow sugarcane and may switch to crops that may be more profitable. However, our track record of sustained purchases from the farmers and our paying them on time provides an incentive for farmers to continue cultivating sugarcane. For details of the litigations with sugarcane farmers and their cooperative societies, see the section titled “Outstanding Litigation and Material Developments” on page 262 of this Red Herring Prospectus.

We have made extensive efforts to promote the cultivation of high sugared varieties of sugarcane in the Cane Areas of our sugar mills.

We have made extensive efforts to increase the area in which high sugared varieties of sugarcane are grown in the Cane Area of our sugar mills as a result of which the percentage of area which cultivates high sugared sugarcane varieties has increased. For details, see “Our Business—Operations—Varieties of sugarcane used in sugar mills” on page 96 of this Red Herring Prospectus.

We have an elaborate sugarcane collection network.

In order to facilitate the sale of sugarcane to us by the sugarcane farmers, we have established an extensive network of more than 350 collection centers in the state of Uttar Pradesh, where the sugarcane is collected by us and payments are made to farmers. These collection centers are located in our Cane Area and hence, the farmer is not required to bring his crop to our factory gates.

Our product quality is good and enables us to command a premium in the sugar market.

The sugar produced by our sugar mills in Khatauli and Deoband is bold grained and is rated as one of the better qualities of sugar produced in western Uttar Pradesh. This enables us to command a premium on the sugar produced by us. The average net price of free sale sugar sold by us was Rs.15,244.30 per metric tonne in fiscal 2005 as compared to the national

average realization price of Rs.14,962.50 per metric tonne. For details of the average realization prices of free sale sugar in the last two Sugar Years, see the section titled “Management’s Discussion and Analysis of Financial Conditions and Results of Operation—Factors Affecting Results of our Operations—Pricing of Sugar” on page 237 of this Red Herring Prospectus.

We achieve better operational efficiencies due to use of superior technology.

We have achieved relatively high recovery rates of sugar from sugarcane, which is the key profit driver for any sugar mill. In crushing seasons 2002-2003, 2003-2004 and 2004-2005, our sugar recovery rates were 9.99%, 10.29% and 10.09%, respectively. Hence, there are no benchmarks on the duration of the crushing season and the capacity utilisation of sugar mills. Moreover, our cost of production of sugar is one of the lowest in the industry in India due to our size and continual investments made in modernization, maintenance and information technology. For details of the average costs of production in the major sugar producing regions of India and our costs of production, see the section titled “Our Business—Operations—Sugar Production” on page 93 of this Red Herring Prospectus. Our information technology system assists us in achieving higher operational efficiencies. Our subsidiary, Triveni SRI, has an agreement with Sugar Research Institute of Australia (“SRI”), which is regarded as the premier Australian research institute which enables us to have access to the latest technology and equipment such as continuous vacuum pans, syrup clarifier systems, etc, for our sugar mills.

Established track record in implementing new projects

We have experience in the development and execution of new projects. We have been in the business of setting up sugar plant and machinery and have extensive experience in setting up new sugar mills in India and abroad and have carried out a number of expansions and refurbishment of existing sugar mills. We believe that our experience and expertise in setting up sugar mills and project implementation provide us with significant competitive advantages in an industry where substantial expansion is expected in the foreseeable future.

We have industry specific knowledge and experience in the sugar industry.

We have an operational history in the sugar business of over seven decades. This has enabled us to establish deep relationships not only with the farmers who supply sugarcane to us but also with agents who are responsible for distribution of sugar. We have a well-established distribution network and our brand and sugar mills are well recognised by agents and wholesalers of sugar. In addition, our operational experience of seven decades allows us to draw from our experiences and accurately anticipate, define and effectively address the business challenges faced by us in our sugar production business.

Co- generation

The technology used by us in our co-generation plants is contemporary and efficient.

Our co-generation plant in Deoband utilises high temperature and high-pressure boiler and a double extraction condensing turbo-generator, which are contemporary and efficient. This enables us to produce electricity and steam at a lower cost. Our co-generation plant in Khatauli, which has been synchronised with the power grid and has commenced the external sales of electricity on October 19, 2005 uses the same technology and we expect similar results from this plant.

Our co-generation plants are aligned to each other.

Our aim has been to achieve similarity between our two co-generation plants in Deoband and Khatauli, to the maximum extent. We have used similar technology and have a large number of common suppliers for both these plants. This will enable us to have a common inventory of spares and develop inter-transferability of skill sets for specialised operations and to utilise the experiences of each plant for maximising the efficiency of the other.

Government policy encourages co-generation.

In recognition of the fact that fossil fuels are exhaustible the GoI encourages alternative and non polluting sources of energy. The Electricity Act, 2003 and the National Electricity Policy, 2005 encourage promotion of co-generation. These laws and policies call for a certain percentage of energy from renewable sources to be purchased by distribution companies as well as allow ‘open access’ which will enable us to sell power to entities other than power distribution company(ies).

Turbine Business

We are one of the largest and most experienced players in the small steam turbine industry in India.

We are one of the largest manufacturers of small steam turbines in India. The total capacity of the small steam turbines manufactured by us in fiscal 2005 was 224.7 MW as compared to 190.5 MW in fiscal 2004, which is an increase of 17.95%. We have an order book of over 510.51 MW as on October 11, 2005. According to our records, there are over 1,700 turbines, in the period between 1972-1973 and March 31, 2005, which have been manufactured and sold by us. The large scale of our business enables us to achieve economies of scale. We have four decades of experience in this business, which has enabled us to establish brand recognition in the turbine market. In addition, our operational experience of four decades allows us to draw from our experiences and accurately anticipate, define and effectively address the business challenges faced by us in our Turbine Business.

We are a provider of services for the life term of the turbine and are focussed on creating customer proximity.

We manufacture and provide services for small steam turbines. We have overhauled over 700 turbines per annum in each of the last three fiscal years. We are using our technological advantage and trained personnel to establish life-time relationships with the customers, which would enable us to supply the turbine and maintain and service it during the entire life-time of the turbine. We have established a wide network of service centres and trained personnel to support the turbines installed by us. We provide comprehensive service to our customers domestically and internationally by offering services such as providing dedicated operating personnel for sustained periods according to the needs of the customer. We offer operations and maintenance services in addition to supply of spares, regular servicing and annual maintenance contracts. These enable us to provide value-added services to our customers and establish deeper relationships with them, which differentiates us from other players in this business.

Our research and development is strong.

We have a strong focus on research and development, which has enabled us to improve on the technology of our existing products and develop new products. One of our research initiatives has resulted in the development of tapered-twisted blades, which holds the key to the efficient working of a turbine. However, we have not yet applied for the intellectual property rights of the same. This has enabled us to increase the efficiency of our turbines and enables us to enhance our margins. However, as a tapered twisted blade is a component of the turbine, its independent contribution to the sales of turbines is unascertainable. We have also developed efficient designs for turbines from 15.0 MW to 24.0 MW.

Our manufacturing facilities use modern technology

Our facilities in Bangalore are equipped with contemporary machining and assembly facilities. We have state of the art research and development facilities and our business process runs on SAP, which helps us plan the production process and help us to achieve operational efficiency. Our turbine manufacturing facilities located in Bangalore have been certified as compliant with ISO 9001 and ISO 14001 (standards for environment pollution control). These enable us to produce turbines more efficiently and maintain our position of leadership in this industry.

Gears Business

We are one of the leading players in the gear and gearbox industry in India.

We are one of the leading players in the gear and gearbox industry in India. We also have long-standing relationships with a number of reputed original equipment manufacturers ("OEMs") including BHEL and Demag Delaval Industrial Turbomachinery Private Limited, India.

We have agreements with one of the leaders in the international gears industry.

We have an arrangement with Lufkin which allows us access to latest technologies and processes for gears and gearboxes above the capacity of 7.5 MW. This will allow us to increase the range of our products and enhance the technology used in our products, improving sales and margins. The arrangement with Lufkin enables us to have access, on a continuing basis, to technical advancements made by Lufkin.

We have invested in sophisticated machinery and infrastructure.

We have invested in sophisticated machinery such as grinding and hobbing machines from Gleason Pfauter of Germany. These machines have enabled us to increase the efficiency of our manufacturing process and helped us reduce the time taken for operation by a great degree. Gleason Pfauter has guaranteed a minimum DIN 3 quality (which is a level of accuracy generally used in gears and gearboxes for aircrafts). We continue to invest in the expansion of the existing production line to be able to meet the growing demands of the market.

Water Business

We believe that our primary strength in the Water Business is as follows:

We have advanced engineering capabilities and experience in the field.

While we have refocused this business to equipment supply for water and wastewater treatment, we still retain our more than 20 years of experience in the field of turnkey provision of solutions. Our engineering capabilities have been enhanced by our prior experience as an EPC contractor in this field, and our list of installations and client base also provide us a competitive advantage in a nascent and fragmented industry.

We have a technical agreement with one of the leaders in the international market.

We have a technical agreement with US Filter, which is a Siemens business. Our relationship with US Filter enables us to provide our customers with technologically advanced products, which will help the treatment of water to match international standards and enable industries to comply with a stricter enforcement regime in India. This enables us to be in a position where we can take advantage of the opportunities in the water and wastewater treatment business in India. We have also entered into an agreement with Memcor Australia Pty Limited for certain membrane equipment and systems. For details of these agreements, see the section titled “History and Certain Corporate Matters” on page 114 of this Red Herring Prospectus.

OUR STRATEGY

Our corporate vision is to: (a) maintain the leadership position in each of our businesses, (b) create value and delight for our customers and stakeholders, (c) incorporate technology as the key differentiator and tool to deliver growth and sustain our position of leadership.

We have specific strategies in each of our businesses to achieve our corporate vision.

Sugar Production and Co-Generation Business

Sugar production

Expand our installed capacity.

We are focussed on expanding our sugarcane crushing capacity. We plan to increase the capacity of our sugar manufacturing by setting up new sugar manufacturing plants in the state of Uttar Pradesh and modernising and expanding the crushing capacity of the existing sugar mill Deoband. We have recently expanded the capacity of our sugar mill in Khatauli from 11,750 TCD to 16,000 TCD. We have acquired land and have received government approvals for a new sugar mill in Sabitgarh in western Uttar Pradesh which is under construction. The Cane Commissioner, Uttar Pradesh, through order dated October 3, 2005, assigned a total Cane Area of 12,409 hectares for the crushing season 2005-2006 for our sugar mill at Sabitgarh. This sugar mill will have a crushing capacity of 7,000 TCD and is expected to commence operation by December 2005. We are also exploring sites for setting up two or more sugar mills by 2007. This will enable us to improve the economies of scale, take advantage of policy incentives being made available by the Government of Uttar Pradesh and help us consolidate our position in the sugar market. For details of the government approvals for the sugar mill in Sabitgarh, see the section titled “Government and Other Approvals” on page 326 of this Red Herring Prospectus.

To support our sugar business and for sugarcane development and the welfare of our sugarcane farmers, we ran the “Triveni Khushali Bazaar” from February 2005 (“Agri Business”). This aimed to cater to the needs of the farming community

including tractors, farming implements, fertilisers, pesticides and other services such as facilitating institutional credit, etc. In fiscal 2005, the revenue generated from the Agri Business was Rs. 12.39 million, which was 0.13% of our total segment revenue (including inter segment sales). In fiscal 2005, the result from this was a loss of Rs.0.72 million. Our Company has decided to discontinue with this business as part of the Sugar Business of the Company and has decided, for better management, to transfer the business of “Triveni Khushali Bazaar” to our wholly owned subsidiary, Triveni SRI Limited. For further details on such transfer, please see the section titled “Our Business” on page 82 of this Red Herring Prospectus and the section titled “Risk Factors” on page xiii of this Red Herring Prospectus.

Achieve greater raw material security.

In the sugar industry, ensuring supply of sugarcane is very important as it is the principal raw material. As per the provisions of the Uttar Pradesh Sugarcane (Regulation of Supply and Purchase) Act, 1953, in the state of Uttar Pradesh, there are two kinds of areas allotted by the Cane Commissioner of Uttar Pradesh to each sugar mill. The first is termed ‘Reserve Area’ which is allotted to a sugar mill on an annual basis. If the requirement of a particular sugar mill is in excess of the sugarcane available in the reserve area, the Cane Commissioner of Uttar Pradesh, may, on application, assign another area from the reserve area of a nearby sugar mill, which is not able to crush the sugarcane produced in its reserve area. This second area is termed ‘Assigned Area’. The Reserve Area and the Assigned Area are together termed the ‘Cane Area’.

Hence, we are focussed on identifying locations which have the potential to grow high sugared and high yielding varieties of sugarcane and which are not covered in the Cane Area of any other sugar mill. Our establishment of new plants will increase the aggregate Cane Area available to us and enhance our control over raw material available to us for sugar production. Further, the restrictions regarding Cane Areas will also create barriers for entry of competition.

Strengthen relationship with sugarcane farmers.

We are dependent on sugarcane farmers for supply of sugarcane to our plants. There is no obligation on the farmers to cultivate sugarcane and they are at liberty to cultivate any other crops. In this scenario, it is important that our relationship with the farmer is strong and mutually beneficial. We conduct training programs for farmers and demonstrate to them best practices for cultivation, providing good quality seeds of high sugared variety which will improve the yield and recovery of sugar from the sugarcane and assist the farmers in keeping the sugarcane crop healthy and disease free. We share data with the farmers on the results of analysis of soil types collected by our soil laboratories, in order to enable them to maximise the productivity of their land.

In addition, we had launched “Triveni Khushali Bazaar” which will increase the association of rural communities with us and further strengthen their relationship with us. Such a relationship, coupled with our track record of timely payment to farmers will enable us to secure the source of our primary raw material. However, our Company has decided to discontinue with this business as part of the Sugar Business of the Company and has decided, for better management, to transfer the business of “Triveni Khushali Bazaar” to our wholly owned subsidiary, Triveni SRI Limited. For further details on such transfer, please see the section titled “Our Business” on page 82 of this Red Herring Prospectus and the section titled “Risk Factors” on page xiii of this Red Herring Prospectus.

Continuously improve the technology in our sugar mills.

We are focussed on improving the technology used in our sugar mills for modernizing our plants and machinery and reducing our plant and machinery breakdown time. The expertise we have gained in setting up sugar mills and other engineering activities and our access to the latest international technology and products of SRI shall continuously enable us to increase the operational efficiency of our sugar mills. We are focused on technological advances for the existing plants and the new plants to achieve efficient and continuous production as it assists in (a) improving the crushing capacity and up time which helps avoiding diversion of sugarcane to alternative users, (b) minimizing sucrose loss after harvesting of sugarcane resulting in production of more sugar from the raw material, (c) reduce ‘losses’ in the process (d) improving our energy efficiency, thereby reducing our cost of production and (e) improve the quality of our sugar. These will enable us to maintain our position of leadership in the sugar market. For details of the use of technology by us, see the section titled “Our Business—Operations” on page 93 of this Red Herring Prospectus.

Co-generation

Expand our installed capacity for co-generation and increase our off-season operations for co-generation.

We use bagasse, a by-product of the sugar production process as fuel for co-generation. With increase in our sugarcane crushing capacity the amount of bagasse available to us will also increase. We plan to utilise this bagasse for operating our co-generation plants for more than 270 days per annum. We also seek to increase the plant load factor of our co-generation plants, which will enable us to maximise the utilisation of our plants.

Assist mitigation of the shortage of power in the state of Uttar Pradesh and help the state in meeting its power requirements.

There is a shortage of electricity in the state of Uttar Pradesh where our co-generation plants are located. We plan to sell the electricity not used by our sugar mills, to the electricity distribution company(ies). This will further improve our financial position.

Turbine Business

Expand our manufacturing infrastructure.

We are focussed on expanding our infrastructure for manufacturing turbines, which will enable us to improve the economies of scale and cater to the demand of a larger number of customers. This will in turn benefit in reducing our lead-time for product delivery to match the requirements of our customers and the export marketing for turbines on a sustained basis. The infrastructure development shall further consolidate our position in the turbines market.

Increase the range of products offered by us.

Currently, we manufacture turbines of a capacity of up to 15.0 MW. We are capable of offering solutions of capacity of up to 50.0 MW through packaging of turbines of Skoda. We are in the process of commercialising in-house technology for models of turbines from 15.0 MW to 24.0 MW capacities. This will enable us to enter new markets and take orders for bigger turbines, which are used by users in industries in addition to those, which we cater to currently.

Use services to establish product life-cycle relationships with customers.

To enable the optimal use of a turbine in its entire life-cycle, our experience is that a customer for turbines needs both a product manufacturer and a service provider. In recognition of this, we have developed service capabilities and an extensive service network, which distinguishes us from our competitors. We use our technological capabilities, trained personnel and extensive service network to establish a relationship with the customer, which in turn enables us to supply the turbine, maintain and service it during its entire life-cycle. We offer operations and maintenance services in addition to supply of spares, regular servicing and annual maintenance contracts enabling us to provide value-added services and establish deeper relationships with our customers.

Focus on export of steam turbines.

We have installed a number of steam turbines outside the country, including the European Union and have got a favourable response from our international customers, which makes us confident about the international acceptability of our turbines.

In addition, we have consistently improved upon the quality of our steam turbines and have developed an effective model for servicing of steam turbines. Hence, the combination of cost effective engineered products and services is the basis for our efforts in the export market for steam turbines.

Continuously improve the technology in our turbines.

We are focussed on continually improving the technology used in our turbines. We plan to continue our investments in research and development for the improvement of efficiency, among other parameters, used in evaluating turbines. We are focused on technological advances for our products, which will enable us to maintain our position in the turbines market.

Gears Business

Increase the range of products manufactured by us.

Presently, the arrangement with Lufkin enables us to manufacture gearboxes including rotating parts, up to 15.0 MW, beyond which capacity we manufacture entire gears and gearboxes without the rotating parts. The rotating parts are imported from Lufkin. On May 14, 2005, we renewed our arrangement with Lufkin for a further seven years with effect from July 1, 2005, subject to the approval of the Government. Under the revised terms of our arrangement with Lufkin, we shall be able to manufacture complete gears and gearboxes of up to 25.0 MW beyond which we will manufacture the gears and gearboxes where the rotating parts have been imported from Lufkin. We continue to be the preferred supplier for purchases by Lufkin to be made from India under the terms of the arrangement. Therefore, our strategy in the Gears Business is to continue the growth of the range of products offered in this segment.

Diversify and broaden our customer base.

The renewed arrangement with Lufkin allows us to exclusively export gears and gearboxes manufactured by us using Lufkin's technology to a number of countries in Africa and south Asia. Lufkin will also act as an agent for the export of our gears and gearboxes below 7.5MW developed and manufactured by us.

We also continue to focus on new customer segments in hydro electricity generation, gas turbines, space applications, marine applications and defence related applications.

Water Business

Focus on high technology

With a burgeoning demand for clean water from both industry and municipalities, coupled with stringent regulatory norms and a decrease in availability, there is a considerable market for water and wastewater treatment equipment. This demand can be catered to by high technology solutions. Our focus on the high technology segment of this business is based not only on demand factors, but also as the business allows is to effectively utilise our engineering capabilities.

Focus on high margin equipment and solutions.

We have shifted our business focus from providing turnkey solutions to providing high value-added equipment to turnkey solution providers and end customers. This shift has enabled us to exit the business of turnkey supply and enter the higher margin business of equipment supply, where the number of suppliers are relatively few due to high entry barriers. Our product mix of high value-added, technologically advanced, equipment would also allow us to command high margins. Hence, we now plan to be suppliers of high technology equipment and solutions.

OPERATIONS

Sugar Production and Co-generation Business

Sugar production

In fiscal 2005, the revenue net of excise duty generated from the sugar business was Rs.7,697.23 million, which was 79.81% of the revenue generated from our business segments. All of our sugar mills are located in the state of Uttar Pradesh in northern India.

Crushing capacity and output

We have three sugar mills located at Khatauli (with crushing capacity of 16,000 TCD), Deoband (with crushing capacity of 10,000 TCD) and Ramkola (with crushing capacity of 3,500 TCD) in the state of Uttar Pradesh. As of September 30, 2005, our total crushing capacity was 29,500 TCD.

Sugar production is dependent upon the quantity of sugarcane available for crushing and the recovery percentage of sugar from sugarcane. In India, the production commences in October and generally ceases by the end of April by which time the sugarcane available from the Cane Areas is exhausted. The duration of the crushing period also determines the amount of sugar that is produced. The following table demonstrates the sugarcane crushed and the sugar production at our three sugar mills at Khatauli, Deoband and Ramkola for the last three Sugar Years.

	Khatauli			Deoband			Ramkola		
	2004-2005	2003-2004	2002-2003	2004-2005	2003-2004	2002-2003	2004-2005	2003-2004	2002-2003
Sugarcane crushed (MMT)	1.87	1.75	1.75	1.38	1.48	1.62	0.34	0.30	0.50
Average recovery rate (% of sugarcane crushed)	10.06	10.20	10.10	10.19	10.46	10.13	9.86	9.98	9.13
Sugar produced from cane (MMT)	0.188	0.179	0.177	0.141	0.155	0.164	0.034	0.030	0.046
Sugar produced from raw sugar (MMT)	0.008	-	-	0.010	-	-	-	-	-
Number of days in operation	186	177	182	175	160	181	104	100	165

In the Sugar Year 2004 and 2005, most sugar mills in western Uttar Pradesh, including our sugar mills at Khatauli and Deoband recorded high recovery rates due to high sucrose content in the sugarcane crop because of favourable climatic conditions in western Uttar Pradesh. However, the duration of the sugar season varies from region to region and the capacity utilisation varies from sugar mill to sugar mill as these are dependant on the quality and the quantity of the sugarcane available for crushing to the sugar mill. Hence, there are no benchmarks on the duration of the crushing season and the capacity utilisation of sugar mills.

Cost of production

The cost of production of sugar in our sugar mills is lower than the average cost of production in major sugar producing regions in India in 2004-2005. The following table gives the details of the average costs of production in these regions in 2004-2005.

Region	Punjab	Haryana	Uttar Pradesh	North Bihar	Maharashtra	Karnataka	Andhra Pradesh	Tamil Nadu
Total cost of production including returns (Rs. Per metric tonne of sugar)	18,300.00	17,550.00	18,100.00	17,700.00	19,000.00	17,600.00	17,300.00	17,600.00

Source: ISMA's Pre-Budget Memorandum for 2005-2006 dated January 24/31, 2005.

Our cost of production in fiscal 2005 was Rs.12,400.00 per metric tonne as per AS 2.

Policy initiatives for sugar industry

The Government of Uttar Pradesh has issued a new Sugar Industry Incentive Policy, 2004 on August 24, 2004 and an amendment on December 17, 2004 (“UP Sugar Policy”). The UP Sugar Policy recognises the need to attract new private mills because the government sector and the co-operative sector may not be able to put up these mills due to constraints of funds. In order to facilitate this, the Government of Uttar Pradesh has declared a special incentive package. The incentives under the UP Sugar Policy include capital subsidies, reimbursement of transportation costs of sugar, etc but the overall incentive cannot exceed the amount of capital investment. In order to be eligible for the incentives a company has to make a minimum capital investment from the fiscal 2005 to fiscal 2007, of Rs. 3,500 million (for benefits for five years) or Rs. 5,000 million (for benefits for ten years) and the new units must commence commercial production by March 31, 2007. Existing units making investments in the expansion of their mills, and any investment connected with the sugar industry, such as ethanol/alcohol from molasses and co-generation from bagasse will also be calculated for eligibility under the UP Sugar Policy. For details of the policy and other regulations governing the sugar industry, see the section titled “Regulations and Policies” on page 108 of this Red Herring Prospectus.

Capacity Expansion Plans

Our intention is to increase our current sugarcane crushing capacity from 29,500 TCD. In order to achieve this, we are expanding our Deoband sugar mill to a crushing capacity of 14,000 TCD from the existing 10,000 TCD, which is being funded through internal accruals. Further, we have acquired the land, have received government approvals for and are constructing a new sugar mill with a crushing capacity of 7,000 TCD at Sabitgarh in western Uttar Pradesh. The Cane Commissioner, Uttar Pradesh, through an order dated October 3, 2005, assigned a total Cane Area of 12,409 hectares for the crushing season 2005-2006 for our sugar mill at Sabitgarh. For details of the government approvals for the sugar mill in Sabitgarh, see the section titled “Government and Other Approvals” on page 326 of this Red Herring Prospectus. We estimate this site as one of the best sites for a sugar mill in India as large parts of its cultivable Cane Area are canal irrigated thus reducing the dependence on monsoon and bore-wells. In addition, the drainage in this area is also good as there are no low-lying areas (areas in which water stagnates, which decreases the yield of sugar from the sugarcane grown in such areas). We have started the process of sugarcane development in the Cane Area of this sugar mill and high recovery and early maturing varieties of sugarcane, the seed for which was supplied by us, have already been planted in over 5,000 hectares of land by farmers in addition to other varieties. We are also exploring sites for setting up two or more sugar mills by 2007. In April, 2005, we submitted a tender for the outright purchase of various assets of a sugar factory located in Jewar, in Uttar Pradesh along with the employees, workers and liabilities on a ‘as-is-where-is basis’. We have not been notified of any decision in this regard by the liquidator. Our continued growth will depend, among other things, on our ability to secure significant amounts of financing, to manage our expansion process, to restructure our units when required, to make timely capital investments, to manage strategic acquisitions or divestments, to control input costs and to maintain sufficient operational and financial controls.

Sugar Production Process

The sugar production process involves three steps: (a) crushing of the sugarcane, (b) clarification of the sugarcane juice and crystallization of sugar and (c) separation. The sugarcane received from the farmers is uniformly fed to the fibrizer to prepare the same for efficient milling. The sugarcane is crushed to extract the sugarcane juice. The juice extracted from the milling plant is mechanically screened. The juice is then heated to about 70 degree centigrade in rapid flow vertical juice heater. The heated juice is limed and sulphited in a continuous juice sulphiter. The treated juice is then heated to approximately 105 degree centigrade and made to enter a flash tank for the removal of gas and air before letting it into a continuous clarifier, where the settling of the mud and other impurities takes place. The clear juice is then sent to the evaporators for concentration. The muddy juice is filtered in rotary vacuum filters and recycled back in to the process while impurities taken out in the form of filter cakes are removed. The concentrated juice known as syrup is further boiled until the sugar crystallizes. Lastly, the mixture of sugar crystals and the syrup is spun in a centrifuge, which separates the sugar crystals (also called plantation white sugar) to produce sugar and molasses. The sugar produced is dried, graded and packaged for storage and marketing.

Molasses, filter cake and bagasse (the fibrous residue leftover after crushing sugarcane and extracting its juice), are by-products of sugar production process. The molasses and filter cake are sold in the market to generate revenue. We use bagasse as a fuel to generate steam and power in our power plants.

We focus on controlling our sugar losses in the production process with the use of modern and efficient equipment and process automation although the actual amount of recoverable sugar is largely dependent on the quality and variety of the sugarcane grown by farmers.

Use of technology

Our strong position in sugar production is a direct result of our emphasis on the usage of modern technology, energy efficient systems and research and development. Our subsidiary, Triveni SRI has an agreement with SRI, which enables us to equip our plants with modern equipments and process know-how. We have installed Continuous Vacuum Pans (CVPs) developed by us in association with SRI at our Khatauli and Deoband sugar mills. These CVPs consume less steam for massecuite boiling and are therefore more efficient. We have also installed a Syrup Clarification System (SCS) at Deoband and Khatauli sugar mills for improvement in quality of the sugar. We have installed a Short Retention Clarifier (SRC) at our sugar mills in Khatauli and Deoband and plan to use the same in the new plants. In a normal clarifier, juice is retained for approximately 150 minutes while the SRC, takes 30 minutes for the same. The reduced time prevents inversion of sugar and thereby improves sugar recovery and quality. At our proposed Sabitgarh unit we plan to use VFDs to rotate the mills, which will reduce energy consumption and minimise energy requirement at lower operating load.

Raw Materials

The most important raw material for the sugar industry is sugarcane. Assuring regular and prompt supply of sugarcane is critical during the crushing season, as any delays or shortfall in supply could have a negative bearing on capacity utilisation, resulting in decline in production. Our efforts to procure this raw material are as follows:

Sugarcane Development and Procurement

It is very important that sugarcane of the appropriate variety is available to our sugar mills at the appropriate time and in sufficient quantities. Hence, sugarcane procurement and development are fundamental to our sugar business. In view of the same, we have a separate department with experienced personnel, who handle sugarcane procurement and sugarcane development. In the state of Uttar Pradesh, sugarcane is procured through cooperative societies formed by sugarcane growers in the Cane Area. The sugarcane co-operative societies, based on their estimates of sugarcane production by their members enter into agreements with us for the supply of identified quantities of sugarcane at a price determined in accordance with applicable laws. This enables us to get an estimate of the sugarcane available for crushing and plan our operations accordingly.

Our sugarcane development programme is planned to, inter alia, educate the farmers regarding modern agricultural practices in sugarcane cultivation, supply of seeds, encourage replacement of inferior sugarcane varieties with varieties which are high yielding, have high sucrose content and are early maturing, encourage measures to eliminate diseases and insects/pests in sugarcane, recommend fertilisers based on soil testing, contributing for construction and repair of link roads and culverts, maintenance of drainage systems, etc, for the development of infrastructure to promote sugarcane cultivation.

We use information technology for classification and indenting of sugarcane in our sugarcane procurement system. Such systems enable us to access details about the land holdings, area under sugarcane cultivation, last few years supply of sugarcane to the factory, etc, which are used to plan sugarcane procurement and sugarcane development. Farmers are advised on sowing of the sugarcane varieties based on details collected by us on land type, soil details, etc.

Varieties of sugarcane used in our sugar mills

We actively encourage the farmers in our Cane Areas to grow early maturing varieties of sugarcane, which have high sucrose content. We conduct sugar content analysis of sugarcane samples on a daily basis to have information base for our procurements and future development of high sugared sugarcane varieties. Some of these varieties are CoJ-64, CoS-

88230 and CoS-8436, which are varieties which have been identified as early maturing sugarcane varieties by the government of Uttar Pradesh and the SAP is higher than the SAP for general varieties by Rs.30-50 per metric tonne for these varieties of sugarcane. The areas on which sugarcane with high sugar content is being grown in the Cane Areas of our sugar mills is detailed in the table below:

Khatauli		Deoband	
Total land under cultivation of	% of land under sugarcane cultivation	Total land under cultivation of	% of land under sugarcane cultivation
CoJ-64	17.20%	CoJ-64	15.38%
CoS-88230	10.94%	CoS-88230	26.79%
CoS-8436	3.11%	CoS-8436	12.33%

We are focussed on using varieties of sugarcane, which have higher sugar content for crushing in our sugar mills. The major varieties of sugarcane used in our sugar mills in Khatauli and Deoband and the amount used in the last three Sugar Years are as detailed in the table below:

Quantity (Thousand Metric Tonnes)						
	Khatauli			Deoband		
	2002-2003	2003-2004	2004-2005	2002-2003	2003-2004	2004-2005
CoJ-64	251.0	364.2	377.6	198.7	230.9	309.5
CoS-88230	293.8	230.8	266.8	150.0	222.2	352.2
CoS-8436	320.4	208.9	57.6	343.4	302.3	367.4
CoS-767	1075.9	1074.7	913.1	909.6	717.0	360.8
CoS-84212	40.2	3.0	3.0	3.0	3.0	2.2
CoS-8432	42.0	30.8	31.5	7.0	3.3	3.0

The percentage wise break-up of the use of sugarcane varieties in our sugar mills in the last three Sugar Years, are as detailed in the table below:

Percentage of total sugarcane crushed in Sugar Year (in %)						
	Khatauli			Deoband		
	2003	2004	2005	2003	2004	2005
Early/High sugared varieties						
CoJ-64	15.0	21.0	22.0	12.0	16.0	22.0
CoS- 88230	17.0	13.0	15.0	10.0	12.0	25.0
CoS-8436	2.0	2.0	3.0	20.0	23.0	26.0

In the Sugar Year 2005, at Khatauli we received approximately 33.00% of the sugarcane crushed by the factory at the gate of our sugar mill and 67.00% of the sugarcane crushed was procured through 220 sugarcane collection and purchase centres. In Deoband unit we received 47% of the total sugarcane crushed at the gate of our plant and 53% from collection and purchase centres. At our Ramkola unit we received 70% sugarcane at the gate of our sugar mill and 30% from the collection and purchase centres.

Sugarcane pricing

Sugarcane price is governed by notifications of the GoI and the respective state governments. The GoI determines the minimum price payable to farmers, known as the statutory minimum price ("SMP"). However, individual states advice the

sugar mills to pay as per the state advised price (“SAP”), which, in the past, have been at a premium of up to 30% over SMP. The state of Uttar Pradesh, where all three of our plants are located notifies sugar mills to pay a SAP, which has no linkage with recovery. In fiscal 2005, the SMP for our Khatauli, Deoband and Ramkola plants were Rs.894.60 per metric tonne, Rs.921.00 per metric tonne, and Rs.877.00 per metric tonne respectively. The SAP for sugarcane in the state of Uttar Pradesh in fiscal 2005 was Rs.1070.00 per metric tonne for general varieties at the gates of the mills (Rs.50 extra per metric tonne for early maturing varieties). For details of sugarcane pricing, see section titled “Management’s Discussion And Analysis Of Financial Condition And Results Of Operations—Factors Affecting our Results of Operations—Expenditure—Sugarcane—Sugarcane Pricing” on page 239 of this Red Herring Prospectus.

Product

The sugar produced at our plants is termed “direct consumption plantation white sugar” and is largely bold grained, which commands higher realisation. The sugar produced by us generally has a rating of 70-80 ICUMSA in Khatauli, 80-90 ICUMSA in Deoband and 130-140 ICUMSA in Ramkola. Lower ICUMSA value of sugar indicates whiter and better quality of sugar, which commands higher prices in the sugar market. The sugar produced in our sugar mills in Khatauli and Deoband is bold grained and is rated as one of the better qualities of sugar produced in western Uttar Pradesh. This enables us to charge a premium for the sugar produced by us.

Pricing of sugar

Sugar has been classified as an essential commodity under Essential Commodities Act, 1955. The pricing of a certain percentage of sugar is fixed by the Ministry of Food and Civil Supplies, Government of India for different levy price zones. This is called the ‘levy price’ and the sugar which is classified to be sold under the levy price is termed ‘levy sugar’. The sugar which is not classified as levy sugar is termed ‘free sale sugar’. The current levy price for eastern Uttar Pradesh is Rs.13,834.10 per metric tonne and for western Uttar Pradesh is Rs.12,759.20 per metric tonne.

The price of free sale sugar is determined by market forces and the average realisation price of our free sale sugar was Rs.15,244.30 per metric tonne, Rs.12,607.00 per metric tonne and Rs.12,543.10 per metric tonne in fiscal 2005, fiscal 2004 and fiscal 2003, respectively.

For details of sugar pricing see the section titled “Management’s Discussion And Analysis Of Financial Condition And Results Of Operations—Factors Affecting our Results of Operations—Revenue—Sugar—Pricing of sugar” on page 237 of this Red Herring Prospectus.

Customers

We sell to a wide range of customers in India in the states of Punjab, West Bengal, Uttar Pradesh, Delhi, Haryana, Rajasthan and Gujarat. We sell most of our sugar in the wholesale domestic market through a network of agents. Our agents procure purchase orders in the wholesale market, and we invoice purchasers directly. To mitigate the risk of non-payment, we generally dispatch orders only after payment is received although we extend credit to some customers. The number of our end customers are large and thus we are giving details of our top selling and distribution agents.

The details of our top agents for each of our sugar mills for fiscal 2005 are as follows:

Khatauli:

Name of customer	Total Bags	% of total sales
M/s. S.M. Sugar	632,710	49%
M/s. Maruti Sugar	300,923	23%
M/s. Rakesh Kr. Satish Kr.	166,505	13%
M/s. Khushi Ram Dev Raj	94,130	7%
M/s. Shri Gopal Sugar Co	43,400	3%



Deoband:

Name of customer	Total Bags	% of total sales
M/s. S.M. Sugar	705,520	42.02%
M/s. Maruti Sugar	274,070	16.32%
M/s. Rakesh Kumar. Satish Kumar.	500,419	29.82%
M/s. Parmod Kumar. Kamal Kumar.	110,017	6.55%
M/s. Kapoor Traders	32,155	1.91%

Ramkola:

Name of customer	Total Bags	% of total sales
Gauri Sugar Agency	95,479	29.76%
Lalit Enterprises	74,503	23.22%
M/s. Rungta Associates	62,537	19.50%
M/s. B.L. Nevatia	27,436	8.55%
Mangalam Sales & Mktg.	22,694	7.07%

Sales of Sugar

We sold 474,576.10 metric tonnes of sugar in fiscal 2005 and realised Rs.74,618.00 million including excise duty. We had sold 330,192.40 metric tonne of sugar in fiscal 2004 and had realised Rs.43,960.21 million. There was an increase of 43.73% in the quantities of sugar sold by us and an increase of 69.74% in the amounts realised by us in fiscal 2005 as compared to fiscal 2004.

Competition

We face competition from other sugar mills in the area and also from sugar mills, which supply to these markets. Two of our sugar mills are located in western Uttar Pradesh. The main competitors of our sugar mills in western Uttar Pradesh include sugar mills located in Daurala, Kinauni, Mawana, Shamli, Simbhaoli and Titawi.

Our sugar mill in Ramkola is located in eastern Uttar Pradesh and its main competitors in this region include the mills located at Basti and Garaura.

Co-generation

Co-generation is defined as a process, which simultaneously produces two or more forms of useful energy. In a sugar factory co-generation, there are two forms of useful energy which are produced i.e. electric power and steam. The surplus power left after captive consumption by us, is supplied to the distribution company (ies).

Production capacity and output

We started selling the surplus electricity with the commissioning of the co-generating facility in Deoband on December 5, 2004, which has a capacity of 22.0 MW. Our co-generation plant in Khatauli has been synchronised with the power grid and has commenced the external sale of electricity on October 19, 2005. This co-generation plant uses an efficient Skoda turbine and other equipment as used in our co-generation plant in Deoband. In addition, it will utilize a Continuous Electro De-Ionization ("CEDI") polishing step in its boiler feed water system, which will eliminate chemical handling and is expected to further improve the boiler feed water quality.

Technology and Process

One of the by-products of sugar production is bagasse which is a fibrous residue obtained after the crushing and extraction of juice from sugarcane. We utilise this bagasse as fuel for boiler, which operates at a high pressure and

temperature to produce steam. This steam is fed into a turbo generator, which produces electricity. The electric power produced is sold to the distribution company (after meeting the captive requirement of the sugar mill and in-house requirement of the co-generation plant) and steam extracted from the steam turbine is used in the sugar mill for the heating of the juice, syrup, massecuites and other intermediate products in the processing of sugar.

The co-generation plant in Deoband utilises a high pressure (87 atmosphere absolute) and temperature (515 degree centigrade) 120 tonnes per hour boiler. It has a 22.0 MW double extraction condensing turbo generator set along with all requisite auxiliaries. The turbine has been imported from Skoda and is considered a highly efficient turbine. The total cost of setting up of this co-generation plant in Deoband was Rs.760 million. The plant is fully automated using a sophisticated Distributed control system (DCS). For maximising energy efficiency a number of variable frequency drives (VFDs) have been used. The boiler is fitted with electro static precipitators, which allows the plant to comply with air emission norms and membrane based systems for treatment of water, which is used in the boiler.

Sales of electricity

The electricity produced by the co-generation power plant at Deoband is sold to the UPPCL, with which we have a power purchase agreement for 10 years. The price for fiscal 2005 was Rs.2.81 per unit. We have also executed a PPA with UPPCL for the sale of power for a period of ten years from October 29, 2003. Our co-generation plant in Khatauli was synchronized with the grid and has started external sales of electricity from October 19, 2005. We have executed a Power Purchase Agreement with UPPCL for the same dated May 31, 2005. UPERC has through order dated July 6, 2005 given an in principle approval for purchase of power by the distribution companies. However, UPERC has noted that since UPPCL has now become a transmission utility only, the concerned distribution company should also be a party to this PPA. The basic rates for the electricity to be sold under the above mentioned PPAs are as determined by the UPERC and range between Rs.2.86 per kWh in financial year 2006 and Rs.3.02 per kWh in financial year 2010. In addition, the UPERC has allowed certain incentives subject to certain conditions. For details of these PPAs, see the section titled “History and Certain Corporate Matters” on page 114 of this Red Herring Prospectus.

Turbine Business

Product range

We are one of the leading small steam turbine (i.e. turbines with capacities of up to 15.0 MW) manufacturing companies in India. We have been in the business of manufacture of small steam turbines since 1968.

Our Turbine Business offers comprehensive solutions for steam based power generation ranging from 0.5 MW to 15.0 MW currently. We are in the process of commercialising the use of our in-house technology for manufacture of turbines with a capacity of 15.0 MW to 24.0 MW. We also have an arrangement with Skoda, which enables us to provide solutions to customers for turbines of up to 50.0 MW.

Turbine manufacturing process

Steam turbines are engineered to order products. Hence, the manufacturing is as per the specifications and needs of the customer. The first step is the specification of the inlet parameters and desired output in terms of electrical output by the customer. Based on these specifications, the engineering department determines the thermo-dynamic calculations and designs rotor blades, stationary blades, and high pressure/low pressure steam casings. Thereafter, the complete turbine is designed, along with other systems required to be integrated with the total assembly. While the turbine comprises hundreds of parts, the main steam flow is in four parts i.e., rotor assembly, stationary blades, top and bottom casing assembly and control/governing valves.

The components of these assemblies are independently machined, assembled and then they come together for final assembly, which has to be done with a great degree of precision. Once the assembly is done, the turbine is put on the test bed for testing along with other auxiliary items, including gearbox, electronic governing system and vibration monitoring system. Here, the turbine goes through a mechanical run test, where it is run at 110% of the speed at which it is required to function by the customer and each and every running and safety parameters are checked. Finishing touches such as lagging and painting is done on the fully assembled turbine as per the requirements and dispatched to the customer.



We supply the complete equipment required for a turbine to operate. We are the manufacturers of the turbine and the gear/gearbox. The other components for the plant like alternator, panels, condensing system, oil system and cooling systems are procured from other manufacturers and dispatched to the site and then the system is integrated as per the specifications and drawings given by the engineering department which are as per the specific requirements of the customer. Thereafter, the total turbo-generator system is commissioned and handed over to the customer.

Our abilities to perform computational fluid dynamics, finite element analysis, performance cycle optimization, blade vibration analysis, stress analysis and rotor dynamics analysis, have allowed us to develop in-house solutions for the future needs of industry.

Research and Development

We have been able to develop highly efficient low pressure tapered-twisted blades utilising the services of Impact Technologies (USA) and other consultants from the Indian Institute of Science, University of De Montfort, United Kingdom and the Indian Institute of Technology. The first turbine carrying our new tapered-twisted blades is expected to be commissioned in 2006. We have also been able to develop new efficient turbine designs up to 24.0 MW. We have however, not yet applied for the intellectual property rights of the same. As a tapered twisted blade is a component of the turbine, its independent contribution to the sales of turbines is unascertainable.

Quality systems and environmental compliance

We lay special emphasis on quality and our quality systems have been certified by IRQS and conform to ISO 9001 standards. The ISO-14001 certificate has been awarded to our environmental management systems with respect to our Turbine Business.

Expansion Plans

With the current factory expansion in progress we are adding a new bay and extending the existing ones. We are adding several new machining centres including four-axis machining centres along with vertical turret lathes, balancing machines and three-axial coordinate measuring machines. The expansion will provide us the infrastructure for assembly of turbines of capacity of up to 50.0 MW. The boiler capacity of the plant is also being expanded to enable mechanical run tests of turbines of capacity of up to 50.0 MW.

Sales

For the year 2005-2006, we already have an order book of Rs.2,970.0 million, which is 182% of sales turnover for fiscal 2005. These orders will be met through our capacity expansion. We have an order book of over 510.51 MW as on October 11, 2005.

Competition

Our main competition in the domestic market for steam turbines with a capacity of less than 15.0 MW is from Demag Delaval Industrial Turbomachinery Private Limited, India and Hangzhou, China.

Gears Business

We are one of the leading players in the design and manufacture of high-speed gears and gearboxes in India. We design and manufacture high-speed gears and gear boxes up to 70.0 MW capacity and 50,000 rpm under a license agreement with Lufkin. In fiscal 2005, we sold gears and gearboxes worth Rs. 245.10 million.

Operations

This highly specialised unit located at Mysore went into production in 1976, with the objective of fulfilling in-house demand for high-speed gears and gearboxes for steam turbines, then manufactured. From 1980 onwards, the Mysore unit began catering to outside customers as well.

Currently, our Gears Business comprises of the design, manufacture and marketing of gears and gearboxes with a capacity

of up to 70.0 MW and speeds up to 50,000 rpm. The range up to 7.5MW is manufactured using our own technology and the range above 7.5MW is manufactured using technology imported from Lufkin, a reputed international manufacturer of gears and gear boxes, based in Lufkin, Texas, U.S.A.

Arrangement with Lufkin

Our association with Lufkin is seven years old, which, along with our technology, has helped us to service the entire high-speed gear and gearbox market in India. Presently, the arrangement with Lufkin enables us to manufacture gearboxes including rotating parts, up to 15.0 MW, beyond which capacity we manufacture entire gears and gearboxes without the rotating parts. The rotating parts are imported from Lufkin. On May 14, 2005, we renewed our arrangement with Lufkin for a further seven years with effect from July 1, 2005, subject to the approval of the Government. Under the revised terms of our arrangement with Lufkin, we shall be able to manufacture complete gears and gearboxes of up to 25.0 MW beyond which we will manufacture the gears and gearboxes where the rotating parts have been imported from Lufkin. We continue to be the preferred supplier for purchases by Lufkin to be made from India under the terms of the contract.

Product and services

A gearbox is a constant torque machine used to transmit power, which allows both the prime mover and the driven equipment to operate at the most efficient speeds. It is coupled to the prime movers such as a turbine, motor or engine to match the speeds of the driven equipments like alternator, pump, compressor, extruder, blower, mills, etc. Our gears division designs and manufactures high-speed gears and gearboxes. We also refurbish all types of gearboxes (high and slow speed) of any make, undertake diagnostic studies to assess the health of gearboxes and supervise support for erection, commissioning and overhauling of gearboxes. In addition, we also act as an agency for promoting Lufkin's direct orders and spares. We conduct tests to meet or exceed customer requirements and industry standards before any product is delivered. Gears and pinions are cut on the hobber machine, heat-treated and ground on the grinder to DIN 3 accuracy, if required. These are assembled on machined gear casings with accessories; and test run where the temperature, vibration, noise levels, etc, are monitored in the presence of the customer.

Quality systems and environmental compliance

We lay special emphasis on quality and quality systems. Our quality systems have been certified by IRQS and conform to ISO 9001 and we have been certified as compliant with ISO-14001 standards for our environmental management systems with respect to our Gears Business.

Sales

The total revenue including inter segment sales net of excise duty from our Gears Business in fiscal 2005 was Rs.240.01 million. This was an increase of 26.74% of the total revenue including inter segment sales net of excise duty in fiscal 2004, which was Rs. 189.37 million. Our turnover excluding excise duty in fiscal 2005, 2004 and 2003 were Rs. 238.78 million, Rs.188.68 million and Rs.164.46 million, respectively. As of October 11, 2005, we had an order book amounting to Rs.285.39 million for new gears, refurbishment of gears and spare parts.

Competition

The main competition to us in the Gears Business is mainly from imports of gears and gearboxes. Walchandnagar India Limited is the other domestic manufacturer.

Water Business

In fiscal 2005, we designed and sold water treatment equipment worth Rs. 81.57 million. We have evolved from a turnkey operator to a mechanical equipment supplier.

Product

We manufacture products and solutions ranging from conventional treatment systems to higher value-added, high technology water treatment systems. We have an agreement with US Filter for a broad range of processes, technology, equipment and



solutions across the industrial and municipal sectors. Our current product lines as well as those products available to us through our association with US Filter include clarifiers, aerators, filters, membrane solutions, de-watering equipment and high purity water systems.

Technical Arrangements

We have close working relationships with several US Filter business groups – Envirex for conventional treatment equipment (with which we have an arrangement since 1987), Ionpure for Electro De-Ionising equipment, Memcor for membrane bio reactor and micro-filtration membrane solutions and equipment and the Process Water Systems group of US Filter, for the provision of process engineering and support of high purity systems.

Sales and customers

Our Water Business services both the industrial and the municipal sectors. We have also entered into the field of high purity water systems with sophisticated membrane solutions with a high degree of automation. We have also a strong presence in the market for conventional treatment equipment, especially with large engineering, procurement and construction (“EPC”) companies such as Larsen & Toubro and Degremont. We have also received an order for Continuous Electro-De-Ioniser (CEDI) of a high capacity, made by Ionpure – a subsidiary of US Filter.

Capacity and Capacity Utilisation

The details of capacity utilisation for our existing sugar mills are as follows:

	Sugar Year					
	2001-2002*	2002-2003*	2003-2004*	2004-2005**	2005-2006**	2006-2007**
Khatauli						
Capacity (in TCD)	11,750	11,750	11,750	11,750	16,000	16,000
Crushing Duration (in days)	186.00	182.00	177.00	186.00	165.00	170.00
Capacity Utilisation (in %)	81.05	81.92	84.33	85.39	83.00	85.00
Deoband						
Capacity (in TCD)	10,000	10,000	10,000	10,000	14,000	14,000
Crushing Duration (in days)	176.00	181.00	160.00	175.00	165.00	170.00
Capacity Utilisation (in %)	80.18	89.58	92.75	79.25	80.00	80.00
Ramkola						
Capacity (in TCD)	3,500	3,500	3,500	3,500	3,500	3,500
Crushing Duration (in days)	161.00	165.00	100.00	104.00	150.00	160.00
Capacity Utilisation (in %)	81.08	87.36	86.66	93.54	80.00	85.00

*Actuals

**Estimated

For our proposed sugar mill in Sabitgarh, the details of the estimated capacity utilisation are as follows:

Sugar Year	2005-2006*	2006-2007*	2007-2008*
Capacity (in TCD)	7,000	7,000	10,000
Crushing duration (in days)	80.00	155.00	155.00
Capacity Utilisation (in %)	80.00	88.00	87.00

*Estimated

The capacity of the sugar mills has been computed by considering the daily crushing capacity and multiplying the same with the duration of the respective crushing season. Sugar is a seasonal industry and the crushing season generally starts in October/November and lasts till April/May in Uttar Pradesh, where all our sugar mills are located. This is due to the availability of sugarcane, which is the primary raw material, in this period only. For further details on the crushing duration and seasonality, please see the section titled “Management’s Discussion And Analysis Of Financial Condition And Results Of Operations- Seasonality” on page 239 of this Red Herring Prospectus.

Capacity utilisation has been computed by dividing the actual cane crushed by the capacity of the respective sugar mill.

The estimated capacity utilisation rates for the crushing seasons 2005-2006, 2006-2007 and 2007-2008 are based on our assessment of the sugarcane availability, demand for sugar and the timely implementation of our capacity expansion plans. There can be no assurance that we will be able to achieve the estimated capacity utilisation rates as indicated above.

With respect to our Engineering Businesses, our products are engineered to the orders of our customers. Therefore, there is no standard definition of capacity or capacity utilisation for these businesses.

Insurance

We maintain insurance policies with leading Indian insurers. All our principal places of business, including our sugar mills are covered by industrial risk, fire, theft, group mediclaim, group accident insurance, workmen compensation policy, cash in transit, stock insurance, in transit insurance of sales, capital stock insurance, marine cargo open insurance and vehicle insurance policies. Our plant and machinery such as mills, pans, boiler, pressure vessels, DG sets, turbines, motors, tubewells, effluent treatment plant and office equipment are covered by insurance. We also maintain business interruption insurance and terrorism is specifically excluded from all our policies. The total coverage under all our policies as of October 31, 2005 was Rs.12,159.00 million.

Human Resources And Employee Training

We had 3,805 employees as of September 30, 2005. Our success depends to a great extent on our ability to recruit, train and retain high quality professionals. Accordingly, we place special emphasis on the human resources function in our organisation. We believe that development of our people is essential for growth of the organization. Accordingly, emphasis is laid on development of entrepreneurial skills through work independence, freedom of expression and ownership of actions and decision at all levels. In fiscal 2005, training programmes were organized for officers and non-officers in technical as well as managerial function for 2,637 man-days. Accordingly, 4.37 days training was imparted per officer and 2.18 days for per supervisor on an average for all our units. In fiscal 2005, the total expenditure incurred by us on training and other activities for the development of human resources was Rs.7.13 million.

Unions

We believe that we have harmonious relationships with our worker unions. Most of our units have unions that are registered under the Trade Union Act, 1926. There was a strike for 1^{1/2} days between April 6, 2004 and April 7, 2004 at our sugar mill in Khatauli.

Environmental compliance

National environmental standards in India are drafted by the Central Pollution Control Board and the Ministry of Environment and Forests, Government of India and are enforced by various pollution boards and pollution control committees. Each of our manufacturing facilities requires various environmental clearances.

We have conducted our business in accordance with a comprehensive environmental policy and environment management system. Our environmental policy is based on the following principles:

- achieving and maintaining a leading role in environmental management;
- consideration of environmental requirements in all business decisions;

- continuous consideration and adoption of environmental policies in our business units;
- adoption of environmental management practices; and
- compliance with statutory norms and requirements.

Emission and Effluent Management

While deciding the appropriate technology for our projects, we integrate a number of environmental measures into the plant design. In order to keep emissions, effluents and ambient air quality within acceptable limits, we use equipment and systems such as effluent treatment plants, wet scrubbers and electro-static precipitators. We also utilize water management system for control of the effluent quality through recycling, as well as for conservation of water. In order to keep pace with changing environmental regulation norms and to ensure compliance with statutory requirements in the field of pollution control on a sustained basis, we also undertake renovation, modernisation and retrofitting and upgrading of pollution monitoring and control facilities in our manufacturing units.

Corporate Social Responsibility

We are aware of our corporate social responsibilities and have made significant efforts to preserve the environment in and around our sugar mills and other units. As a socially responsible corporate, we believe that great emphasis should be placed on social and community service. This attitude has allowed us to engage in numerous social activities with the wholehearted support of our employees. We run hospitals and schools at Khatauli, Deoband and Ramkola. These institutions not only provide critical facilities to our employees and the local population, but also provide a basis for development of the community.

Property

Manufacturing units

We have immovable properties at our manufacturing units for the purpose of our business. These properties are held either on a freehold or a leasehold basis. We do not have sale deeds for certain properties, although the revenue records confirm us as the owners. There are certain pending disputes in relation to our immovable properties at various plants. For further information, see “Outstanding Litigation and Material Developments” on page 262 of this Red Herring Prospectus.

Set forth below is a brief summary of our immoveable properties related to our manufacturing units:

Sl. No.	Unit	Location	Leashold/ Freehold	Area (Acres)
1.	Khatauli-Sugar unit	Khatauli	Freehold	62.91
		Shiekhpora	Freehold	61.86
		Gangdhari	Freehold	1.17
		Galibpur	Freehold	0.52
		Chitoda	Freehold	1.45
		Chhachharpur	Freehold	1.67
		Jandheri Jatan	Freehold	1.05
		Jawan	Freehold	3.01
		Mubarikpur	Freehold	0.57
		Pamna Wali	Freehold	2.83
		Fahimpur Khurd	Freehold	0.90
		Mohiuddinpur	Freehold	1.20
		Gadanpura	Freehold	1.25
		Shahapur	Freehold	0.85

Sl. No.	Unit	Location	Leashold/ Freehold	Area (Acres)
		Bahpur	Freehold	0.80
		Sikherahada	Freehold	0.15
		Assa	Freehold	2.71
		Khalidpur	Freehold	1.42
		Jhunjhuni	Freehold	0.51
		Basooma	Freehold	1.91
		Dandupur	Freehold	1.67
		Rahawati	Freehold	1.67
		Rampur Ghoria	Freehold	1.67
		Gagsona	Freehold	2.98
		Budhana	Freehold	4.12
2.	Muzaffarnagar Farm	Bhikki	Freehold	84.70
		Bilaspur	Freehold	50.16
		Dhandhera	Freehold	16.13
		Shernagar	Freehold	2.57
		Sikhrera	Freehold	23.60
3.	Agri-Center	Ladpur	Freehold	2.65
4.	Co-generation	Khatauli	Freehold	0.25
5.	Deoband	Noorpur	Freehold	90.73
		Isharpur	Freehold	1.38
6.	Ramkola	Ramkola	Leasehold	20.59
		Ramkola	Freehold	63.60
7.	Sabitgarh	Sabitgarh(Khurja)	Freehold	98.24
8.	Thakurdwara	Thakurdwara (Rani Nagal)	Freehold	47.03
9.	Dibai	Daulatpur/Kutubpur	Freehold	60.21
10.	Naini	Allahabad	Freehold	20.78
11.	Mysore	Survey No. 42, Plot No. (1,2,3) B Belagola Industrial area, KRS Road, Mysore	Freehold	10.28
12.	Bangalore	Survey No. 29, 30, 31 and 35, 12 A Peenya Industrial area Bangalore	Freehold	11.64
	Total			765.392



Details of Offices and Other Properties

Set forth below are the details of our properties in which our offices are located.

Sl. No.	Location	Address	Property rights	Area (Sq.ft.)
1.	Mumbai	504, Tulsiani Chambers on Plot No. 212, Block III, Backbay Reclamation, Nariman Point, Mumbai - 400 021	Leasehold (99 Years)	1,300.00
2.	Pune Office	Yashodam Bunglow 2nd Floor, 440/7, Gokhale Road, Shivaji Nagar, Pune – 411016	Leasehold	1,500.00
3.	Naini Office	4/15/A/1, Stanley road, Opp. Veerendra Hospital, Civil Lines, Allahabad – 211001	Leasehold	N.A
4.	Hyderabad Office	A-3/106,Eureka Court, 2nd Floor, Yellareddy Guda Road, Ameerpet, Hyderabad – 560016	Leasehold	N.A
5.	Vijayawada Office	No.40-6-2,2nd Floor, Goeteti Apartments Hotel New Khandhai Side lane, Labbi pet, MG Road, Vijaywada – 520010	Leasehold	N.A
6.	Noida, Uttar Pradesh	8 th Floor, Express Trade Towers 15-16, Sector 16 A, Noida (Uttar Pradesh)	Leasehold	30,591.64
7.	Noida, Uttar Pradesh	D-14, Sector-3, Noida, Distt. Gautam Budh Nagar, Noida (Uttar Pradesh)	Leasehold	3,500.00
8.	Delhi	New Capital, (Shantiniwas, Plot No. 2, Block No. 124. 124 Janpath Lane, New Delhi 110001.	Leasehold (Perpetual)	35,588.52
	Total			72,480.16

There are certain properties, which we occupy but do not have any freehold or leasehold interest. The table below, sets forth these properties.

Sl. No.	Address
1.	Shop No. 14, 1st Floor, Jalkal Compund, Golghar, Gorakhpur
2.	32 B, Nai Mandi Muzzafarnagar, Uttar Pradesh.
3.	Rookwood, Mall, Shimla, Himachal Pradesh.
4.	Digrauli.

REGULATIONS AND POLICIES

Sugar Industry

Sugar is an essential commodity, and consequently, its production, supply and distribution is regulated by the state and central government. Our Company has sugar factories located in various parts of Uttar Pradesh, i.e., Deoband, Khatauli and Ramkola. In addition, we are proposing to set up new units in the state. The following are the central regulations and local laws in the state of Uttar Pradesh applicable to the sugar industry,

Licencing of Sugar Industries

Section 11 of the Industries (Development and Regulation) Act, 1951 (the “IDRA”) provides that no person or authority, other than the central government, may establish any new industrial undertaking, except under and in accordance with a licence issued by the central government. The Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India (“DIPP”) has, by issue of Press Note Number 12/1998 dated August 31, 1998 delicensed the sugar industry. Sugar industries, therefore, no longer come within the purview of compulsory licensing under the provisions of the IDRA. Entrepreneurs desirous of setting up sugar factories are only required to file an Industrial Entrepreneurs Memorandum (“IEM”) in the prescribed form with the Secretariat of Industrial Assistance, Ministry of Commerce and Industry, Government of India (“SIA”) as provided in Press Note dated August 2, 1991 issued by the SIA. However, in order to avoid unhealthy competition among sugar factories to procure sugarcane, the DIPP has provided that a minimum distance of 15 kilometres must be maintained between an existing sugar mill and a new mill.

However, the High Court of Allahabad has passed an order dated August 24, 2005 quashing GoI notifications that provided for the delicensing of the sugar industry by omitting the requirement to obtain a license under the IDRA for setting up new sugar mills or engaging in the substantial expansion of existing sugar mills. This order of the High Court of Allahabad has been challenged by M/s. Bajaj Hindusthan Limited in the Supreme Court. The Supreme Court has stayed the operation of the said judgement of the High Court of Allahabad vide its order dated September 19, 2005 till further orders. Upon application by us, we have been impleaded as a party to this special leave petition. The GoI and the GoUP have also been made parties to this special leave petition. For further details of the special leave petition, see the section titled “Outstanding Litigation and Material Developments—Miscellaneous” on page 262 of this Red Herring Prospectus.

Labour and Industrial Laws

Sugar factories must obtain a factories licence under the Factories Act, 1948.

Further, a wide variety of labour laws must also be complied with. Apart from generally applicable labour laws, including the Industrial Disputes Act, 1947, the Contract Labour (Regulation and Abolition) Act, 1970, the Employees’ Provident Funds and Miscellaneous Provisions Act, 1952, the Minimum Wages Act, 1948, the Payment of Bonus Act, 1965, the Payment of Gratuity Act, 1972 and the Payment of Wages Act, 1936, there are also standing orders specifically applicable to the sugar industry.

These standing orders lay down rules governing terms of employment in sugar factories and provide, *inter alia*, for:

- (a) Notification of periods and hours of work, including holidays;
- (b) Notices relating to closure and re-opening of a factory or section of a factory;
- (c) Leave conditions and procedure for availing leave;
- (d) Situations where there may be temporary stoppage of work;
- (e) Employment of seasonal workmen;
- (f) Grounds for termination of employment;
- (g) Retirement of workmen;
- (h) Redressal mechanisms in case of grievances and disputes.

Uttar Pradesh Prevention of Food Adulteration Act, 1976

Under the Uttar Pradesh Prevention of Food Adulteration Act, 1976, a licence is required to be obtained from the Local Health Authority for the production and sale of sugar and molasses.

Land Laws

For setting up a sugar factory, permission for acquisition of land may be required from local authorities in light of the provisions of local land ceiling laws. Further, it may be necessary to apply for change of land use from agricultural to industrial, in the event the area identified for setting up of the factory is designated as an agricultural area.

Environmental Laws

Prior to setting up a sugar factory, relevant environmental consents must be obtained under the Environment (Protection) Act, 1986, the Water (Prevention and Control of Pollution) Act, 1974 and the Air (Prevention and Control of Pollution) Act, 1981.

Supply and Purchase of Sugarcane

Sugarcane (Control) Order, 1966

The Sugarcane (Control) Order, 1966 (“Sugarcane Order”) aims at maintaining supplies of sugarcane and securing its equitable distribution and availability at fair prices. It empowers the central government to fix the minimum price of sugarcane, termed the Statutory Minimum Price, payable by sugar producers on the basis of the following factors:

- (a) the cost of production of sugarcane;
- (b) the return to the grower from alternative crops and the general trend of prices of agricultural commodities;
- (c) the availability of sugar to the consumer at a fair price;
- (d) the price at which sugar produced from sugarcane is sold by the producers of sugar; and
- (e) the recovery of sugar from sugarcane.

Producers of sugar cannot purchase sugarcane at a price lower than the prescribed price. The Sugarcane Order also provides that in addition to the Statutory Minimum Price, an additional price shall be payable to the sugarcane grower by sugar producers, if due, which price shall be computed as per the prescribed formula. This additional price shall be payable in the manner directed by the central or state government, from time to time. The Sugarcane Order provides that this additional price payable shall be determined on the basis of the following factors:

- (a) the amount, quantified in Rupees of the sugar produced during the relevant Sugar Year, excluding the excise duty payable on the same;
- (b) the value in Rupees of the sugar produced during the relevant Sugar Year, exclusive of excise duty calculated on the basis of the unit production of cost as declared by the central government;
- (c) the amount payable for the previous year, but not actually paid;
- (d) the excess or shortfall in realisations from actual sales of unsold stocks of sugar produced during the Sugar Year, which is carried forward and adjusted in the sale realisations of the following year; and
- (e) the quantity of sugarcane purchased by the sugar producer during the Sugar Year.

The additional price is shared equally by the cane grower and the sugar producer.

The Sugarcane Order also provides that, subject to directions issued by the central or state government, this additional price shall be payable to a sugarcane grower if he, in performance of his agreement with a sugar producer, supplies not less than 85% of the sugarcane agreed to be supplied. However, even where the supply of sugarcane is less than 85% of

the sugarcane agreed to be supplied against, the sugarcane grower shall be entitled to receive the additional price, so long as he has not been penalised, under the provisions of any law, for failure to supply 85% of the sugarcane so agreed. If the additional price remains unpaid, for any reason whatsoever, it shall be deposited with the district collector within six months of close of the Sugar Year.

The Sugarcane Order requires that payment to cane growers must be made within 14 days from the date of delivery of the sugarcane.

Uttar Pradesh Sugarcane (Regulation of Supply and Purchase) Act, 1953

The Uttar Pradesh Sugarcane (Regulation of Supply and Purchase) Act, 1953 (“Sugarcane Supply Act”) regulates the supply and purchase of sugarcane required for use in sugar factories. Under the provisions of this Act, the occupier of a sugar factory must submit to the Cane Commissioner an estimate of the quantity of cane required by the factory. The same is examined by the Cane Commissioner and the estimated quantities published.

Further, the Cane Commissioner also reserves and assigns areas for the supply of sugarcane to factories. The occupier of a factory is bound to purchase only the cane grown in an area reserved and/ or assigned for the factory. In reserving or assigning an area to a factory or determining the quantity of cane to be purchased from an area by a factory, the Cane Commissioner may take into consideration the following factors:

- (a) the distance of the area from the factory;
- (b) facilities for transport of cane from the area;
- (c) the quantity of cane supplied from the area to the factory in previous year;
- (d) previous reservation and assignment orders;
- (e) quantity of cane to be crushed in the factory;
- (f) arrangements made by the factory in previous years for payment of cane price and commission;
- (g) the views of the cane growers’ co-operative society in the area; and
- (h) efforts made by the factory in developing the reserved or assigned area.

The decision of the Cane Commissioner regarding the estimate of the quantities of sugarcane required by the factories and allocation of reserved/assigned areas may be appealed against to the state government, who may revise the same. Further, the Cane Commissioner may also cancel any order reserving or assigning an area, or alter the boundaries of the area so reserved or assigned.

The Sugarcane Supply Act also provides that the state government may provide for the manner in which the cane grown in the reserved or assigned area may be purchased by the factory concerned, and the circumstances in which the sugarcane grown by a cane grower shall not be purchased, except through a cane growers’ co-operative society.

The Uttar Pradesh Sugarcane Supply and Purchase Order, 1954 has also been issued, which lays down further provisions regarding the estimation of sugarcane supply and assignment of areas to factories for supply of sugarcane. Its main object is regulations of sugarcane supply to factories. Under the provisions of this Act, the Cane Commissioner, on the basis of estimates received from producers, determines the quantity of cane that each factory is entitled to receive. Factories cannot purchase sugarcane in excess of such prescribed quantities.

The Sugarcane Supply Act and the Sugarcane (Regulation of Supply and Purchase) Rules, 1954 made thereunder also regulate the payment of cane price to suppliers of sugarcane. Further, they also provide for the payment of a cess to the government based on the quantity of sugarcane utilized by a factory.

Production and Sale of Sugar

Sugar (Regulation of Production) Act, 1961

The Sugar (Regulation of Production) Act, 1961 (“Sugar Act”) empowers the central government to fix the quantity of sugar which may be produced in a factory during any year. The quantity may be prescribed having regard to, inter alia, the following factors:

- (a) the quantities of sugar available at the commencement of the year;
- (b) the quantities of sugar, which would be reasonably required for consumption during the year;
- (c) the quantity of sugar required for export purposes;
- (d) the working capacity of the factory;
- (e) the number of days on which the factory actually worked during the relevant period; and
- (f) quantity of sugar produced as a percentage of the sugarcane crushed.

Sugar (Control) Order, 1966

The Sugar (Control) Order, 1966 (“Sugar Order”) regulates the production and sale of sugar. It provides that the central government may impose such conditions on the production of sugar as it deems fit. Further, the sale of sugar may be regulated by the central government. The central government is also empowered to prescribe the grades of quality that all sugar production must conform to. Under the Sugar Order, monthly orders are issued by the central government through the Ministry of Consumer Affairs, Food and Public Distribution, specifying quantities of sugar that must be sold by owners of sugar factories in the open market.

Levy Sugar Supply (Control) Order, 1979

The Levy Sugar Supply (Control) Order, 1979 (“Levy Sugar Order”) empowers the central government to issue directions to any producer to supply levy sugar to the government, at a price fixed by the government. Under the Levy Sugar Order, certain specified quantities of sugar, at present being 10% of the total quantity produced, commercially termed as “levy sugar”, must be sold as per government directions at government notified prices. The remaining sugar produced, termed as “free sale sugar”, may be sold freely in the market by the producer.

Taxes and Levies on Sugarcane and Sugar

Uttar Pradesh Sugarcane Cess Act, 1956

Under the provisions of the Uttar Pradesh Sugarcane Cess Act, 1956 (“Sugarcane Cess Act”), a cess is levied on the use, consumption and sale of sugarcane to a factory.

Uttar Pradesh Sugarcane (Purchase Tax) Act, 1961

The Uttar Pradesh Sugarcane (Purchase Tax) Act, 1961 imposes a tax on the purchase of sugarcane by the owners of factories. Sugar produced in a factory cannot be removed from the premises for the purpose of consumption or sale or manufacture of any other commodity, until the prescribed tax has been paid.

Sugar Cess Act, 1982

The Sugar Cess Act, 1982 (“Sugar Cess Act”) provides for the imposition of a cess on all sugar produced by any sugar factory in India.

Export of Sugar

Sugar Export Promotion Act, 1958

The Sugar Export Promotion Act, 1958 (“Sugar Export Act”) provides for the export of sugar in public interest. Under the provisions of this Act, the central government is empowered to fix the quantity of sugar that may be exported from time to time, having regard to the following factors:

- (a) the quantity of sugar available in India;
- (b) the quantity of sugar which would reasonably be required for consumption in India; and
- (c) the necessity for exporting sugar with a view to earning foreign exchange in the public interest.

Once the quantity of sugar to be exported is determined, the same is apportioned to sugar producers, in proportion to their production, which sugar producers are obligated to supply their export quota to the export agency.

Essential Commodities Act, 1955

Sugar is included within the purview of the Essential Commodities Act, 1955, which provides that the central government may regulate or prohibit the production, supply, distribution, trade and commerce in an essential commodity, if it is of the opinion that the same is necessary or expedient for maintaining or increasing supplies of the commodity, or for securing their equitable distribution and availability at fair prices, or for securing any essential commodity for the defence of India or the efficient conduct of military operations.

In furtherance of the above powers, the central government may order that any person engaged in the production of an essential commodity shall sell the same to the central or state government. For sale of sugar by such an order, in the absence of a specific notification, the producer shall be paid an amount calculated on the basis of the following factors:

- (a) the minimum price, if any, fixed for sugarcane by the central government;
- (b) the manufacturing cost of sugar;
- (c) the duty or tax, if any, paid or payable thereon; and
- (d) the securing of a reasonable return on the capital employed in the business of manufacturing sugar.

Uttar Pradesh Sugar Industry Incentive Policy, 2004

To give an impetus to industrial development and to attract new private investment in the field of sugar industry, the Uttar Pradesh state government issued a new Sugar Industry Incentive Policy, 2004 on August 24, 2004, which was subsequently amended on December 17, 2004. Under this policy, the state government has decided to give special incentives in the form of capital subsidy, reimbursement of transportation costs of sugar etc. to private entrepreneurs to set up new sugar mills, or expand existing sugar mills. To avail of such incentives, entrepreneurs must make a minimum capital investment of Rs. 3.5 billion during the financial year 2004-2005 to 2006-2007 and the new units must commence commercial production by March 31, 2007. For investment of over Rs. 3.5 billion, the incentive would be available for five years and for investment over Rs. 5 billion, the incentive would be available for 10 years.

Foreign Investment Regulations

The Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000 provide that the investment cap for foreign direct investment in the sugar industry is 100%.

Co-generation Units

Co-generation units produce two sources of energy, in the instant case being exhaust steam, which is utilized in the process of sugar production, and electricity, which is sold to the state power corporation. Our Company has set up a co-generation unit at Deoband, Uttar Pradesh and has recently established its second unit at Khatauli, Uttar Pradesh. For the setting up and operation of co-generation units, various consents are required, as detailed below.

Environmental Laws

Before establishing and operating a co-generation unit, consent must be obtained from the state pollution control board under the Water (Prevention and Control of Pollution) Act, 1974 and the Air (Prevention and Control of Pollution) Act, 1981.

Further, if the unit is a thermal power plant, an application for grant of consent must be submitted to the Ministry of Environment and Forests, alongwith an Environmental Impact Assessment Report, an Environment Management Plan and details of the public hearing conducted in relation to the proposed unit.

Other subsidies

The Ministry of Non-conventional Energy Sources, GoI (“MNES”), in order to encourage biomass energy and co-generation programmes, has formulated an incentive program through MNES’s administrative approval no. 3/4/2003-CPG dated July 21, 2003 as amended from time to time (“MNES Incentive Scheme”). The MNES Incentive Scheme provides interest subsidies for loans taken to set up bagasse based co-generation projects, inter alia, by private sector sugar mills. The rate of subsidy under the MNES Incentive Scheme varies from 1% to 3% depending on the pressure configuration of the boiler and is 2% for our co-generation plants. The incentive which can be availed is calculated such that after accounting for the subsidy, the rate of interest payable by the private sector entity setting up the co-generation project on the loan should not be less than 8%. The terms of the MNES Incentive Scheme provide that the assistance/grant received from any other organisation or state government including international agencies during the tenure of the project will be reduced from the eligible term loan for the calculation of the subsidy. Our Company has not availed any such incentives under the MNES Incentive Scheme, as of date.

Engineering Industry

Labour and Industrial Laws

Factories must obtain a factories licence under the Factories Act, 1948.

Further, a wide variety of labour laws must also be complied with, including the Industrial Disputes Act, 1947, the Contract Labour (Regulation and Abolition) Act, 1970, the Employees’ Provident Funds and Miscellaneous Provisions Act, 1952, the Minimum Wages Act, 1948, the Payment of Bonus Act, 1965, the Payment of Gratuity Act, 1972 and the Payment of Wages Act, 1936.

Environmental Laws

Prior to setting up a manufacturing unit, relevant environmental consents must be obtained under the Environment (Protection) Act, 1986, the Water (Prevention and Control of Pollution) Act, 1974, the Air (Prevention and Control of Pollution) Act, 1981 and the rules thereunder.

HISTORY AND CERTAIN CORPORATE MATTERS

Our Company was incorporated on July 27, 1932 under the Companies Act, 1913 as The Ganga Sugar Corporation Limited. The Company obtained a certificate of commencement of business on February 6, 1933. The name of The Ganga Sugar Corporation Limited was changed to Gangeshwar Limited on April 3, 1973 and subsequently to Triveni Engineering & Industries Limited (i.e. our Company) on March 31, 2000.

At the time of incorporation, the registered office of our Company was situated in pre-partitioned Punjab (present day Pakistan). After partition, the registered office of the Company was shifted to Delhi. In June 1997, with the approval of our shareholders and sanction of the Company Law Board, the registered office of our Company was changed from Jeevan Tara Building, 1st Floor, 5, Parliament Street, New Delhi 110001 to the present registered office at Deoband, District Saharanpur, Uttar Pradesh 247 554.

Scheme of arrangement and amalgamation between The Ramkola Sugar Mills Company Limited and The Ganga Sugar Corporation Limited (merged company being The Ganga Sugar Corporation Limited).

By a scheme of arrangement and amalgamation between, The Ramkola Sugar Mills Company Limited (“Ramkola”) which was an unlisted company and The Ganga Sugar Corporation Limited which was a listed company, sanctioned by the Delhi High Court vide its order dated March 12, 1968, and as modified by the Delhi High Court, by its subsequent order dated January 9, 1970, the whole of the undertaking of Ramkola was transferred to and vested in The Ganga Sugar Corporation Limited. By virtue of this amalgamation, the Company acquired a sugar unit at Ramkola, District Padrauna (now Khushi Nagar) in eastern Uttar Pradesh.

The salient features of the scheme of amalgamation are as follows:

- With effect from October 31, 1969 all the properties, movable and immovable, rights and powers of Ramkola and its entire undertaking, investments, licences etc. and other rights and interest of all description without further act or deed, were transferred to and/were deemed to have been transferred to and vested in The Ganga Sugar Corporation Limited.
- All debts, liabilities, duties and obligations of Ramkola without further act or deed also got transferred and were deemed to have been transferred to The Ganga Sugar Corporation Limited.
- The services of all employees of Ramkola stood transferred to The Ganga Sugar Corporation Limited with continuity in service for all purposes, on the same remuneration and other terms and conditions of service as were applicable to them before November 1, 1969.

This scheme of arrangement is listed as a Material Document in the section titled “Material Contracts and Documents for Inspection” on page 388 of this Red Herring Prospectus and is available for inspection.

Scheme of arrangement and amalgamation between Triveni Oilfield Services Limited and The Triveni Engineering Works Limited (merged company being the Erstwhile Triveni Engineering & Industries Limited, which was subsequently merged into our Company)

Triveni Oilfield Services Limited (“TOFSL”), a listed company with a wide base of shareholders, including institutional investors was engaged in the business of onshore oil drilling. TEWL, also a listed company, was engaged in manufacturing of sugar, turbines and other engineering activities.

In the financial year 1994-95, management of TOFSL foresaw an acute shortage of domestic drilling locations and felt the need to enter international markets. Subsequently the reverse merger of TEWL into TOFSL was conceived as the prequalification norms in certain countries and the capital intensive nature of international operations required stronger financials and the reverse merger of TEWL into TOFSL would enable the company to meet such requirements. The said scheme was sanctioned by the Delhi High Court by its order dated March 15, 1996.

As an integral part of the said scheme, the share capital of TOFSL was reduced by 90% and two shares of the merged company were allotted to the shareholders of the TEWL for every three shares held by them. This merger led to 73,191 out of 73,943 (i.e. approximately 98.98%) shareholders holding equity shares of the merged entity that were not exactly in multiples of the market trading lots. Also, the name of the merged entity, being TOFSL, was changed to Triveni Engineering & Industries Limited (i.e. Erstwhile Triveni Engineering & Industries Limited). The share exchange ratio alongwith the reduction in share capital pertaining to the said scheme was determined based on valuation by M/s. Bansil S. Mehta & Co., chartered accountants, and was approved by the consortium of lending financial institutions. Prior to the said scheme coming into effect, the promoters' shareholding was 37.59% and 36.79% in TEWL and TOFSL, respectively, and pursuant to the scheme, the promoters' shareholding was 37.49% in the Erstwhile Triveni Engineering & Industries Limited.

The share capital and shareholding pattern of TEWL and TOFSL prior to and post the merger was as follows:

Name of Company	Number of shareholders	Number of Shares*	Total equity share capital (Rs. million)	% of promoter holding	Number of shares held by promoters*	% of non-promoter holding	Number of shares held by non-promoters*
TEWL	30,967	11,997,743 ^s	119.98	37.59	4,510,459	62.41	7,487,284
TOFSL	43,468	16,252,905 [#]	162.53	36.79	5,978,765	63.21	10,274,140
Merged entity i.e. Erstwhile Triveni Engineering & Industries Limited	73,943	9,615,971	96.16	37.49	3,604,843	62.51	6,011,128

* Each folio has been considered as a separate shareholder for the purposes of this computation.

Including 23,035 equity shares which were forfeited for non payment of call money.

^s Including 8,266 equity shares which were forfeited for non payment of call money.

The details of the capital structure of the merged entity (i.e. Triveni Engineering & Industries Limited) after the merger was as follows:

No. of equity shares issued to the shareholders of TOFSL	1,622,987 [#]
No. of equity shares allotted to the shareholders of TEWL	7,992,984 ^s
Total No. of equity shares	9,615,971
Total paid-up equity capital (in Rs.million)	96.16

Excluding 2,303 equity shares which would have resulted from the reduction of the 23,035 shares which were forfeited for non payment of call money.

^s Excluding 5,511 equity shares which were forfeited for non payment of call money and which would have resulted as per the exchange ratio determined in the scheme.

In the subsequent years, Erstwhile Triveni Engineering & Industries Limited made concerted efforts to enter the international oil drilling market but due to commercial, technical and financial reasons, the said company did not succeed in this initiative. Further, the domestic demand had also reduced, which led Erstwhile Triveni Engineering & Industries Limited to close down the oil drilling business.

The salient features of this scheme of arrangement are as follows:

- With effect from October 1, 1994 ("the Appointed Date"), all the properties, movable and immovable, investments and other assets of whatsoever nature including industrial licences and other licences, all approvals, rights, claims etc without further act or deed, were transferred to and/were deemed to have been transferred to and vested in the Erstwhile Triveni Engineering & Industries Limited.

- All debts, liabilities, duties and obligations of TEWL also got transferred and were deemed to have been transferred to and vested in and assumed by the Erstwhile Triveni Engineering & Industries Limited. All contracts, deeds, agreements and other instruments to which the TEWL was a party, remained in full force and effect against or in favour of Erstwhile Triveni Engineering & Industries Limited and were enforceable against Erstwhile Triveni Engineering & Industries Limited as fully and effectively as if TEWL was a party.
- All the employees of the TEWL became the employees of Erstwhile Triveni Engineering & Industries Limited without interruption in service and on the basis of continuity of service and on terms and conditions not less favourable than those subsisting in TEWL.
- The issued, subscribed and paid-up capital of the TOFSL stood reduced from Rs.162,529,050 (which is divided into 16,252,905 equity shares of Rs.10 each) to Rs.16,252,905 divided into 16,252,905 equity shares of Re.1 each, such reduction was effected by cancelling the paid-up share capital to the extent of Rs.9 per equity share. Upon such reduction of share capital having taken effect, the 1,62,52,905 equity shares of Re.1 each were consolidated in such a manner that every 10 such shares of Re.1 each constituted one share of Rs.10 each fully paid.
- Erstwhile Triveni Engineering & Industries Limited issued and allotted to every equity shareholders of TEWL two (2) equity shares of Rs.10 each credited as fully paid up in Erstwhile Triveni Engineering & Industries Limited for every three (3) equity shares of Rs.10 each fully paid up and held by such shareholder in TEWL.
- Erstwhile Triveni Engineering & Industries Limited was not required to use the words “and reduced” as part of the corporate name and such use was dispensed with.
- As an integral part of the Scheme, the name of the amalgamated Company was, with the approval of the central government, changed to “TRIVENI ENGINEERING & INDUSTRIES LIMITED”, which is referred to as Erstwhile Triveni Engineering & Industries Limited in this Red Herring Prospectus.

This scheme of arrangement is listed as a Material Document in the section titled “Material Contracts and Documents for Inspection” on page 388 of this Red Herring Prospectus and is available for inspection.

Scheme of amalgamation between the Erstwhile Triveni Engineering & Industries Limited and Gangeshwar Limited (merged company being Triveni Engineering & Industries Limited, the Issuer Company).

Subsequently, by a scheme of amalgamation sanctioned by the Allahabad High Court by its order dated March 6, 2000, the Erstwhile Triveni Engineering & Industries Limited, a listed company, merged with Gangeshwar Limited, another listed company. The Erstwhile Triveni Engineering & Industries Limited was carrying on the business of manufacture of sugar at its factory at Khatauli, manufacture of steam turbines at Bangalore, and manufacture of high speed reduction gears at Mysore. Further, it had a sugar plant machinery, hydro turbine business and waste water treatment business at New Delhi. Gangeshwar Limited was in the business of manufacturing sugar at Deoband and Ramkola. The said scheme was undertaken with a view to consolidate the manufacturing capacities of sugar in a single company for reducing costs, increasing efficiency and leveraging on the combined size and financial strength for further growth.

The shareholders of erstwhile Triveni Engineering & Industries Limited were allotted one share of the merged company for every share held by them. The share exchange ratio for the said scheme was determined based on valuation by M/s. C.C. Chokshi & Co., chartered accountants, and was approved by the consortium of lending financial institutions. As an integral part of the merger scheme, the name of the Company was changed to its present name and the cross-holdings between the merging entities were cancelled. Prior to the said scheme coming into effect, the promoters’ shareholding was 93.45% in Gangeshwar Limited and 51.15% in the Erstwhile Triveni Engineering & Industries Limited respectively, and pursuant to the scheme, the Promoters’ shareholding was 59.52% in our Company.



The share capital and shareholding pattern of Erstwhile Triveni Engineering & Industries Limited and Gangeshwar Limited prior to and post the merger was as follows:

Name of Company	Number of shareholders	Number of Shares*	Total equity share capital (Rs. million)	% of Promoter holding	Number of shares held by Promoters*	% of non-Promoter holding	Number of shares held by non-Promoters*
Erstwhile Triveni Engineering & Industries Limited	66,615	9,615,971 [#]	96.16	51.15	4,918,906	48.85	4,697,065
Gangeshwar Limited	761	4,250,000 [§]	42.50	93.45	3,971,627	6.55	278,373
Merged entity i.e. Triveni Engineering & Industries Limited.	67,373	12,290,001	122.90	59.52	7,314,563	40.48	4,975,438

* Each folio has been considered as a separate shareholder for the purposes of this computation.

[#] Including 225,970 equity shares held by Gangeshwar Limited in the share capital of Erstwhile Triveni Engineering & Industries Limited in accordance with the scheme of amalgamation.

[§] Including 1,350,000 equity shares held by erstwhile Triveni Engineering & Industries Limited in the share capital of Gangeshwar Limited in accordance with the scheme of amalgamation.

The details of the capital structure of the merged entity (i.e. Gangeshwar Limited, now the Issuer Company) are as follows:

No. of equity shares issued to the shareholders of Gangeshwar Limited	2,900,000 [#]
No. of equity shares allotted to the shareholders of Erstwhile Triveni Engineering & Industries Limited	9,390,001 [§]
Total No. of equity shares	12,290,001
Total paid-up Equity Capital (Rs.Million)	122.90

[#] Excluding 225,970 equity shares held by Gangeshwar Limited in the share capital of Erstwhile Triveni Engineering & Industries Limited in accordance with the scheme of amalgamation.

[§] Excluding 1,350,000 equity shares held by Erstwhile Triveni Engineering & Industries Limited in the share capital of Gangeshwar Limited in accordance with the scheme of amalgamation.

The salient features of this scheme of merger are as follows:

- With effect from October 1, 1997 ("the Appointed Date") all the assets of Erstwhile Triveni Engineering & Industries Limited defined in the scheme were transferred to and vested in and were deemed to have been transferred to and vested in Gangeshwar Limited and became the assets, properties, estates, rights, titles and interests of Gangeshwar Limited.
- All debts, liabilities, duties and obligations of Erstwhile Triveni Engineering & Industries Limited got transferred and were deemed to have been transferred to and vested in and assumed by Gangeshwar Limited.
- All contracts, deeds, agreements and other instruments to which Erstwhile Triveni Engineering & Industries Limited was a party remained in full force and effect against or in favour of Gangeshwar Limited and were enforceable against the Gangeshwar Limited.
- All the employees of Erstwhile Triveni Engineering & Industries Limited became the employees of the Gangeshwar Limited without interruption in service and on the basis of continuity of service and on terms and conditions not less favourable than those subsisting in Erstwhile Triveni Engineering & Industries Limited.

- In consideration of the transfer and vesting of the said assets and liabilities of the Erstwhile Triveni Engineering & Industries Limited to Gangeshwar Limited in terms of the scheme, Gangeshwar Limited issued and allotted to every shareholder of Erstwhile Triveni Engineering & Industries Limited one (1) equity share of Rs.10 each credited as fully paid up for every one (1) equity shares of Rs.10 each fully paid up and held by such shareholder in Erstwhile Triveni Engineering & Industries Limited.
- Securities i.e. equity shares, preference shares, debentures etc issued by Erstwhile Triveni Engineering & Industries Limited to Gangeshwar Limited and vice-versa and held by these respective companies stood cancelled and extinguished and the paid up share capital of the Gangeshwar Limited (which was renamed to become the Issuer Company) was reorganized accordingly.
- The name of the amalgamated Company was, with the approval of the central government, changed to “TRIVENI ENGINEERING & INDUSTRIES LIMITED”.

This scheme of arrangement is listed as a Material Document in the section titled “Material Contracts and Documents for Inspection” on page 388 of this Red Herring Prospectus and is available for inspection.

Alleged accounting fraud and removal of the statutory auditors of Gangeshwar Limited.

Alleged accounting fraud

M/s Basant Ram & Sons, Chartered Accountants (“BRS”) were the statutory auditors of Gangeshwar Limited and M/s Jugal Kishore & Associates (“JKA”), were the internal auditors of Gangeshwar Limited.

The management of Gangeshwar Limited till September 1992 was with Late Mr. P. C. Sawhney, father of Mr. D.M. Sawhney, the present Chairman and Managing Director of our Company. Mr. P.C. Sawhney transferred the management and control of Gangeshwar Limited to our Promoter group and the board of directors was changed in September 1992. Thereafter, it came to the notice of the new board of directors that there had been some serious financial lapses prior to the change in management that were committed by various officers and employees of Gangeshwar Limited.

The board of directors of Gangeshwar Limited requested JKA to immediately undertake a complete audit of the dealings and transactions starting from the year 1991 and constituted a committee of the board of directors (“Committee”) to look into the lapses and the unauthorised actions and to initiate corrective or penal action, as appropriate. The board of directors of Gangeshwar Limited had not received any report about these unauthorised transactions either from JKA or from BRS till the Committee was formed.

Pursuant to details of these unauthorized transactions being made available to JKA by the concerned officers of the unit where such unauthorized transactions had taken place, JKA submitted their first report on this issue on April 19, 1993. Thereafter, on September 10, 1993, BRS addressed a letter to the Company Secretary of Gangeshwar Limited regarding some of the financial lapses that had been brought to their notice pursuant to the investigations made by the Company’s management directly and by JKA. The Committee dealt with the various matters in their interim recommendations dated November 21, 1995 and in their final report dated February 19, 1998. On the basis of the recommendations of the Committee, some of the officers and employees resigned and some of the employees were dismissed from their services. The Committee functioned in consultation with JKA and BRS and the recommendations of the Committee were discussed with BRS before its finalisation and submission to the board of directors of Gangeshwar Limited. The matter was noted by BRS in their report dated February 19, 1998 to the shareholders of Gangeshwar Limited. Based on the Committee’s final recommendations, necessary adjustments were incorporated in the accounts for the year ended September 30, 1997 which were submitted to the board of directors of Gangeshwar Limited. These accounts were duly approved by the board of Directors in its meeting on February 19, 1998 and by the shareholders at the Annual General Meeting held on April 30, 1998.

On the acceptance of the final recommendations by BRS and the submission of their final report to the shareholders, the matters relating to the irregularities highlighted by BRS in their letter dated September 10, 1993 stood resolved. Accordingly, in para 1(d) of their report dated February 19, 1998, BRS reported to the shareholders as under :-

“We have been informed by the Board of Directors vide their letter dated 19th February, 1998 that the Sub Committee called “Audit Committee” constituted by the Board of Directors to investigate into the various fraudulent and unauthorised

transactions which were pointed out by us in our letter dated 10th September, 1993 has submitted its final report. In the said final report of the Committee, it has suggested writing off of recoverables to the extent of Rs.8.28 lacs, making further provisions of Rs.1.04 lacs, writing back certain payables aggregating to Rs.25.87 lacs and also adjustments of recoverables of Rs.190.67 lacs where relevant purchase documents were not available. The Board has accepted the recommendations of the Committee and consequently necessary adjustments have been made in the accounts under report.”

Thus, the issues raised by the Statutory Auditors vide their letter dated September 10, 1993 stood resolved and no further communications or comments were received from them till September 1998.

Removal of Statutory Auditors

In September 1998, when a proposal for the amalgamation of the Erstwhile Triveni Engineering & Industries Limited with Gangeshwar Limited was being considered, the board of directors of Erstwhile Triveni Engineering & Industries Limited suggested that the statutory auditors of Erstwhile Triveni Engineering & Industries Limited should be appointed as the statutory auditors of the merged entity. The same was conveyed to BRS who reacted very negatively to the proposed change and suggested that they would seek to prevent the merger. Their response was considered by the board of directors of Gangeshwar Limited and it unanimously resolved that it had lost confidence in BRS and they recommended to the shareholders of Gangeshwar Limited that the appointment of the statutory auditors be terminated before the end of their term subject to the prior approval in this regard of the central government. Thereafter, upon a resolution of the shareholders of Gangeshwar Limited passed on December 5, 1998, an application for removal of the statutory auditors was filed with the central government under section 224(7) of the Companies Act, 1956. However, a suit was filed before the Delhi High Court praying that passing of such resolution shall not be allowed. No stay order was passed by the Delhi High Court and the suit was disposed of vide order dated December 2, 1998.

BRS filed a complaint with the Department of Company Affairs, Ministry of Company Affairs (“DCA”) on the qualifications made by them in their earlier audit reports that mainly related to fraudulent and unauthorized transactions and financial irregularities that were highlighted in their letter dated September 10, 1993. The DCA upon conducting an inspection of the books and records of the Gangeshwar Limited, reported certain non-compliance under section 217(3) of the Companies Act relating to observations of qualification of auditors in the annual reports for the financial years 1995-1996 and 1996-1997 for which the DCA advised the company “to be more careful in future” and closed the inspection file.

The Regional Director, DCA gave BRS an opportunity of being heard in the application for their removal. Thereafter, the Regional Director, DCA passed an order dated April 12, 1999 approving the removal of BRS as the statutory auditors subject to approval of the members of Gangeshwar Limited. The shareholders of Gangeshwar Limited passed a special resolution for the removal of BRS as the statutory auditors on May 12, 1999, with effect from which BRS was removed as the statutory auditor. BRS filed an appeal against the same in the Delhi High Court, which was dismissed vide order dated August 25, 2000.

Schemes for Facilitating Disposal of Odd Lots

After restructuring of share capital pursuant to merger of TEWL with TOFSL, as stated above, approximately 98.98% of the shareholders were holding Equity Shares of the merged entity which were not exactly in multiples of the market trading lots or less than the tradable lot of 100 Equity Shares. Approximately 93.72% of the shareholders were holding less than the tradable lot.

In January 1997, the Erstwhile Triveni Engineering & Industries Limited introduced a scheme for facilitating the disposal of such odd lot Equity Shares, whereby such shareholders could surrender their shares in the Erstwhile Triveni Engineering & Industries Limited to an agency appointed for consolidating the same into trading lots, selling such consolidated shares and distributing the proceeds thereof to the concerned shareholders. This scheme for facilitating disposal of odd lots was availed by 3,270 out of a total of 73,304 shareholders of the Erstwhile Triveni Engineering & Industries Limited.

After the merger of the Erstwhile Triveni Engineering & Industries Limited and Gangeshwar Limited, approximately 98.0% of shareholders were still holding Equity Shares which were not exactly in the multiples of the market trading lots or less than

the tradable lot of 100 Equity Shares. The number of shareholders holding less than the tradable lot was 92.4%.

In September 2001, a second scheme for facilitating the disposal of odd lot Equity Shares was introduced, which was availed by 2,694 out of a total of 56,894 equity shareholders of our Company holding shares in physical form.

These schemes of arrangement are listed as Material Documents in the section titled “Material Contracts and Documents for Inspection” on page 388 of this Red Herring Prospectus and are available for inspection.

Scheme of arrangement under Section 391 of the Companies Act between our Company and its equity shareholders in 2003 for conversion of equity shares into Preference Shares (“Scheme”):

Background and Rationale of the Scheme:

In 2003, the Company entered into a scheme of arrangement with its equity shareholders for the conversion of Equity Shares into 12% redeemable cumulative preference shares (“Preference Shares”) at the option of the equity shareholder and subject to a maximum of 40% of the Equity Shares.

Prior to the Scheme, Equity Shares, though listed on the DSE, the CSE, the BSE and the NSE, were not actively traded. Further, less than 19% of the Equity Shares had been dematerialized, though the Equity Shares were under the compulsory dematerialised list and could be traded only in dematerialised form. Furthermore, approximately 90% of the then shareholders of our Company were holding up to 99 Equity Shares (less than the trading lot). As a result, the shareholders of our Company, particularly the small shareholders, had low liquidity, and limited exit opportunities.

Further, at the time when the said Scheme was being considered, the sugar industry outlook was looking weak owing to surplus stocks in the country, low sugar prices and uncertainty of sugarcane prices. For further details, see the section titled “Industry – Indian Scenario” on page 65 of this Red Herring Prospectus.

The Scheme was intended to provide such shareholders an opportunity to exit, at a price of Rs. 42 as against a weighted average share price of Rs. 27.52 per Equity Share on NSE and Rs. 26.95 per Equity Share on BSE during the three months ended December 2002, along with dividend of 12% on the paid up value. In addition, the Company was of the opinion that it would benefit by saving in cost of servicing the shareholders and the reorganisation of capital consequent to the Scheme would help the Company in inducting strategic foreign partners, as and when necessitated. Further details on the rationale of the Scheme are available in the Scheme of Arrangement as sanctioned by the Allahabad High Court in 2003 which has been included in “Material Contracts And Documents for Inspection” as described on page 388 of this Red Herring Prospectus.

Details of the Scheme:

The salient features of the Scheme, which became operative with effect from April 3, 2003, are as below:

- The Scheme involved the conversion of existing Equity Shares (subject to a maximum of 40% of the number of Equity Shares) into 12% redeemable cumulative preference shares of Rs. 10 each.
- Pursuant to the Scheme, Preference Shares were issued and allotted as fully paid up in the ratio of 1:1, i.e., one fully paid up Equity Share of Rs. 10 was converted into one fully paid up Preference Share of Rs. 10.
- Subject to the provisions of Section 80 of the Companies Act, the Preference Shares were liable to be redeemed at a premium of Rs. 32 per Equity Share in two equal annual instalments in the manner given hereunder:

Sr. No.	Date of Redemption	Redemption Amount payable share (Rs.)	Amount of premium payable on redemption per share (Rs.)	Total Amount payable on redemption per share (Rs.)
1	April 1, 2004	5.00	16.00	21.00
2	April 1, 2005	5.00	16.00	21.00

- The Scheme provided that irrespective of the date of allotment of the Preference Shares, the holders of Preference Shares shall be entitled to dividend at the rate of 12%, i.e., Rs. 1.20 per share for the financial year 2003-2004, and dividend of Rs. 0.60 per share for the financial year 2004-2005 (in view of part redemption, as described hereinabove).
- As per the Scheme, the Equity Shares, which were converted into Preference Shares were entitled to equity dividend for the financial year 2002-2003, but irrespective of the date of allotment of Preference Shares, such Equity Shares were not entitled to any equity dividend for the financial year 2003-2004.
- In accordance with the Scheme, a negative consent was required i.e. those shareholders who intended to retain their Equity Shares in full or in part and did not want to get them converted into Preference Shares, had the option to do so after giving notice to the Company of their intention three days before the date fixed by the Board for the purpose of determining the eligibility of shareholders for the conversion of Equity Shares into preference shares ("Record Date"). The Company fixed May 6, 2003 as the Record Date.
- The Scheme provided that the shareholders who do not want to retain their Equity Shares and would like to get their shares converted into Preference Shares in terms of the Scheme, would not be required to send any communication or positive consent letters to the Company. The Equity Shares held by them would stand converted into Preference Shares in accordance with the Scheme without any further act or deed on their part.
- The conversion of Equity Shares into Preference Shares would be restricted to 40% of the existing Equity Shares, i.e., 4,915,680 Equity Shares. The Preference Shares were not due to be listed on any stock exchange.

Sanctioning of the Scheme

The following steps were taken by our Company towards the sanctioning of the Scheme:

Sr. No	Main Procedures	Compliance
1.	Board resolution for in-principle approval of the Scheme and passing of resolutions approving the Scheme.	A board meeting was held on January 9, 2003 and the appropriate resolution was adopted. The stock exchanges were informed through letters dated January 9, 2003.
2.	Application under section 391 of the Companies Act for orders seeking convening of the meetings.	An application dated January 13, 2003 was made to the Allahabad High Court.
3.	Order of the court with respect to the above-mentioned application.	The Allahabad High Court passed an order dated January 16, 2003 ordering meeting of Equity Shareholders to be convened on February 22, 2003. The court appointed Mr. Tarun Agarwal as Chairman of the meeting and Mr. Manu Khare as the alternative Chairman. The quorum for the meeting was fixed at 50 shareholders, present either in person or proxy and shareholders representing minimum of 40% of the paid-up share capital. Further, the requirement of convening a meeting of creditors was dispensed with subject to providing notice of the Scheme and a copy of the order of the High Court to secured and unsecured creditors.
4.	Modified Order	A modified order was issued by the Allahabad High Court dated January 24, 2003 requiring notice of the Scheme to be given to creditors representing not less than 70% of the aggregate creditors.

5.	Dispatch notices to the equity shareholders and effect publication in the newspapers. Dispatch notices of the Scheme to the creditors as per the modified order of the Allahabad High Court.	Notices along with necessary annexure dated January 23, 2003 were dispatched by pre-paid letter post. Further, the notice was published in the Statesman, New Delhi edition (an English language newspaper) and Amar Ujala, Meerut edition (a Hindi language newspaper) both dated January 29, 2003 as per the directions of the Allahabad High Court. The notices had been dispatched in the accordance with the said order as certified by the Company Secretary in an affidavit dated February 20, 2003 filed before the Allahabad High Court.
6.	File affidavit of service of the Chairman.	Affidavit of Mr. Tarun Agarwala filed in the Allahabad High Court dated February 5, 2003 stating that the notice for the meeting was duly dispatched and advertisements were duly published.
7.	Quorum at the shareholders meeting.	The meeting of shareholders was attended by 143 shareholders in person and 494 by proxy. The members present represented 65.1% of the Company's paid-up equity capital (by nominal value).
8.	Chairman's Report to be filed with the court as per Rule 78 of the Company (Court) Rules	The Chairman's report of the court convened meeting was filed on February 27, 2003.
9.	Confirmation Petition to be filed with the court.	The confirmation petition dated February 28, 2003 recording that 99.98% of the shareholders voted in favour, 0.02% of the shareholders against was filed with the Allahabad High Court.
10.	Publication of notice of hearing.	Notice of date of hearing fixed by the Allahabad High Court in relation to the Scheme was published in the Statesman, New Delhi edition (an English language newspaper) and Amar Ujala, Meerut edition (a Hindi language newspaper) both dated March 6, 2003 as per the directions of the Allahabad High Court.
11.	Affidavit of publication to the Allahabad High Court.	The Company Secretary had filed an affidavit dated March 24, 2003 of compliance in relation to publication of the notice of hearing mentioned hereinabove.
12.	Affidavit of Regional Director, Northern Region, Department of Company Affairs, Kanpur.	The Regional Director, Northern Region, Department of Company Affairs, Kanpur filed an affidavit dated March 17, 2003 with the Allahabad High Court stating no objection to the Scheme sanctioned by the Allahabad High Court.
13.	Order of the court sanctioning the Scheme.	The order dated March 27, 2003 was passed and was certified on March 31, 2003.
14.	Filing of the court order sanctioning the Scheme with the RoC.	The order of the court sanctioning the Scheme was filed with the RoC on April 3, 2003.

Implementation of the Scheme

The Board fixed the record date for implementation of the Scheme as May 6, 2003 and the same was intimated to all the stock exchanges vide letters dated April 4, 2003 and published in two newspapers i.e. Statesman, New Delhi edition (an English language newspaper) and Amar Ujala, Meerut edition (a Hindi language newspaper), as directed by the Allahabad High Court, on April 17, 2003.



The allotment of 3,973,995 Preference Shares pursuant to the Scheme was authorized by a resolution of the Board of Directors of the Company dated May 8, 2003, following which returns of allotment specifying details of the preference shares allotted were submitted in the prescribed form to the Registrar of Companies, Kanpur on May 9, 2003.

The trading in the Equity Shares of the Company was suspended by the Stock Exchanges on April 28, 2003, for the implementation of the Scheme and continues to remain suspended as of date.

As per the Scheme, the conversion of Equity Shares into preference shares held by non-resident Indians was subject to the approval of the RBI under the provisions of the FEMA. The Company received the required approval vide letter dated June 14, 2003, pursuant to which the Company submitted details of Preference Shares issued to non-resident Indians to the RBI.

Participation in the Scheme

The participation in the Scheme was optional for all shareholders. Pursuant to the Scheme, 382 shareholders, constituting 67.66% of the equity share capital of the Company, stated their intention to retain their Equity Shares. The remaining shareholders constituting 32.34% of the equity share capital of the Company participated in the Scheme. The Promoter and non-Promoter shareholding before and after the Scheme have been indicated in the table hereinbelow.

Shareholding Pattern	Pre-Scheme			Post-Scheme		
	Number of shareholders*	% of Shareholding	Number of Shares	Number of Shareholders*	% of Shareholding	Number of Shares
Promoter	35	62.24	7,649,351	28	91.93	7,644,008
Non-Promoter	57,942	37.76	4,639,850	354	8.07	671,198
Total	57,977	100.00	12,289,201	382	100.00	831,5206

* Each folio has been considered as a separate shareholder for the purposes of this computation.

As per the terms of loan documentation at that stage, the Company was obligated to seek approval of certain lending institutions and banks that were granted post filing of the Scheme before the Allahabad High Court. The approvals granted by the Industrial Development Bank of India and all working capital banks (through a consortium led by Punjab National Bank) provided that the Promoters of the Company should not participate in the Scheme. Accordingly, the Promoters opted to retain their Equity Shares, except for 5,343 Equity Shares (including 3,753 Equity Shares held by certain directors or their relatives) which represent approximately 0.04% of the pre-Scheme paid-up equity share capital of the Company that got converted due to various reasons and the Industrial Development Bank of India and all working capital banks (through a consortium led by Punjab National Bank) have given their approval for the conversion of these 5,343 Equity Shares into Preference Shares.

As per the Scheme, the Preference Shares were redeemed in two equal tranches on April 1, 2004 and April 1, 2005 and currently such Preference Shares stand fully discharged and extinguished.

This scheme of arrangement is listed as a Material Document in the section titled "Material Contracts and Documents for Inspection" on page 388 of this Red herring Prospectus and is available for inspection.

Suspension of trading of the Equity Shares of our Company

In 2003, the Company had a scheme of arrangement with its equity shareholders for the conversion of Equity Shares into 12% redeemable cumulative Preference Shares at the option of the equity shareholder and subject to a maximum of 40% of the Equity Shares.

The Company, vide letter dated April 4, 2003 intimated all stock exchanges, including the NSE, the BSE, the DSE and the CSE of the Record Date for implementation of the scheme of arrangement. The NSE, vide letter dated April 28, 2003 communicated to the Company that in view of the implementation of the scheme of arrangement, trading in the Equity Shares of the Company has been suspended with effect from April 28, 2003.

Subsequently, pursuant to the implementation of the scheme of arrangement, the Company intimated to the NSE, BSE, DSE and CSE vide letters dated May 8, 2003 the details of the reorganisation of capital of the Company, and vide letter dated July 7, 2003, the details of the shareholding in the Company. The non-Promoter holding in the Company, being less than 10%, the suspension of trading of the Company's shares was continued.

In light of the fact that the non-Promoter shareholding in the Company had fallen from 37.76% to 8.07%, the Board took the view that it was advisable to delist the Company's shares, particularly since there were no immediate plans to raise equity capital by further issue of Equity Shares. Further, in light of such proposed delisting the Board was of the opinion that the new Equity Shares issued pursuant to the scheme of arrangement need not be listed on any stock exchange. Accordingly, at the annual general meeting of the Company held on August 14, 2003, a special resolution was passed authorising the Board to delist the Equity Shares of the Company from the stock exchanges on which these shares are listed, i.e., the DSE, the BSE, the CSE and the NSE.

The Company was subsequently advised that if the Equity Shares were to be delisted, the Promoters would have to make a public offer for the acquisition of the remaining shares from the non-Promoter shareholders in accordance with the reverse book building method. However, due to financial constraints the Promoters expressed their reluctance to make such a public offer based on the fact that the stock market had been rising in the last quarter of 2003 and 2004. Accordingly, another special resolution was passed by the shareholders at the annual general meeting of the Company held on August 18, 2004 to supersede their earlier decision to delist. The shareholders, by special resolution, resolved that the new Equity Shares issued pursuant to the scheme of arrangement be listed on the BSE and the NSE only, and the Equity Shares which existed prior to the implementation of the scheme of arrangement be delisted from the DSE and the CSE.

Pursuant to the above resolution, on November 3, 2004, the Company applied to the BSE for listing of 8,315,206 Equity Shares issued on implementation of the scheme of arrangement. The Company had also written to the BSE through letter dated February 16, 2005 seeking restoration of trading with an undertaking that the promoter's shareholding will be diluted to less than 75% within six months of the date of listing.

On March 16, 2005, the BSE, in reply, issued letter DCS/SMG/RCG/2004/532356 to the Company stating that pursuant to the scheme of arrangement, the non-Promoter holding in the Company had come down from 37.76% to 8.07%, and therefore, the Company no longer satisfied the conditions for continuous listing.

Till date, trading in the Company's Equity Shares continues to be suspended. In light of the letter dated March 16, 2005 from the BSE advising the Company to raise the non-Promoter holding to at least 25% within six months, the Company, vide special resolution passed at a meeting of the shareholders held on May 19, 2005, has decided to issue, offer and allot Equity Shares in the Company to the public in order to reduce the promoter holding. The same would also help meet the requirement of funds for new projects. For further details, see section titled "Objects of the Issue" on page 46 of this Red Herring Prospectus. The BSE has, through its letter dated October 27, 2005, granted us an extension till December 31, 2005 for compliance with their letter dated March 16, 2005.

Allegations relating to selling sugar in open markets based on fake court orders

In the year 2002, several sugar companies had surplus stocks of sugar arising from higher sugar production in the country. Various sugar companies operating in Uttar Pradesh sought court orders for selling free sale sugar over and above the release orders given by the Sugar Directorate. Our Khatauli sugar mill has also sought such an order through its regular advocate. The advocate sent an order dated April 10, 2002 and stated that the same had been obtained from the District Court, Saharanpur. The order allowed our three sugar mills to sell free sale sugar in any quantity to any one at any price. Since the order came to us in the normal course, we did not have any reason to doubt the genuineness of the order. We believed the order to be genuine and acted on the basis of that order. Similar orders had been granted by the courts to us prior to the order of April 10, 2002. Subsequently in July 2003, when it came to our notice that the order sent by the advocate to us was not a valid order, we filed an FIR with the concerned police station. The police made investigations into the matter and came to the conclusion that we had neither been a party in forging the order nor were we aware that the order was forged. Unfortunately the advocate concerned had by that time been deceased. The police filed its report with the Additional Chief Judicial Magistrate, Deoband which was accepted by him.

However, a public interest litigation had been filed in the Allahabad High Court which directed the CBCID, Uttar Pradesh (which is a police department) to conduct an enquiry. The CBCID also came to the conclusion that we had neither been a party to the forging of the order nor were we aware that the order was forged. The CBCID also filed its report with the Additional Chief Judicial Magistrate, Deoband who accepted the report of CBCID. The investigation reports of the police, CBCID and acceptance thereof by the Additional Chief Judicial Magistrate, Deoband were filed in the Allahabad High Court, which disposed off the case vide order dated October 29, 2004. No appeal has been filed against this order and there is no pending litigation or show cause notice against us in this regard as of date.

Major Events:

Year	Event
November 1, 1969	<ul style="list-style-type: none"> Amalgamation between The Ramkola Sugar Mills Company Limited and The Ganga Sugar Corporation Limited by which the Company acquired a sugar unit at Ramkola, District Padrauna in eastern Uttar Pradesh.
1974	<ul style="list-style-type: none"> Despatch of first turbine from our new turbine facility at Bangalore.
1976	<ul style="list-style-type: none"> Establishment of gears and gearbox unit at Mysore.
March 31, 2000	<ul style="list-style-type: none"> Erstwhile Triveni Engineering & Industries Limited merged with Gangeshwar Limited and the Company acquired a sugar factory at Khatauli, Uttar Pradesh, unit for manufacture of steam turbines at Bangalore, unit for manufacture of high speed reduction gears at Mysore, hydro turbines and waste water treatment business at New Delhi.
March 27, 2003	<ul style="list-style-type: none"> Scheme of arrangement between the Company and its equity shareholders, under which shareholders were given the option to convert their Equity Shares into 12% redeemable cumulative preference shares of Rs. 10 each.
December 5, 2004	<ul style="list-style-type: none"> Co-generation plant at Deoband is commissioned.
January 27, 2005	<ul style="list-style-type: none"> By a special resolution, the shareholders of the Company accorded their consent to the subdivision of each Equity Share of the Company of Rs. 10 each into ten Equity Shares of Re. 1 each.
June 17, 2005	<ul style="list-style-type: none"> Issue of 124,728,090 Equity Shares of Re.1 each issued and allotted in the ratio of 3:2 i.e., three new Equity Shares for every two existing Equity Shares credited as fully paid-up.
October 19, 2005	<ul style="list-style-type: none"> Co-generation plant at Khatauli is synchronized with the grid and begins external sales of electricity.

Our Main Objects

Our main objects as contained in our Memorandum of Association are:

To manufacture sugar and for that purpose to erect a mill or mills in a suitable place or places in India.

To add to the above, the growth, production and manufacture of any other article or articles and the necessary machineries for the same as well as for utilising the by products and to add such other business as the Directors may otherwise deem advantageous.

To sell and purchase from time to time and deal in all such stock in trade goods, chattels and effects as may be necessary or convenient for any business for the time being carried on by the Company and especially sugar, sugar-cane, raw sugar, gur, molasses and all other materials or things necessary for the same.

To carry on all or any of the business of constructional engineers, architects, builders, contractors decorators, electricians, wood workers and paviours and to acquire, develop, buy, sell, real estate, multistoreyed or other buildings.

To carry on business as proprietors of flats and buildings and to let on lease or otherwise apartments therein and to provide for the convenience commonly provided in flats, suites and business quarters.

To carry on the business of an investment company. To underwrite public issue of shares, securities debentures, bonds of public companies, to acquire by original subscription, participation, tender, purchase, exchange or otherwise invest in shares, stocks, debentures, bonds of public and private companies, government securities, units issued by the Unit Trust of India and/or shares or securities issued by government companies or statutory bodies like municipal corporations, housing development corporations, state electricity boards.

To manufacture, produce, refine, purchase, sell, prepare, import, export and generally to deal in sugar, sugarbeets, gur, jaggery, molasses, syrups and melada and to acquire, erect, construct, establish, operate and maintain sugar factories and other works.

To manufacture, buy, sell, exchange, alter, improve, manipulate, prepare for market and otherwise deal in all kinds of light and heavy engineering products, plant and machinery including steam turbines, turbo alternators, hydel turbines, gas turbines, wind turbines, power plants, filters, high speed reduction gears, hydraulic equipments, metallurgical machinery, sugar mills, sugar mill machinery, boilers, textile plants, coal/mineral beneficiation plants and pollution control equipment, water treatment plants, agricultural implements, apparatus, tools, utensils, and electrical equipments, tubes, pipes and fitting of iron and steel, to carry on business as importer, exporter, buyer and sellers and merchants and dealers in and of merchandise goods, materials and machinery of all kinds, spare parts, accessories and equipments.

To carry on business as consultants and engineers, dealers, builders, bridge builders, boiler maker, electricians, machinists, brokers, general merchants, bottlers, contractors, financiers, repairers, financiers transporters, distributors, suppliers and otherwise dealers in all manner of plant machinery, all other equipments and things referred above and let on hire and undertaking lease operation of all kind.

To perform specialised services utilised in the drilling, completion, workover, plugging and abandonment of wells and other boreholes in connection with exploration for and production of minerals, including but not limited to oil, gas and water.

To buy, distribute, sell and otherwise deal in all manner of plant, machinery, equipment, supplies and other goods and materials used in the drilling, completion, workover, plugging and abandonment of wells and other boreholes in connection with the exploration for and production of minerals, including but not limited, to oil, gas and water.

To carry on the business of performing all manner of specialised services in the oil, gas and other industries.

To carry on the business as distributor and supplier of plant, machinery, equipment, supplies, goods and materials of every description used in the oil, gas and other industries.

To manufacture, produce, refine, purchase, sell, prepare, import, export and generally to deal in petrochemicals, fertilisers, agricultural chemicals, industrial chemicals, organic and inorganic chemicals and to acquire, erect, construct, establish operate and maintain petrochemical and chemical factories, refineries and other works.

To manufacture, produce, refine, purchase, sell, prepare, import, export and generally to deal in all kind of alcohol, spirits and liquor whether for human consumption or for industrial use or as fuel or otherwise, citric acid, vinegar, acetic acid, ethyl acetate, acetal dehyde, carbonic acid, gas, dry ice and to acquire, erect, construct, establish operate and maintain distilleries and other works.

To manufacture, produce, prepare, purchase, sell, import, export and generally to deal in all kinds of papers, boards and pulp and for this purpose to acquire, erect, construct, establish operate and maintain pulp, board and paper factories and other works.

To promote or acquire, in India or abroad, whether on own account or in association with others or through others or for and on behalf of others, by purchase, lease, exchange, hire or otherwise any lands, waste lands, agricultural tracts, buildings of all type and kinds, houses, apartments, warehouses, cold storages, sheds, mills, factories, hereditaments and other property of all kinds and tenure, or any right, concession, privilege, licence, easement or any interest in the same and to explore, erect, construct, build, rebuild, sub-divide, develop, sell, deal with, lease, let out, licence mortgages, alienate, assign, or otherwise dispose of or transfer and turn to account the same and also to promote, undertake or direct

management, construction, alteration, maintenance, improving, running, decorating, renovating, designing, furnishing, developing of any roads, buildings, houses, farmhouse, flats, hotels, guest houses, shop, stores, factories, works and conveniences of all kinds and consolidation or sub division of properties and the selling, leasing licensing or otherwise disposing off the same as multistoreyed or other buildings or as group housing schemes or office complexes.

To carry on and undertake the business of trading, leasing and lease operations of all kinds, purchasing, selling, hiring or letting on hire all kinds of plant and machinery and equipment that the company may think fit and to assist in financing of all and every kind and description of hire purchase or deferred payment or similar transactions and to subsidise, finance or assist in subsidising or financing the sale and maintenance of any goods, articles, or commodities of all and every kind and description upon any terms whatsoever and to purchase or otherwise deal in all forms of immovable and movable property and to lease or otherwise deal with them in any manner whatsoever.

To carry on the business as agriculturists, florists, horticulturists, nursery owners, forest owners etc. by cultivation and farming on land, water or in special chambers and to plant, grow, cultivate, produce, raise, develop, purchase, sell, import, export, protect, store, commercialize, or to deal in or turn to account or dispose of any kind of crops, gains, oilseeds, leaves, grass, timber, fruits, vegetables and other produce and products, by-products, waste, residues etc. and to do such other work or business as may be incidental and necessary for the attainment of above objects.

To establish, maintain, conduct and operate a computer service bureau providing electronic data processing (EDP) facilities, to design and deal in hardware and software whether with or without computer or EDP aids, to process data, to conduct data entry business, to hire out equipment and facilities, to provide business consultancy, to conduct feasibility studies for developing and implementing programs and systems, to establish and maintain database for commercial purposes or otherwise to provide training to personnel on EDP and allied equipment and to impart knowledge and know-how to customers of the company, and to offer such services detailed herein above to customers and clients in India and abroad.

To carry on business as manufacturers, traders, dealers, agents, importers, exporters, distributors, representatives or otherwise in respect of computers, EDP equipment and electronic data products including calculators and such other gadgets, instruments, apparatus and appliances which are capable of being used alongwith and in connection with the aforesaid and of accessories components, spares, assemblies and sub assemblies which are required for use in such equipment

To set up agricentres in any part of India to carry on the business as buyers, sellers and to develop, design, lease, hire, let, import, export and to act as trader, agent, broker, vendor, consultant, collaborator, consignor, stockist, distributor, retail agent, franchisee in all types of goods and items of all kinds of agriculture produce, agriculture equipments, seeds, fertilizers, pesticides, lubes, cattle feed, insecticides, fungicides etc. relating to all types of farming, agriculture, sericulture, horticulture, apiculture, and forest produce and waste, agri inputs, irrigation equipments, transport vehicles, two wheelers, tractors, trolleys, motor vehicles of all kinds and descriptions, auto components, tyres, agricultural implements, tractor implements, spare parts, paints, hardware, garments, textiles, pharmaceutical products, cement, building materials, FMCG products, sprayers, power tillers, dusters, mist blowers, threshers, pipes, consumable electrical items of all kinds; to act as agents/ representatives for the provision of financial products like insurance policies both life and general, facilities from banks and to do all acts and things necessary for the attainment of foregoing objects by the company on its own or through its franchisees.

To carry on the business as distributor, supplier, agent, dealer, stockists, franchisee of petrol, diesel, CNG, lubricants or fuel of any kind in India or elsewhere and for this purpose to acquire, set up, own, operate and maintain petrol, diesel, CNG pumps etc. and other connected works.

To establish and carry on business of repairers of automobiles of all kinds, motor vehicles, tractors, trolleys, two wheelers and other vehicles, garage keepers, engineers, painters, service station, workshop, spares and accessories shop.

To carry on in India or elsewhere the business of generation, transmission, distribution of power and energy in any manner by acquisition or establishment, operation and maintenance of power plants of all kinds, both conventional and non-conventional (including those based on bio-mass, bio-gas, co-generation, hydro etc.); wheeling and banking of power, purchase and sale of power and trading of power, transmission and distribution infrastructure.

To plan, promote, develop and organize an integrated and efficient development of power system/plants/ projects in all its aspects including planning, investigation, research, design, engineering and preparation of preliminary, feasibility and definite project reports, construction, generation, operation and maintenance of power stations and projects and sale of power generated.

To set up, acquire, procure, purchase, take on lease or in any way deal with anyone or more of the ongoing and under implementation power generating stations, grid sub-stations, transmission system and distribution of systems.

To provide consultancy service in power systems field, execution of turnkey jobs for other utilities/ organisation, wheeling and banking of power, purchase and sale of power and trading of power.

To carry on the business of purchasing, selling, import, export, producing, trading, manufacturing or otherwise dealing in all aspects of planning investigation, research, design and preparation of preliminary, feasibility and definite project reports, construction, generation, operation and maintenance of power stations and projects, transmission systems and sale of power, power development of ancillary and other allied industries and for that purpose to install, operate and manage all necessary plant establishments and works.

To act as an agent of government, public sector corporations and companies engaged in the planning, Investigation, research, design and preparation of preliminary, feasibility and definite project reports, construction, generation, operation and maintenance of power stations and projects, transmission, distribution and sale of power.

To provide services or as an agent or as a facilitator for promotion, development and implementation of thermal/hydro, solar, wind and other non-conventional and renewable energy based power projects (including those based on bio-mass and bio-gas) and co-generation and execution of turn-key jobs for other utilities/ organisations/private/public sector in all aspects including planning, investigation, research, design, engineering and preparation of preliminary, feasibility and definite project reports, construction, generation, operation and maintenance of power stations and projects and sale of power generated in accordance with the State's and Government of India's policy and broad economic considerations.

To carry on business as manufacturers, repairers, fitters, users, suppliers, importers and exporters, dealers and advisors on dynamos, alternators, motors, armatures, generators, magnetos, batteries, accumulators, conductors, conduction equipment, insulators, insulating materials and equipment, isolators, circuit breakers, controllers control gear, switches, switch gear, switch boards, transformers, converters, rectifiers, meters, contractors, resistors and generally all type of electrical, electronic, electra-mechanical or mechanical plant machinery, equipment, appliances, components and apparatus of any nature whatsoever used in connection with the production, storage, distribution application or use of energy.

To acquire concessions, facilities or licenses from electricity boards, government, semi-governments or local authorities for generation, distribution, production, transmission or use of electric power and to take over alongwith all movable and immovable properties, the existing facilities on mutually agreed terms from aforesaid authorities and to do all incidental acts and things necessary for the attainment of foregoing objects.

The main objects clause and the objects incidental or ancillary to the main objects of our Memorandum of Association enable us to undertake our existing activities and the activities for which the funds are being raised through this Issue.

Changes in Memorandum of Association

Since our incorporation, the following changes have been made to our Memorandum of Association:

Date of Amendment	Amendment
Vide special resolution dated December 30, 1971 and confirmed by the Regional Director on December 7, 1972. Fresh certificate of incorporation obtained on April 3, 1973.	Name of the Company changed from The Ganga Sugar Corporation Limited to Gangeshwar Limited.
Vide special resolution dated June 30, 1993.	Authorised capital of the Company was increased from Rs. 20 million to Rs. 50 million.
Vide special resolution dated November 29, 1994.	Authorised capital of the Company was increased from Rs. 50 million to Rs. 150 million.
Vide special resolution dated June 2, 1995.	Authorised capital of the Company was increased from Rs. 150 million to Rs. 200 million.
Vide special resolution dated November 29, 1994 and confirmed by the Company Law Board's order dated April 1, 1997.	Registered office of the Company changed to Deoband, District Saharanpur, Uttar Pradesh 247 554.
Certificate of change of registered office obtained on June 20, 1997.	
Vide special resolution dated November 29, 1994 and confirmed by the Company Law Board's order dated April 1, 1997.	<p>Insertion of the following objects:</p> <ul style="list-style-type: none"> To carry on all or any of the business of constructional engineers, architects, builders, contractors decorators, electricians, wood workers and paviours and to acquire, develop, buy, sell, real estate, multistoreyed or other buildings. To purchase, sell, develop, take in exchange, or on lease, hire or to otherwise acquire whether for investment or sale, or working the same, any real or personal estate, including lands, mines business, building, factories, mill, houses, cottages, shops, depots, warehouses, machinery, plant, stock in trade, concessions, privileges, licence, easement or interest in or with respect to any property whatsoever for the purpose of the Company in consideration for a gross sum or partly in one way and partly for any other consideration. To carry on business as proprietors of flats and buildings and to let on lease or otherwise apartments therein and to provide for the convenience commonly provided in flats, suites and business quarters. To carry on the business of an investment company. To underwrite public issue of shares, securities debentures, bonds of Public companies, to acquire by original subscription, participation, tender, purchase, exchange or otherwise invest in shares, stocks, debentures, bonds of public and private companies, Government securities, units issued by the Unit Trust of India and/or shares or securities issued by government companies or statutory bodies like municipal corporations, housing development corporations, state electricity boards.

Vide special resolution dated June 27, 1997.	Authorised capital of the Company was increased from Rs. 200 million to Rs. 350 million.
Vide special resolution dated December 28, 1999 and confirmed by the Registrar of Companies, Uttar Pradesh on March 31, 2000.	Name of the Company changed to Triveni Engineering & Industries Limited.
Vide special resolution dated December 28, 1999 and confirmed by the Registrar of Companies order dated March 31, 2000.	<p>Insertion of the following objects:</p> <ul style="list-style-type: none"> • To manufacture, produce, refine, purchase, sell, prepare, import, export and generally to deal in sugar, sugarbeets, gur, jaggery, molasses, syrups and melada and to acquire, erect, construct, establish, operate and maintain sugar factories and other works. • To manufacture, buy, sell, exchange, alter, improve, manipulate, prepare for market and otherwise deal in all kinds of light and heavy engineering products, plant and machinery including steam turbines, turbo alternators, hydel turbines, gas turbines, wind turbines, power plants, filters, high speed reduction gears, hydraulic equipments, metallurgical machinery, sugar mills, sugar mill machinery, boilers, textile plants, coal/mineral beneficiation plants and pollution control equipment, water treatment plants, agricultural implements, apparatus, tools, utensils, and electrical equipments, tubes, pipes and fitting of iron and steel, to carry on business as importer, exporter, buyer and sellers and merchants and dealers in and of merchandise goods, materials and machinery of all kinds, spare parts, accessories and equipments. • To carry on business as consultants and engineers, dealers, builders, bridge builders, boiler maker, electricians, machinists, brokers, general merchants, bottlers, contractors, financiers, repairers, financiers transporters, distributors, suppliers and otherwise dealers in all manner of plant machinery, all other equipments and things referred above and let on hire and undertaking lease operation of all kind. • To perform specialised services utilised in the drilling, completion, workover, plugging and abandonment of wells and other boreholes in connection with exploration for and production of minerals, including but not limited to oil, gas and water. • To buy, distribute, sell and otherwise deal in all manner of plant, machinery, equipment, supplies and other goods and materials used in the drilling, completion, workover, plugging and abandonment of wells and other boreholes in connection with the exploration for and production of minerals, including but not limited, to oil, gas and water. • To carry on the business of performing all manner of specialised services in the oil, gas and other industries. • To carry on the business as distributor and supplier of plant, machinery, equipment, supplies, goods and materials of every description used in the oil, gas and other industries.

	<ul style="list-style-type: none"> • To manufacture, produce, refine, purchase, sell, prepare, import, export and generally to deal in petrochemicals, fertilisers, agricultural chemicals, industrial chemicals, organic and inorganic chemicals and to acquire, erect, construct, establish operate and maintain petrochemical and chemical factories, refineries and other works. • To manufacture, produce, refine, purchase, sell, prepare, import, export and generally to deal in all kind of alcohol, spirits and liquor whether for human consumption or for industrial use or as fuel or otherwise, citric acid, vinegar, acetic acid, ethyl acetate, acetaldehyde, carbonic acid, gas, dry ice and to acquire, erect, construct, establish operate and maintain distilleries and other works. • To manufacture, produce, prepare, purchase, sell, import, export and generally to deal in all kinds of papers, boards and pulp and for this purpose to acquire, erect, construct, establish operate and maintain pulp, board and paper factories and other works. • To promote or acquire, in India or abroad, whether on own account or in association with others or through others or for and on behalf of others, by purchase, lease, exchange, hire or otherwise any lands, waste lands, agricultural tracts, buildings of all type and kinds, houses, apartments, warehouses, cold storages, sheds, mills, factories, hereditaments and other property of all kinds and tenure, or any right, concession, privilege, licence, easement or any interest in the same and to explore, erect, construct, build, rebuild, sub-divide, develop, sell, deal with, lease, let out, licence mortgages, alienate, assign, or otherwise dispose of or transfer and turn to account the same and also to promote, undertake or direct management, construction, alteration, maintenance, improving, running, decorating, renovating, designing, furnishing, developing of any roads, buildings, houses, farmhouse, flats, hotels, guest houses, shop, stores, factories, works and conveniences of all kinds and consolidation or sub division of properties and the selling, leasing licensing or otherwise disposing off the same as multistoreyed or other buildings or as group housing schemes or office complexes. • To carry on and undertake the business of trading, leasing and lease operations of all kinds, purchasing, selling, hiring or letting on hire all kinds of plant and machinery and equipment that the company may think fit and to assist in financing of all and every kind and description of hire purchase or deferred payment or similar transactions and to subsidise, finance or assist in subsidising or financing the sale and maintenance of any goods, articles, or commodities of all and every kind and description upon any terms whatsoever and to purchase or otherwise deal in all forms of immovable and movable property and to lease or otherwise deal with them in any manner whatsoever.
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	<ul style="list-style-type: none"> • To carry on the business as agriculturists, florists, horticulturists, nursery owners, forest owners etc. by cultivation and farming on land, water or in special chambers and to plant, grow, cultivate, produce, raise, develop, purchase, sell, import, export, protect, store, commercialize, or to deal in or turn to account or dispose of any kind of crops, gains, oilseeds, leaves, grass, timber, fruits, vegetables and other produce and products, by-products, waste, residues etc. and to do such other work or business as may be incidental and necessary for the attainment of above objects. • To establish, maintain, conduct and operate a computer service bureau providing electronic data processing (EDP) facilities, to design and deal in hardware and software whether with or without computer or EDP aids, to process data, to conduct data entry business, to hire out equipment and facilities, to provide business consultancy, to conduct feasibility studies for developing and implementing programs and systems, to establish and maintain database for commercial purposes or otherwise to provide training to personnel on EDP and allied equipment and to impart knowledge and know-how to customers of the company, and to offer such services detailed herein above to customers and clients in India and abroad. • To carry on business as manufacturers, traders, dealers, agents, importers, exporters, distributors, representatives or otherwise in respect of computers, EDP equipment and electronic data products including calculators and such other gadgets, instruments, apparatus and appliances which are capable of being used alongwith and in connection with the aforesaid and of accessories components, spares, assemblies and sub assemblies which are required for use in such equipment • To subscribe, contribute or guarantee money for any national, charitable, benevolent, public, general or useful objects, or funds or to any exhibitions and also to give guarantee and/or provide security to any person, firm, company, Association whether under the same management or not. • To pay all or any costs, charges and expenses whatsoever, preliminary, incidental or relating to the promotion, formation, registration or establishment of this or any other company and also to undertake and execute any trusts the undertaking whereof may seem desirable either gratuitously or otherwise.
Vide special resolution dated December 28, 1999.	The authorised capital of the Company was changed from Rs. 350 million to Rs. 400 million.

Vide special resolution dated August 18, 2004 and confirmed by the Registrar of Companies order dated October 7, 2004.

Insertion of the following objects:

- To set up agricentres in any part of India to carry on the business as buyers, sellers and to develop, design, lease, hire, let, import, export and to act as trader, agent, broker, vendor, consultant, collaborator, consignor, stockist, distributor, retail agent, franchisee in all types of goods and items of all kinds of agriculture produce, agriculture equipments, seeds, fertilizers, pesticides, lubes, cattle feed, insecticides, fungicides etc. relating to all types of farming, agriculture, sericulture, horticulture, apiculture, and forest produce and waste, agri inputs, irrigation equipments, transport vehicles, two wheelers, tractors, trolleys, motor vehicles of all kinds and descriptions, auto components, tyres, agricultural implements, tractor implements, spare parts, paints, hardware, garments, textiles, pharmaceutical products, cement, building materials, FMCG products, sprayers, power tillers, dusters, mist blowers, threshers, pipes, consumable electrical items of all kinds; to act as agents/ representatives for the provision of financial products like insurance policies both life and general, facilities from banks and to do all acts and things necessary for the attainment of foregoing objects by the company on its own or through its franchisees.
- To carry on the business as distributor, supplier, agent, dealer, stockists, franchisee of petrol, diesel, CNG, lubricants or fuel of any kind in India or elsewhere and for this purpose to acquire, set up, own, operate and maintain petrol, diesel, CNG pumps etc. and other connected works.
- To establish and carry on business of repairers of automobiles of all kinds, motor vehicles, tractors, trolleys, two wheelers and other vehicles, garage keepers, engineers, painters, service station, workshop, spares and accessories shop.
- To carry on in India or elsewhere the business of Generation, Transmission, Distribution of power and energy in any manner by acquisition or establishment, operation and maintenance of Power Plants of all kinds, both conventional and non-conventional (including those based on bio-mass, bio-gas, co-generation, hydro etc.); wheeling and banking of power, purchase and sale of power and trading of power, transmission and distribution infrastructure.
- To plan, promote, develop and organize an integrated and efficient development of power system/plants/ projects in all its aspects including planning, investigation, research, design, engineering and preparation of preliminary, feasibility and definite project reports, construction, generation, operation and maintenance of Power Stations and Projects and sale of power generated.
- To set up, acquire, procure, purchase, take on lease or in any way deal with anyone or more of the ongoing and under implementation power generating stations, grid sub-stations, transmission system and distribution of systems.

<p>.</p> <p>.</p> <p>.</p> <p>.</p> <p>.</p> <p>.</p> <p>.</p>	<ul style="list-style-type: none"> • To provide consultancy service in power systems field, execution of turnkey jobs for other utilities/ organisation, wheeling and banking of power, purchase and sale of power and trading of power. • To carry on the business of purchasing, selling, import, export, producing, trading, manufacturing or otherwise dealing in all aspects of planning investigation, research, design and preparation of preliminary, feasibility and definite project reports, construction, generation, operation and maintenance of power stations and projects, transmission systems and sale of power, power development of ancillary and other allied industries and for that purpose to install, operate and manage all necessary plant establishments and works. • To act as an agent of Government, Public Sector Corporations and Companies engaged in the planning, Investigation, research, design and preparation of preliminary, feasibility and definite project reports, construction, generation, operation and maintenance of Power Stations and Projects, transmission, distribution and sale of power. • To provide services or as an agent or as a facilitator for promotion, development and implementation of thermal/hydro, solar, wind and other non-conventional and renewable energy based power projects (including those based on bio-mass and bio-gas) and co-generation and execution of turn-key jobs for other utilities/ organisations/private/ public sector in all aspects including planning, investigation, research, design, engineering and preparation of preliminary, feasibility and definite project reports, construction, generation, operation and maintenance of power stations and projects and sale of power generated in accordance with the State's and Govt. of India's policy and broad economic considerations. • To carry on business as manufacturers, repairers, fitters, users, suppliers, importers and exporters, dealers and advisors on dynamos, alternators, motors, armatures, generators, magnetos, batteries, accumulators, conductors, conduction equipment, insulators, insulating materials and equipment, isolators, circuit breakers, controllers control gear, switches, switch gear, switch boards, transformers, converters, rectifiers, meters, contractors, resistors and generally all type of electrical, electronic, electra-mechanical or mechanical plant machinery, equipment, appliances, components and apparatus of any nature whatsoever used in connection with the production, storage, distribution application or use of energy. • To acquire concessions, facilities or licenses from electricity boards, government, semi-governments or local authorities for generation, distribution, production, transmission or use of electric power and to take over alongwith all movable and immovable properties, the existing facilities on mutually agreed terms from aforesaid authorities and to do all incidental acts and things necessary for the attainment of foregoing objects.
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Vide special resolution dated January 27, 2005.	The authorised capital of the Company was changed from Rs. 400 million divided into 20 million Equity Shares of Rs. 10 each and 20 million preference shares of Rs. 10 each to Rs. 400 million divided into 200 million Equity Shares of Re. 1 each and 20 million preference shares of Rs. 10 each.
Vide special resolution dated May 19, 2005.	The authorised capital of the Company was changed from Rs. 400 million to Rs. 700 million.

Subsidiaries

We have three subsidiaries, namely, Abohar Power Generation Limited, Triveni SRI Limited and Upper Bari Power Generation Limited.

Abohar Power Generation Limited (“Abohar”)

Abohar was incorporated for power generation on July 8, 1993 under the name Triveni Agro Tech Limited. On June 10, 2002, the name of the company was changed to Triveni Power Generation Limited and subsequently, on April 29, 2005 to its present name. Its registered office was changed from 32-B, New Mandi, Muzaffarnagar, Uttar Pradesh 251 001 to 1560, H.I.G., Ground Floor, Sector 70, Mohali, Punjab 160062 on October 25, 2002.

Shareholding Pattern

Abohar is a 100% subsidiary of our Company.

Board of Directors

The board of directors of Abohar comprises Mr. Nikhil Sawhney, Mr. A.K. Tanwar and Mr. Sameer Sinha.

Financial Performance

(Rs. in million, unless otherwise stated)

	For the year ended March 31		
	2005	2004	2003
Equity Capital	0.50	0.50	0.50
Reserves (excluding revaluation reserve)	-	-	-
Income/Sales	-	-	-
Profit/ Loss after Tax	(0.01)	(0.01)	(0.07)
Earnings per share (Rs.)	(0.21)	(0.16)	(1.38)
Book Value per share (Rs.)	Nil*	Nil*	0.27

* Considered Nil as net worth is negative.

Triveni SRI Limited (“Triveni SRI”)

Triveni SRI was incorporated on June 27, 1995 and its registered office is situated at 104, 1st Floor, Grand Plaza, 99, Old Rajinder Nagar Market, New Delhi 110 060. Triveni SRI is engaged in the business of supply and installation of equipment used in plants manufacturing sugar and related products, and provides related services. It also provides technical advisory and consultancy services relating to the setting up of plants and factories for the manufacture of sugar and related products, their daily operations, performance, etc.

Shareholding Pattern

Triveni SRI is a 100% subsidiary of our Company.

Board of Directors

The board of directors of Triveni SRI comprises Mr. Dhruv M. Sawhney, Mr. A.K. Tanwar, Mr. Sameer Sinha and Mr. Vikram Raina.

Financial Performance

(Rs. in million, unless otherwise stated)

	For the year ended March 31		
	2005	2004	2003
Equity Capital	3.00	3.00	3.00
Reserves (excluding revaluation reserve)	—	—	—
Income/Sales	39.35	34.80	14.15
Profit/ Loss after Tax	1.61	(1.89)	(0.67)
Earnings per share (Rs.)	5.37	(6. 29)	(2.24)
Book Value per share (Rs.)	6.48	1.10	7.38

Upper Bari Power Generation Limited (“Upper Bari”)

Upper Bari was incorporated on April 29, 2005. It received a certificate for commencement of business on May 10, 2005. Its primary object is to engage in the business of power generation.

Shareholding Pattern

99.88% of the shareholding of Upper Bari, equal to 49,940 shares, is held by our Company. The remaining 60 shares are held by individuals.

Board of Directors

The board of directors of Upper Bari comprises Mr. V.P. Ghuliani, Mr. Suresh Taneja and Mr. Sameer Sinha.

Financial Performance

Upper Bari was incorporated on April 29, 2005 and there are no periods for which audited financials are available.

Shareholder Agreements

There are no agreements between the shareholders of our Company.

Other Agreements

Licensing Agreement between Lufkin Industries Inc (“Lufkin”) and our Company

Our Company has executed a license agreement with Lufkin for the license to use technology developed by Lufkin to manufacture and sell gears and gearboxes. Additionally, Lufkin has agreed to provide us with technical assistance in order to manufacture the gears and gearboxes and to provide after-sale services to our customers. The agreement shall become effective from July 1, 2005, subject to approval by the Government. Pursuant to the agreement, Lufkin has agreed to grant us an exclusive, non-sublicensable, non-transferable license to use their intellectual property and technology to manufacture the products included in the agreement (“Lufkin Products”) in India. Additionally, we have been granted a non-exclusive, non sub-licensable, nontransferable license to market and sell Lufkin Products in Sri Lanka, Bangladesh, Bhutan, Nepal, Uganda, Kenya, Tanzania, Zambia, Mozambique, Zimbabwe and Pakistan (“Territory”).

As per the agreement, we are not permitted to grant sublicenses without the prior consent of Lufkin. Further, we have agreed not to market, distribute or sell Lufkin Products outside of the Territory without the prior consent of Lufkin. Moreover, Lufkin has reserved the right to market, sell, assemble and install Lufkin Products manufactured outside the Territory in the Territory. According to the agreement, Lufkin is required to disclose to us in writing any improvements that

it makes in its technology. However, Lufkin is not required to make such a disclosure for improvements made during the final two years of the term of the agreement. Similarly, we are required to disclose to Lufkin any improvements or modifications that we develop or invent in relation to the technology or Lufkin Products.

As consideration for the license, we are required under the terms of the agreement to pay to Lufkin a royalty.

We have agreed to indemnify, defend and hold Lufkin harmless from any claims arising inter alia out of the breach of the license agreement by us, use of the intellectual property or technology licensed, marketing and sale of the products, any alleged negligence, omission or misfeasance on our part and for defaults and neglect on our part with respect to compliance of applicable laws, rules and regulations. Additionally, we have agreed to indemnify Lufkin from the claims of purchasers of the products and claims of our employees. Further, Lufkin may terminate the agreement upon our failure to pay royalties under the terms of the agreement. Either party may terminate the agreement upon the material breach of the agreement by the other party if the defaulting party does not cure the default within 60 days of being given notice of such default.

The agreement is governed by the laws of India, excluding its principles of conflicts of laws. Our Company has acknowledged that we are subject to the laws and regulations of the United States controlling the export of technical data, computer software, laboratory prototypes, biological material and other commodities. There are no restrictive covenants with respect to the rights of shareholders in this agreement.

Representative Agreement between Our Company & US Filter Wastewater Group, Inc (“US Filter”)

Our Company and US Filter have executed a license agreement appointing us as non-exclusive representative to solicit orders for certain products manufactured by US Filter listed in the agreement (“US Filter Products”) from customers serving defined markets and located in India. Additionally, the agreement provides that US Filter may at its option elect to sell US Filter Products to our Company for resale to customers in the specified markets located in India. During the term of the agreement our Company shall not act as a distributor or agent for, or represent the interests of any firm, company or person which sells US Filter Products in direct competition with US Filter Products, without the express written permission of US Filter.

The initial term of the agreement is three years commencing from the January 1, 2004. However, it has been agreed that, either party may terminate the agreement without cause at any time by providing written notice to the other party at least 30 days prior of its desire to terminate. The contract shall be automatically renewed on an annual basis unless either party gives notice of its intention not to renew the agreement at least 60 days prior to the end of the term. We have agreed that the termination of the agreement shall not affect any rights or obligations of either of the parties that have accrued prior to the effective date of such termination. The agreement is governed by the laws of the State of Delaware, United States of America.

We have agreed to release, indemnify and hold US Filter harmless from and against claims, damages, losses, costs and liability arising out of or in any way connected with the performance of any of our obligations under the agreement. There are no restrictive covenants with respect to the rights of shareholders in this agreement.

Power Purchase Agreements between our Company and Uttar Pradesh Power Corporation Limited (UPPCL).

(a) Co-generation unit at Khatuali:

A power purchase agreement between us and UPPCL was executed on May 31, 2005 which is valid for a period of ten years from May 31, 2005. Under the terms of this power purchase agreement, inter alia, UPPCL shall accept and purchase all the power made available directly to UPPCL's system from our co-generation unit at Khatuali and UPPCL is not under an obligation to make any payment for any energy received in excess of 110% of the contracted 17.0 MW during the sugar season and 20.0 MW during the off season at any point of time.

(b) Co-generation unit at Deoband:

A power purchase agreement between us and UPPCL was executed on October 29, 2003 which is valid for a period of ten years from October 29, 2003. Under the terms of this power purchase agreement, only the surplus power after

our own captive use shall be sold to UPPCL and UPPCL shall not make any payment for the energy received in excess of 110% of the contracted 16.17 MW during the sugar season and 19.16 MW capacity during the off season capacity at any point of time.

There are no restrictive covenants with respect to the rights of shareholders in both these agreements.

The rates at which electricity will be sold by us to the UPPCL are as determined by the UPERC. The UPERC passed an order dated September 15, 2005 which is effective for a period of five years from July 28, 2005 through which it has determined the effective tariff for co-generation plants including our co-generation plants based on the year of commissioning of the plant. The effective rates determined by UPERC are as follows:

(In Rs. per unit)

Year of Commissioning	Tariff Year				
	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
FY 2006 or any earlier year	2.86	2.89	2.93	2.97	3.02
FY 2007		2.98	3.02	3.06	3.10
FY 2008		3.11		3.15	3.20
FY 2009				3.25	3.29
FY 2010					3.38

As the co-generation plants in our Deoband and Khatauli mills have been commissioned prior to the end of fiscal 2006, the effective rates for power to be sold by these co-generation plants ranges between Rs.2.86 per unit in fiscal 2006 to Rs. 3.02 per unit in fiscal 2010.

The UPERC has also decided to allow incentive @ Rs.0.03 per unit for units supplied to the distribution licensee subject to certain conditions.

Technology license agreement between Memcor Australia Pty Ltd. (“Memcor”) and our Company.

This agreement was executed on August 1, 2005 and is effective till July 1, 2011. The key terms and conditions of this are as follows: Memcor has granted us (a) a non-transferable license to manufacture and assemble, or to have manufactured or assembled certain membrane equipment and systems; (b) a non-transferable license to sell the said equipment and systems for use in industrial or municipal water or wastewater treatment projects in India; and (c) a restricted and non-exclusive license to export the said equipment and systems manufactured in India under the Agreement for use in industrial or municipal water or wastewater treatment projects in a number of South Asian countries subject to certain conditions. Further, Memcor has agreed that it shall not grant a license of similar scope to that of the rights set forth in (a), (b) and (c) above to another entity in India without our prior written consent. As consideration we have agreed to pay Memcor, royalty of 5 % of the “net ex-factory sale price” of all products manufactured and sold by us in India and royalty of 8% of the “net ex-factory sale price” of all products exported by us. There are no restrictive covenants with respect to the rights of shareholders in this agreements.

OUR MANAGEMENT

Board of Directors

Under our Articles of Association we cannot have fewer than 3 directors or more than 12 directors. We currently have 7 directors.

The following table sets forth current details regarding our Board of Directors:

Name, Designation and Occupation	Age and Father's Name	Address	Other Directorships
Mr. Dhruv M. Sawhney Chairman and Managing Director Industrialist	61 years Late Shri P.C. Sawhney	17, Sunder Nagar, New Delhi 110 013.	<ul style="list-style-type: none"> Triveni SRI Ltd. Orient Ceramics and Industries Ltd.
Dr. F.C. Kohli Director Business Executive	81 years Late Shri Gobindram Kohli	3, Commonwealth Madam Cama Road Mumbai –400 020.	<ul style="list-style-type: none"> WTI Advanced Technology Ltd. Tata Infotech Ltd. Tata Elxsi Ltd. Tata Technologies (Pte.) Ltd. HOT V Inc., USA Technosoft SA, Switzerland Sun F & C Asset Management (I) Pvt. Ltd. Aerospace Systems Pvt. Ltd. Media Lab Asia
Mr. M.K. Daga Director Industrialist	67 years Late Shri B.D. Daga	D-1/6 Vasant Vihar New Delhi 110 057	<ul style="list-style-type: none"> Orient Ceramics And Industries Ltd. Orient Rave Mercantile Ltd. Freesia Investment & Trading Co. Ltd. Amarawati Tea Co. Ltd. Good Team Investment & Trading Co. Pvt. Ltd. Indian Council of Ceramic Tiles and Sanitaryware
Lt. Gen. K.K. Hazari Director Retired	76 years Sri Krishna Hazari	TG2/C/10 Garden Estate Gurgaon 122 002.	<ul style="list-style-type: none"> Interglobe Enterprises Ltd. Galileo India Ltd. Magoo Strategic Infotech Pvt. Ltd.
Mr. R.C. Sharma Director Business	69 years Late Pt. M.C. Sharma	E-30, Connaught Place, New Delhi 110 001.	<ul style="list-style-type: none"> SHR Properties (P) Ltd.
Mr. V. Venkateswarlu Retired	62 years Late Shri Vanka Bapanna	C/o K. Srikrishna Murthy H.No.42-456, Plot No.40 Gayatri Nagar, Moulali, Hyderabad 500 040.	<ul style="list-style-type: none"> NIL

Name, Designation and Occupation	Age and Father's Name	Address	Other Directorships
Mr. R.K. Kapoor IDBI Nominee Service	55 years Late Shri M.M. Kapur	Flat. No. 14 Jolly Maker Apartments No.II, Cuffe Parade Mumbai 400 005	<ul style="list-style-type: none"> • IDBI Intech Limited. • SWIL Limited. • Oswal Chemicals & Fertilisers Limited.

Details of Directors

Mr. Dhruv M. Sawhney, (61 years), our Chairman and Managing Director is an eminent industrialist. Mr. Sawhney graduated with an M.A. and B.A. (Hons) in Mechanical Sciences from Emmanuel College, University of Cambridge, U.K. and a Master in Business Administration with distinction from the Wharton School of Business, University of Pennsylvania, USA. Mr. Sawhney has been president of the Confederation of Indian Industry, the Indian Sugar and Technologists Associations and the International Society of Sugarcane Technologists. Mr. Sawhney takes a keen interest in management education, and is currently Chairman of the Indian Public Schools Society (Doon School), one of India's most famous public schools, and a Companion Member of the Chartered Institute of Management, U.K. He chairs the Board of Trustees of Delhi's oldest private charitable hospital. He was a Governor of the Indian Institute of Management Lucknow for six years and President of the All India Chess Federation for 12 years. Mr. Sawhney has served on the Board of various public sector organizations and chaired Government advisory councils on Industry, Energy and Sugar.

Dr. F.C. Kohli, (81 years), is a Director. He has a Bachelor degree in Electrical Engineering from Queen's University, Canada and a Masters in Science degree from the Massachusetts Institute of Technology, USA. He received an Honorary Doctorate in Engineering from the University of Waterloo, Canada, from Robert Gordon University, Aberdeen, UK and in India from the Indian Institute of Technology, Bombay and the University of Roorkee, Uttar Pradesh. He was also conferred the Degree of Engineering (Honoris Causa) by Jadavpur University, Kolkata. Dr. Kohli is a professional with vast business experience and is widely acknowledged as the pioneer of India's information technology revolution. He is a distinguished fellow of various professional bodies, such as the Institute of Electrical & Electronic Engineers, New York, the Institute of Electrical Engineers, London and the Institute of Engineers, India. Dr. Kohli has also served as the Deputy Chairman of Tata Consultancy Services. Dr. Kohli was honoured by the Government of India with the title of Padma Bhushan in 2002. He has received numerous other awards and recognitions, including the Dadabhai Naoroji Memorial Award, 2000 and the Economic Times Lifetime Achievement Award, 2002.

Mr. M.K. Daga, (67 years), is a Director. He has a Bachelor degree in Arts from St. Xavier's College, Kolkata. Mr. Daga is an industrialist with vast business experience. He has been the Managing Director of Somany-Pilkington and is currently the Chairman and Managing Director of Orient Ceramics and Industries Limited. He is a fellow of the Institute of Materials, UK and the British Institute of Management, UK.

Lt. Gen. K.K. Hazari (Retd.), (76 years), is a Director. He is a graduate of the Defence Services Staff College, Camberley, UK and the National Defence College, New Delhi. Lt. Gen. Hazari has rendered 38 years of service in the Armed Forces of India and has served as Vice Chief of Army Staff. He has a special interest in matters like long term planning, management structures and systems and financial planning and has written extensively on these subjects. Lt. Gen. Hazari was a member of the Committee of Defence Expenditure appointed by the Government of India in 1990, as also of the Kargil Review Committee constituted by the Government of India.

Mr. R.C. Sharma, (69 years), is a Director. He holds a degree in Masters of Arts from Delhi University. Mr. Sharma has worked with Ceat Tyres India Limited for close to 22 years and retired as a senior executive. He has vast experience in marketing and sales.

Mr. V. Venkateswarlu, (62 years) is a Director. He has a Masters degree in Arts and a Masters degree in Science from Andhra University, Visakhapatnam, India. He also has a Diploma in Business Administration from Stanford University,

USA. Mr. Venkateswarlu has been Executive Director of IDBI and has about 38 years of professional and managerial experience in the areas of development banking, industrial finance and corporate sector management.

Mr. R.K. Kapoor, (55 years), is a Director nominated by Industrial Development Bank of India Ltd. (IDBI). He holds Bachelor's Degree in Chemical Engg. (B.Tech) from Indian Institute of Technology, Kanpur and a Masters in Business Administration (MBA) from Faculty of Management Studies, Delhi University. He started his service career in 1974 with UCO Bank and is now Chief General Manager of IDBI with vast and varied experience in the banking sector of more than three decades. On request from Oman Development Bank Muscat, he also served a four year deputation with them to train their manpower and develop and streamline their operational systems.

Borrowing Powers of the Directors in our Company

Pursuant to a resolution passed by our shareholders in accordance with provisions of the Companies Act, our Board has been authorised to borrow sums of money for the purpose of the Company upon such terms and conditions and with or without security as the Board of Directors may think fit, provided that the money or monies to be borrowed together with the monies already borrowed by the Company shall not exceed, at any time, a sum of Rs. 12,000 million.

Details of Appointment and Compensation of our Directors

Name of Directors	Contract/ Appointment Letter/ Resolution	Details of Remuneration	Term
Mr. Dhruv M. Sawhney	Resolution of the Board of Directors dated March 28, 2005, and resolution of the shareholders dated May 19, 2005.	Salary: Rs. 6 million per annum Special Allowance: Rs. 6 million per annum Performance Bonus: An amount as may be decided by the Board subject to the condition that the aggregate of the remuneration plus the performance bonus shall not exceed 5% of the net profits to be computed as per Sections 198 and 349 of the Companies Act.	March 31, 2005 to March 30, 2010.
Dr. F.C. Kohli	Resolution of the shareholders of the Company dated June 27, 2005.	No remuneration except sitting fees.	Liable to retire by rotation.
Mr. M.K. Daga	Resolution of the shareholders of the Company dated August 18, 2004.	No remuneration except sitting fees.	Liable to retire by rotation.
Lt.Gen. K.K. Hazari (Retd.)	Resolution of the shareholders of the Company dated June 27, 2005.	No remuneration except sitting fees.	Liable to retire by rotation.
Mr. R.C. Sharma	Resolution of the shareholders of the Company dated August 18, 2004.	No remuneration except sitting fees.	Liable to retire by rotation.

Name of Directors	Contract/ Appointment Letter/ Resolution	Details of Remuneration	Term
Mr. V. Venkateswarlu	Resolution of the Board of Directors dated July 28, 2005.	No remuneration except sitting fees.	Up to the date of the next Annual General Meeting of the Company.
Mr. R.K.Kapoor	Appointment letter issued by IDBI dated July 14, 2005.	No remuneration except sitting fees.	Non rotational.

Except the Chairman and Managing Director who is entitled to statutory benefits upon termination of his employment in our Company, no director is entitled to any benefit upon termination in our Company.

There are no contracts with our Directors appointing them or fixing their remuneration. The remuneration of the Directors is determined through resolutions of the Board of Directors based on the recommendations of the remuneration committee of the Board and as approved by the resolution of the shareholders of the Company.

Corporate Governance

We are currently listed on the Stock Exchanges. We are in compliance with the provisions of the listing agreements with the Stock Exchanges, especially relating to corporate governance, the broad basing of management and setting up necessary committees like the Audit Committee and the Shareholders' Committee.

We have complied with SEBI Guidelines in respect of corporate governance, especially with respect to broad basing of the Board, constituting the committees such as the Audit Committee and the Shareholders'/Investors' Grievance Committee details of which are provided hereinbelow. We are in compliance with the requirements of SEBI circular bearing number SEBI/CFD/DIL/CG/1/2004 dated October 29, 2004, which notifies revised corporate governance guidelines, by the required date (currently notified as December 31, 2005) for listed entities like our Company.

We have constituted the following committees of our Board of Directors for compliance with corporate governance requirements:

- (a) Audit Committee;
- (b) Shareholders'/ Investors' Grievance Committee;
- (c) Remuneration Committee;
- (d) Share Transfer/ Transmission Committee

Audit Committee

The members of the Audit Committee of the Board are Lt. Gen. K.K. Hazari (Retd.) (Chairman), Mr. R.C. Sharma and Mr. V. Venkateswarlu.

The Audit Committee oversees the Company's financial reporting process and disclosure of its financial information. The Audit Committee further reviews the accounting and financial policies and practices, internal control systems, quarterly and half yearly and annual financial results. It also recommends appointment of statutory and internal auditors and considers and discusses reports and observations made by them.

Shareholders'/ Investors' Grievance Committee

The members of the Shareholders'/ Investors' Grievance Committee of the Board are Lt. Gen. K.K. Hazari (Retd.) (Chairman) and Mr. R.C. Sharma.



The Committee is responsible for the redressal of shareholders, and investors' grievances such as non-receipt of share certificates, balance sheet, dividend etc.

Remuneration Committee

The members of the Remuneration Committee of the Board are Dr. F.C. Kohli (Chairman), Lt. Gen. K.K. Hazari (Retd.) and Mr. R.C. Sharma.

The Remuneration Committee determines the Company's remuneration policy, having regard to performance standards and existing industry practice. Under the existing policies of our Company, the remuneration committee determines the remuneration payable to the relatives of the Promoters who hold positions in our Company.

Share Transfer/ Transmission Committee

The members of the Share Transfer/ Transmission Committee of the Board are Lt. Gen. K.K. Hazari (Retd.) (Chairman) and Mr. R.C. Sharma.

The committee is responsible for approval of share transfers and transmissions, approval of requests for dematerialisation/ rematerialisation of shares and other related activities.

Shareholding of Directors in our Company

The following table details the shareholding of our Directors prior to the Issue:

Name of Director	Number of Equity Shares held
Mr. Dhruv M. Sawhney	37,714,645
Mr. R.C. Sharma	459,900

Interest of our Directors

All our Directors, including independent directors, may be deemed to be interested to the extent of fees, if any, payable to them for attending meetings of the Board or a committee thereof as well as to the extent of other remuneration and reimbursement of expenses payable to them. The Chairman and Managing Director is interested to the extent of remuneration paid to him for services rendered as an officer or employee of our Company.

All our Directors, including independent directors, may also be deemed to be interested to the extent of Equity Shares, if any, already held by them or that may be subscribed for and allotted to them, out of the present Issue in terms of the Prospectus and also to the extent of any dividend payable to them and other distributions in respect of the said Equity Shares. Our Directors, including independent directors, may also be regarded as interested in the Equity Shares, if any, held by or that may be subscribed by and allotted to the companies, firms and trust, in which they are interested as directors, members, partners or trustees.

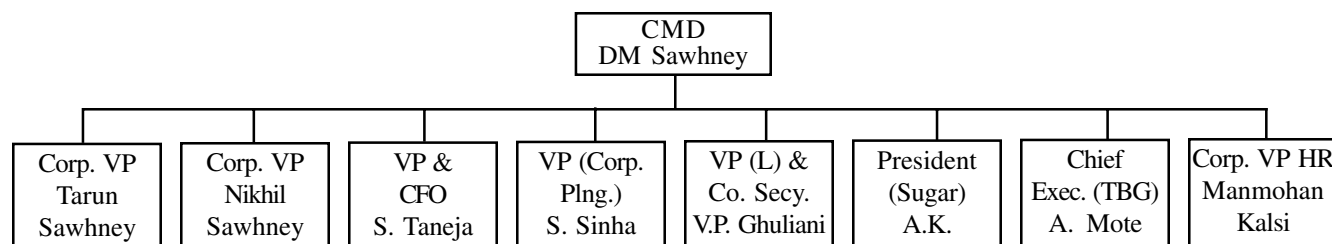
Changes in our Board of Directors during the last three years

The changes in our Board of Directors during the last three years are as follows:

Name	Date of Appointment	Date of Cessation	Reason
Mr. S.K. Seth	April 3, 2000	August 3, 2004	Death
Mr. M.V. Subbiah	May 27, 2000	July 14, 2004	Resignation
Mr. J.B. Dadachanji	December 28, 1972	August 14, 2003	Resignation
Mr. R.K. Kapoor	July 28, 2005	Continuing	Nominated by IDBI.

Management Organisation Structure

Our management organisation structure is set forth below:



Key Managerial Employees

Mr. Tarun Sawhney, 32 years, a resident Indian national, is a Promoter of our Company. He has a Masters degree in Arts from the Emmanuel College, University of Cambridge, UK and a Masters degree in Business Administration from the Wharton School of Business, University of Pennsylvania, USA. Mr. Sawhney has work experience in the fields of e-business, telecommunications, information technology, and financial and portfolio analysis. He worked with AT Kearney Inc., UK, a management consultancy firm from 1998 to 2000. He has been associated with our Company since February 1, 1996 and currently occupies the post of Corporate Vice President in our Company. The remuneration paid to him by the Company for the fiscal 2005 was Rs.3.7 million.

Mr. Nikhil Sawhney, 28 years, a resident Indian national, is a Promoter of our Company. He has a Bachelors degree in Arts and a Masters degree in Arts from the Emmanuel College, University of Cambridge, UK and a Masters degree in Business Administration from the Wharton School of Business, University of Pennsylvania, USA. Mr. Sawhney has worked in India and overseas in the fields of finance, consumer goods, engineered products and capital markets. He worked with Flexibox Ltd., Manchester, UK in 1996 as a Marketing Analyst, with Nomura International, London, UK in 1997 as a Capital Markets and Sales Analyst, with ING Barings, London, UK in 1998 as a Corporate Finance Analyst, and with Nestle USA, Los Angeles, USA in 2003 as a Marketing Associate. He has been associated with our Company since October 1, 1999 and currently occupies the post of Corporate Vice President in our Company. The remuneration paid to him by the Company for the fiscal 2005 was Rs.1.78 million.

Mr. A.K. Tanwar, 51 years, is the President (Sugar) of our Company. He has a Bachelors degree in Electrical Engineering and an Associate of National Sugar Institute (Sugar Engineering) from the National Sugar Institute, Kanpur. He has over 25 years of experience in the sugar industry and has been with our Company for the past nine years. Mr. Tanwar heads our sugar business, and looks after our sugar units at Deoband, Khatauli, Ramkola and Sabitgarh. The remuneration paid to him by the Company for the fiscal 2005 was Rs.3.82 million.

Mr. Arun Mote, 52 years, is the Chief Executive of our Turbine Business Group. He has a Masters degree in Technology from the Indian Institute of Technology and a Masters degree in Business Administration from Jamnalal Bajaj Institute of Management Studies, Bombay University. He has approximately 30 years of experience in the engineering industry and has worked with companies such as Blue Star and HPL Gemmco Ltd. Mr. Mote has been with our Company for the last 6 years. The remuneration paid to him by the Company for the fiscal 2005 was Rs.3.74 million.

Mr. V.P. Ghuliani, 66 years, is our Vice President (Legal) & Company Secretary. He has a Bachelors degree in Arts from Delhi University and a Bachelors degree in Law from Meerut University. He is a Fellow Member of the Institute of Company Secretaries of India. He has 42 years of experience and has been associated with the Triveni group for the past 28 years. The remuneration paid to him by the Company for the fiscal 2005 was Rs.3.34 million.

Mr. S. Taneja, 52 years, is our Vice President and Chief Financial Officer. He has a Bachelors degree in Science from Delhi University and is a Fellow of Chartered Accountants from the Institute of Chartered Accountants. He has 25 years of experience and has been with our Company for the past 11 years. Prior to joining us, he has worked with Eicher Tractors

for six years and the Oman National Transport Company, Muscat for eight years. The remuneration paid to him by the Company for the fiscal 2005 was Rs.2.41 million.

Mr. Sameer Sinha, 43 years, is the Vice President (Corporate Planning). He has a Bachelors degree in Technology from the Indian Institute of Technology, Kanpur and a Post Graduate Diploma in Management from the Indian Institute of Management, Ahmedabad. He has 21 years of experience and has been with us for the past 11 years. Prior to joining our Company, he has worked with Vam Organic, Shaw Wallace and Larsen & Toubro. The remuneration paid to him by the Company for the fiscal 2005 was Rs.2.00 million.

Mr. Manmohan S. Kalsy, 39 years, is the Vice President (Corporate Human Resources). He has Bachelors degree in Arts from Meerut University and a Post-Graduate Diploma in Business Administration from the Institute of Productivity and Management, Meerut. He has working experience of 16 years and has joined us on May 30, 2005. Prior to joining our Company he has worked with Bharti Cellular Limited, Pepsi Foods Limited, Indian Shaving Products Limited and Shriram Industrial Enterprises Limited.

All our key managerial employees are permanent employees of our Company.

Our key managerial personnel, Mr. Dhruv M. Sawhney is related to Mr. Tarun Sawhney and Mr. Nikhil Sawhney, Promoters of our Company, being their father, and to Mrs. Rati Sawhney, another Promoter of the Company, who is his wife.

Shareholding of Directors and Key Managerial Employees

The following table details the shareholding of our key managerial employees prior to the Issue:

Sl. No.	Name of Promoter/Directors of Promoters Companies	Number of Equity Shares of Re. 1 each	% of Pre-Issue share capital	% of Post-Issue share capital
1.	Mr. Dhruv M. Sawhney	37,714,645	18.14	14.62
2.	Mr. Tarun Sawhney	16,141,775	7.76	6.26
3.	Mr. Nikhil Sawhney	15,802,650	7.60	6.13
4.	Mr. V.P. Ghuliani	98,382	0.05	0.04

Bonus or Profit Sharing Plan for our Key Managerial Employees

Mr. Dhruv M. Sawhney, Chairman and Managing Director is entitled to such amount of performance bonus as may be decided by the Board on the recommendations of our Company's Remuneration Committee subject to the condition that the aggregate of the remuneration provided plus the performance bonus shall not exceed 5% of the net profits to be computed as per provisions of Sections 198 and 349 of the Companies Act.

Changes in our Key Managerial Employees during the last three years

The changes in our key managerial employees during the last three years are as follows:

Name	Date of appointment as Key Managerial Employees	Whether continuing, if not, date of cessation	Reason
Mr. Tarun Sawhney	August 9, 2002	Continuing	N.A.
Mr. Nikhil Sawhney	August 19, 2004	Continuing	N.A.
Mr. S. Taneja*	September 1, 2004	Continuing	N.A.
Mr. D. Khanna	October 28, 1997	August 31, 2004	Resignation
Mr. Manmohan S Kalsy	May 30, 2005	Continuing	N.A.

* Mr. S. Taneja had joined our Company in January 1994 and has become a key managerial personnel with effect from September 1, 2004.

Employees Share Purchase Scheme/Employee Stock Option Scheme

We do not have any stock option scheme or stock purchase scheme for the employees of our Company.

Payment or benefit to officers of our Company

Except statutory benefits upon termination of their employment in our Company or superannuation, no officer of our Company is entitled to any benefit upon termination of his employment in our Company or superannuation.

OUR PROMOTERS AND GROUP COMPANIES

The Promoters of our Company are 4 natural persons, one HUF and 10 companies.

The natural persons who are Promoters are:

1. Mr. Dhruv M. Sawhney;
2. Mrs. Rati Sawhney;
3. Mr. Tarun Sawhney; and
4. Mr. Nikhil Sawhney.

The HUF which is a Promoter of our Company is Man Mohan Sawhney (HUF).

The companies which are Promoters are:

1. Subhadra Trade and Finance Limited;
2. Umananda Trade and Finance Limited;
3. Dirc Investments Limited;
4. Dhankari Investments Limited;
5. Accurate Traders Limited;
6. TOFSL Trading and Investment Limited;
7. The Engineering and Technical Services Limited;
8. Carvansera Limited;
9. Tarnik Investment and Trading Limited; and
10. Kameni Upaskar Limited.

In addition, the following natural persons and companies, which do not hold any Equity Shares of our Company and are not involved in our management are also a part of our Promoter group:

The natural persons who are part of our Promoter group (due to their relationship with our Promoters), other than the Promoters named above are as follows:

1. Mrs. Tarana Sawhney (wife of Mr. Tarun Sawhney);
2. Mrs. Zia Nikhil Sawhney (wife of Mr. Nikhil Sawhney);
3. Ms. Noor Tarun Sawhney (minor)(daughter of Mr. Tarun Sawhney);
4. Mrs. Rohini Sawhney (sister of Mrs. Rati Sawhney);
5. Mrs. Anjali Bhatnagar (sister of Mrs. Rati Sawhney);and
6. Mrs. Rekha Vasudeva (sister of Mrs. Rati Sawhney).

The companies which are part of our Promoter group, other than the Promoters named above are as follows:

1. Kshemya Investments Limited;
2. Ashoka Trade Centre Limited;
3. Triveni Entertainment Limited;
4. Techtrade Consultants Limited; and
5. United Shippers & Dredgers Limited.

The details of our Promoters are as follows:



Mr. Dhruv M. Sawhney, 61 years, (Passport Number: Z1394373, Voter ID Number: DL/01/003/300133, Driving Licence Number: P3102000228105), a resident Indian national, is a Promoter director in our Company. Mr. Sawhney graduated with an M.A. and B.A. (Hons) in Mechanical Sciences from Emmanuel College, University of Cambridge, U.K. and a Master in Business Administration with distinction from the Wharton School of Business, University of Pennsylvania, USA. Mr. Sawhney has been president of the Confederation of Indian Industry, the Indian Sugar and Technologists Associations and the International Society of Sugarcane Technologists. Mr. Sawhney takes a keen interest in management education, and is currently Chairman of the Indian Public Schools Society (Doon School), one of India's most famous public schools, and a Companion Member of the Chartered Institute of Management, U.K. He chairs the Board of Trustees of Delhi's oldest private charitable hospital. He was a Governor of the Indian Institute of Management Lucknow for six years and President of the All India Chess Federation for 12 years. Mr. Sawhney has served on the Board of various public sector organizations and chaired Government advisory councils on Industry, Energy and Sugar.



Mrs. Rati Sawhney, 59 years, (Passport Number: B5775011, Voter ID Number: DL/01/003/300132, Driving Licence Number: Not Available), a resident Indian national, is a Promoter of our Company. She is a graduate of the Isabella Thorburn College, Lucknow, an affiliate of the Goucher College, Baltimore.



Mr. Tarun Sawhney, 32 years, (Passport Number: Z1151407, Voter ID Number: Not Available, Driving Licence Number: P91020203), a resident Indian national, is a Promoter of our Company. He has a Masters degree in Arts from the Emmanuel College, University of Cambridge, UK and a Masters degree in Business Administration from the Wharton School of Business, University of Pennsylvania, USA. Mr. Sawhney has work experience in the fields of e-business, telecommunications, information technology, and financial and portfolio analysis. He worked with AT Kearney Inc., UK, a management consultancy firm, from 1998 to 2000. He occupies the post of Corporate Vice President in our Company.



Mr. Nikhil Sawhney, 28 years, (Passport Number: Z1391916, Voter ID Number: Not Available, Driving Licence Number: P94011327), a resident Indian national, is a Promoter of our Company. He has a Bachelors degree in Arts and a Masters degree in Arts from the Emmanuel College, University of Cambridge, UK and a Masters degree in Business Administration from the Wharton School of Business, University of Pennsylvania, USA. Mr. Sawhney has worked in India and overseas in the fields of finance, consumer goods, engineered products and capital markets. He worked with Flexibox Ltd., Manchester, UK in 1996 as a Marketing Analyst, with Nomura International, London, UK in 1997 as a Capital Markets and Sales Analyst, with ING Barings, London, UK in 1998 as a Corporate Finance Analyst, and with Nestle USA, Los Angeles, USA in 2003 as a Marketing Associate. He occupies the post of Corporate Vice President in our Company.

We confirm that the permanent account numbers, bank account numbers and passport numbers of Mr. Dhruv M. Sawhney, Mrs. Rati Sawhney, Mr. Tarun Sawhney and Mr. Nikhil Sawhney have been submitted to the Stock Exchanges at the time of filing of the Draft Red Herring Prospectus.



Subhadra Trade and Finance Limited (“Subhadra”)

Subhadra is an investment company. Subhadra was incorporated on February 23, 1989 in the name of Kamakhya Trade & Finance Limited, and on November 24, 1989, the name was changed to the present name. Its registered office is situated at 302, Frutos Trade Centre, SRCB Road, Guwahati.

The shares of Subhadra are listed on the Guwahati Stock Exchange.

Shareholding Pattern

The following is the shareholding of Subhadra as on October 31, 2005:

Name of Shareholder	Number of Shares	Percentage of Shareholding (%)
Mr. Dhruv Sawhney	1,228,000	31.49
Mrs. Rati Sawhney	1,147,000	29.41
Dirc Investments Limited	1,135,000	29.10
Others	390,000	10.00
Total	3,900,000	100.00

Board of Directors

The board of directors comprises Mr. V.P. Ghuliani, Mrs. Madhu Arora, Mrs. Manjula Patankar and Mr. A.K. Tanwar.

Financial Performance

The financial results of Subhadra for the years ended March 31, 2003, 2004 and 2005 are set forth below:

(Rs. in million, unless otherwise stated)

	March 31, 2005	March 31, 2004	March 31, 2003
Equity Capital	39.00	39.00	39.00
Reserves (excluding revaluation reserve)	7.66	(4.58)	(6.11)
Income/Sales	220.67	21.64	35.56
Profit/ Loss after Tax	12.24	1.53	2.04
Earnings per share (Rs.)	3.14	0.39	0.52
Book Value per share (Rs.)	11.96	8.83	8.43

In fiscal 2005, Subhadra has traded in securities including shares of various listed companies (which are not part of our Promoter group). Such transactions resulted in higher returns in fiscal 2005 as compared to fiscal 2004 and fiscal 2003.

Promise v/s Performance

Subhadra came out with a public issue of 999,300 shares in June 1989. The objects of the issue were to meet working capital requirements and no projections have been made in the prospectus of Subhadra.

Subhadra came out with a rights issue of 1,000,000 equity shares in February 1991. The objects of the issue were to meet working capital requirements and no projections have been made in the prospectus of Subhadra.

Information about Share Price

There has been no trading in the equity shares of Subhadra during the six-month period ending September 30, 2005. The last traded price of the share of Subhadra as on February 14, 2003 was Rs. 2.60 per share.

There has been no change in the capital structure of Subhadra in the last six months.

Details of public issue/ rights issue of capital in the last three years

There have been no public issue of equity shares of the Company or rights issue of the Company in the three years preceding the date of this Red Herring Prospectus.

Mechanism for redressal of investor grievance

The complaints received, if any, are normally attended to and replied within five to seven days of receipt by the company. There are no pending investor complaints against Subhadra.

Umananda Trade and Finance Limited (“Umananda”)

Umananda is an investment company. It was incorporated as a public limited company on February 23, 1989 under the name Collins Trade & Finance Limited and on November 24, 1989, the name was changed to the present name. The registered office of Umananda is located at 302, Frutos Trade Centre, SRCB Road, Guwahati 781001.

The shares of Umananda are listed on the Guwahati Stock Exchange.

Umananda is in the process of members’ voluntary winding up.

Shareholding Pattern

The following is the shareholding of Umananda as on October 31, 2005:

Name of Shareholder	Number of Shares	Percentage of Shareholding (%)
Mr. Dhruv M. Sawhney	465,000	31.00
Mrs. Rati Sawhney	353,800	23.58
Subhadra Trade and Finance Limited	185,000	12.33
Dirc Investments Limited	295,000	19.67
Others	201,200	13.42
Total	1,500,000	100.00

Board of Directors

The board of directors of Umananda comprised of Mr. V.P. Ghuliani, Mrs. Madhu Arora and Mrs. Manjula Patankar.

Financial Performance

The financial results of Umananda for the years ended March 31, 2003, 2004 and 2005 are set forth below:

(Rs. in million, unless otherwise stated)

	March 31, 2005	March 31, 2004	March 31, 2003
Equity Capital	15.00	15.00	15.00
Reserves (excluding revaluation reserve)	30.87	28.30	26.75
Income/Sales	4.48	14.12	1.44
Profit/ Loss after Tax	2.85	1.82	0.79
Earnings per share (Rs.)	1.71	1.03	0.53
Book Value per share (Rs.)	30.58	28.87	27.83

Promise v/s Performance

Umananda came out with a public issue of 999,300 equity shares in July 1989. The objects of the issue were to meet working capital requirements and no projections have been made in the prospectus of Umananda.



Information about Share Price

There has been no trading in the equity shares of Umananda during the six-month period ending September 30, 2005. The last traded price of the share of Umananda as on February 18, 2003 was Rs. 2.50 per share.

There has been no change in the capital structure of Umananda in the last six months.

Details of public issue/ rights issue of capital in the last three years

There have been no public issue of equity shares or rights issue in the three years preceding the date of this Red Herring Prospectus.

Mechanism for redressal of investor grievance

The complaints received, if any, are normally attended to and replied within five to seven days of receipt by the company. There are no pending investor complaints against Umananda.

Dirc Investments Limited (“Dirc”)

Dirc is an investment company. It was incorporated as a private limited company on July 30, 1985 and was later converted into a public limited company on October 27, 1988. Dirc’s registered office is situated at 302, Frutos Trade Centre, SRCB Road, Guwahati 781001.

The shares of Dirc are listed on the Guwahati Stock Exchange.

Dirc is in the process of a members’ voluntary winding up.

Shareholding Pattern

The following is the shareholding of Dirc as on October 31 2005:

Name of Shareholder	Number of Shares	Percentage of Shareholding (%)
Mr. Dhruv M. Sawhney	1,788,000	89.85
Others	202,040	10.15
Total	1,990,040	100.00

Board of Directors

The board of directors of Dirc comprised Mr. R.L Sawhney, Mrs. Anjali Bhatnagar and Mrs. Geeta Rajpal.

Financial Performance

The financial results of Dirc for the years ended March 31, 2003, 2004 and 2005 are set forth below:

(Rs. in million, unless otherwise stated)

	March 31, 2005	March 31, 2004	March 31, 2003
Equity Capital	19.90	19.90	19.90
Reserves (excluding revaluation reserve)	5.61	(0.17)	(1.82)
Income/Sales	35.90	33.59	17.02
Profit/ Loss after Tax	5.74	1.65	1.40
Earnings per share (Rs.)	2.89	0.83	0.70
Book Value per share (Rs.)	12.82	9.91	9.08

Promise v/s Performance

Dirc came out with a public issue of 999,500 equity shares in September 1989. The objects of the issue were to meet working capital requirements and no projections have been made in the prospectus.

Dirc came out with a rights issue of 900,036 equity shares in February 1991. The objects of the issue were to meet working capital requirements and no projections have been made in the prospectus of Dirc.

Information about Share Price

There has been no trading in the equity shares of Dirc during the six-month period ending September 30, 2005. The last traded price of the share of Dirc as on February 10, 2003 was Rs. 2.70 per share.

There has been no change in the capital structure of Dirc in the last six months.

Details of public issue/ rights issue of capital in the last three years

There have been no public issue of equity shares or rights issue in the three years preceding the date of this Red Herring Prospectus.

Mechanism for redressal of investor grievance

The complaints received, if any, are normally attended to and replied within five to seven days of receipt by the company. There are no pending investor complaints against Dirc.

Dhankari Investments Limited (“Dhankari”)

Dhankari is an investment company. Dhankari was incorporated on April 18, 1984 in the name of Charisma Investment (India) Limited and subsequently, on November 24, 1994, the name was changed to the present name. The registered office of Dhankari is situated at 2nd Floor, Dharam Market, Sector 27, Atta, Noida 201301.

The shares of Dhankari are listed on the Delhi Stock Exchange.

Dhankari is in the process of a members’ voluntary winding up.

Shareholding Pattern

The following is the shareholding of Dhankari as on October 31, 2005:

Name of Shareholder	Number of Shares	Percentage of Shareholding (%)
Mr. Dhruv M. Sawhney	140,150	56.63
Mrs. Rati Sawhney	82,500	33.33
Others	24,850	10.04
Total	247,500	100.00

Board of Directors

The board of directors of Dhankari comprised Mr. S.S. Walia, Mrs. Madhu Arora and Mrs. Geeta Rajpal.

Financial Performance

The financial results of Dhankari for the years ended March 31, 2003, 2004 and 2005 are set forth below:

(Rs. in million, unless otherwise stated)

	March 31, 2005	March 31, 2004	March 31, 2003
Equity Capital	2.47	2.47	2.47
Reserves (excluding revaluation reserve)	26.79	21.60	21.13
Income/Sales	5.91	0.60	0.86
Profit/ Loss after Tax	5.19	0.47	0.65
Earnings per share (Rs.)	20.97	1.91	2.63
Book Value per share (Rs.)	118.27	97.28	95.37

Promise v/s Performance

Dhankari came out with a public issue of 150,750 equity shares in July 1986. The objects of the issue were to meet working capital requirements and no projections have been made in the prospectus of Dhankari.

Information about Share Price

There has been no trading in the equity shares of Dhankari during the six-month period ending September 30, 2005. The last traded price of the share of Dhankari as on August 3, 2000 was Rs. 4.35 per share.

There has been no change in the capital structure of Dhankari in the last six months.

Details of public issue/ rights issue of capital in the last three years

There have been no public issue of equity shares or rights issue in the three years preceding the date of this Red Herring Prospectus.

Mechanism for redressal of investor grievance

The complaints received, if any, are normally attended to and replied within five to seven days of receipt by the company. There are no pending investor complaints against Dhankari.

Accurate Traders Limited (“Accurate”)

Accurate is an investment company. It was incorporated on October 26, 1983 as a private limited company and was converted to a public limited company on July 19, 1984. Accurate’s registered office is situated at G-2, Ground Floor, Maharani Bagh, New Delhi, 110 065.

The shares of Accurate are listed on the Delhi Stock Exchange.

Shareholding Pattern

The following is the shareholding of Accurate as on October 31, 2005:

Name of Shareholder	Number of Shares	Percentage of Shareholding (%)
Mr. Dhruv M. Sawhney	30,000	12.00
Mrs. Rati Sawhney	163,000	65.20
Others	57,000	22.80
Total	250,000	100.00

Board of Directors

The board of directors comprises Mr. V.P. Ghuliani, Mr. S.S. Walia and Mrs. Madhu Arora.

Financial Performance

The financial results of Accurate for the years ended March 31, 2003, 2004 and 2005 are set forth below:

(Rs. in million, unless otherwise stated)

	March 31, 2005	March 31, 2004	March 31, 2003
Equity Capital	2.50	2.50	2.50
Reserves (excluding revaluation reserve)	1.52	1.43	1.21
Income/Sales	0.17	4.11	4.06
Profit/ Loss after Tax	0.08	0.22	0.14
Earnings per share (Rs.)	0.35	0.86	0.58
Book Value per share (Rs.)	16.08	15.73	14.87

Promise v/s Performance

Accurate came out with a public issue of 228,200 equity shares in October 1985. The objects of the issue were to meet working capital requirements and no projections have been made in the prospectus of Accurate.

Information about Share Price

There has been no trading in the equity shares of Accurate during the six-month period ending September 30, 2005. The last traded price of the share of Accurate as on March 29, 2001 was Rs. 3.60 per share.

There has been no change in the capital structure of Accurate in the last six months.

Details of public issue/ rights issue of capital in the last three years

There have been no public issue of equity shares or rights issue in the three years preceding the date of this Red Herring Prospectus.

Mechanism for redressal of investor grievance

The complaints received, if any, are normally attended to and replied within five to seven days of receipt by the company. There are no pending investor complaints against Accurate.

Tarnik Investments & Trading Limited (“Tarnik”)

Tarnik is an investment company. Tarnik was incorporated on May 20, 1988. Its registered office is situated at 104, 1st Floor, Grand Plaza, 99 Old Rajinder Nagar Market, New Delhi – 110 060.

The shares of Tarnik are not listed on any stock exchange.

Shareholding Pattern

The following is the shareholding pattern of equity shares of Tarnik as on October 31, 2005:

Name of Shareholder	Number of Shares	Percentage of Shareholding (%)
Mrs. Rati Sawhney	148,240	22.81
Mr. Nikhil Sawhney	106,275	16.35
Mr. Dhruv M Sawhney	81,500	12.54
Mr. Tarun Sawhney	76,275	11.73
Man Mohan Sawhney HUF	2,950	0.45
Umananda Trade & Finance Limited	162,500	25.00
Accurate Traders Limited	42,250	6.50
Subhadra Trade & Finance Limited	30,000	4.62
Others	10	-
Total	650,000	100.00

Board of Directors

The board of directors comprises Mr. S.S. Walia, Mrs. Geeta Rajpal and Mr. R.L. Sawhney.



Financial Performance

The financial results of Tarnik for the years ended March 31, 2003, 2004 and 2005 are set forth below:

(Rs. in million, unless otherwise stated)

	March 31, 2005	March 31, 2004	March 31, 2003
Total Income	4.30	15.20	1.34
Profit (Loss) after Tax	3.56	1.84	0.84
Equity Share Capital	6.50	6.50	6.50
Reserves & Surplus	39.30	36.26	34.94
Earnings per share (Rs.)	4.68	2.04	1.30
Book Value per share (Rs.)	70.47	65.79	63.75

There has been no change in the capital structure of Tarnik in the last six months.

Mechanism for redressal of investor grievance

Normally there are no investor complaints against the company. If any complaint is received in future, it will be replied to within five to seven days.

TOFSL Trading & Investments Limited (“TOFSL”)

TOFSL is an investment company and also deals in sugar etc. TOFSL was incorporated on May 3, 1994. Its registered office is situated at Triveni Sugar Unit, Khatauli, District Muzaffarnagar, Uttar Pradesh – 251 001.

The shares of TOFSL are not listed on any stock exchange.

Shareholding Pattern

The following is the shareholding pattern of equity shares of TOFSL as on October 31, 2005:

Name of Shareholder	Number of Shares	Percentage of Shareholding (%)
Triveni Engineering & Industries Ltd.	400,060	49.38
Subhadra Trade & Finance Limited	240,083	29.63
Umananda Trade & Finance Limited	148,000	18.27
The Engineering & Technical Services Ltd.	13,386	1.65
Tarnik Investments & Trading Ltd.	4,571	0.56
Ashoka Trade Centre Ltd.	286	0.04
Others	3,771	0.47
Total	810,157	100.00

Board of Directors

The board of directors comprises Mr. A.K. Tanwar, Mr. V.P. Ghuliani and Mrs. Geeta Rajpal.

Financial Performance

The financial results of TOFSL for the years ended March 31, 2003, 2004 and 2005 are set forth below:

(Rs. in million, unless otherwise stated)

	March 31, 2005	March 31, 2004	March 31, 2003
Total Income	4.59	3.73	39.75
Profit (Loss) after Tax	(0.15)	(14.62)	0.69
Equity Share Capital	8.10	8.10	8.10
Reserves & Surplus	(10.0)	(9.84)	4.78
Earnings per share (Rs.)	(0.19)	(18.05)	0.85
Book Value per share (Rs.)	(2.39)	(2.26)	15.73

There has been no change in the capital structure of TOFSL in the last six months.

Mechanism for redressal of investor grievance

Normally there are no investor complaints against the company. If any complaint is received in future, it will be replied to within five to seven days.

The Engineering & Technical Services Ltd. ("ETS")

ETS is engaged in erection and commissioning activities and also holds equity shares of other companies. ETS was incorporated on November 16, 1972. Its registered office is situated at Triveni Sugar Unit, Khatauli, District Muzaffarnagar, Uttar Pradesh – 251 001.

The shares of ETS are not listed on any stock exchange.

Shareholding Pattern

The following is the shareholding pattern of equity shares of ETS as on October 31, 2005:

Name of Shareholder	Number of Shares	Percentage of Shareholding (%)
Triveni Engineering & Industries Ltd.	99,993	47.61
Subhadra Trade & Finance Limited	60,000	28.56
Dirc Investments Ltd.	28,000	13.33
Umananda Trade & Finance Limited	10,000	4.76
TOFSL Trading & Investments Ltd.	7,281	3.47
Ashoka Trade Centre Ltd.	2,588	1.23
Mr. Dhruv M Sawhney	1	
Others	2,187	1.04
Total	210,050	100

Board of Directors

The board of directors comprises Mr. Suresh Taneja, Mr. Sameer Sinha and Mrs. Geeta Rajpal.



Financial Performance

The financial results of ETS for the years ended March 31, 2003, 2004 and 2005 are set forth below:

(Rupees in million, unless stated otherwise)

	March 31, 2005	March 31, 2004	March 31, 2003
Total Income	4.39	3.28	13.81
Profit (Loss) after Tax	(29.77)	(19.69)	(0.38)
Equity Share Capital	2.10	2.10	2.10
Reserves & Surplus	(47.44)	(17.67)	2.02
Earnings per share (Rs.)	(141.74)	(93.75)	(1.80)
Book Value per share (Rs.)	(216.11)	(74.62)	18.88

There has been no change in the capital structure of ETS in the last six months.

Mechanism for redressal of investor grievance

Normally there are no investor complaints against the company. If any complaint is received in future, it will be replied to within five to seven days.

Kameni Upaskar Limited (“Kameni”)

Kameni was incorporated for carrying on the business of furnishers, upholsters, wood working, building contracts, etc and acquiring and holding shares and other securities in other companies. Kameni was incorporated on October 20, 1964 in the name of Jind Wood Works Pvt. Ltd. and on February 22, 1972, the name was changed to present name. Its registered office is situated at B-23, Defence Colony, New Delhi – 110 024.

The shares of Kameni are not listed on any stock exchange.

Shareholding Pattern

The following is the shareholding pattern of equity shares of Kameni as on October 31, 2005:

Name of Shareholder	Number of Shares	Percentage of Shareholding (%)
Mrs. Rati Sawhney	60,000	46.15
Mr. Dhruv M Sawhney	19,950	15.35
Man Mohan Sawhney HUF	24,000	18.46
Dhankari Investments Ltd.	26,000	20.00
Others	50	0.04
Total	130,000	100.00

Board of Directors

The board of directors comprises Mrs. Rati Sawhney, Mrs Anjali Bhatnagar, Mrs. Manjula Patankar and Mrs. Geeta Rajpal.

Financial Performance

The financial results of Kamení for the years ended March 31, 2003, 2004 and 2005 are set forth below:

(Rupees in million, unless stated otherwise)

	March 31, 2005	March 31, 2004	March 31, 2003
Total Income	4.25	1.06	1.09
Profit (Loss) after Tax	2.93	0.69	0.67
Equity Share Capital	1.30	1.30	1.30
Reserves & Surplus	6.66	3.79	3.09
Earnings per share (Rs.)	22.52	5.36	5.20
Book Value per share (Rs.)	61.28	39.15	33.79

There has been no change in the capital structure of Kamení in the last six months.

Mechanism for redressal of investor grievance

Normally there are no investor complaints against the company. If any complaint is received in future, it will be replied to within five to seven days.

Carvanserai Limited (“CL”)

CL was incorporated to carry on the business of hoteliers and hotel managers and to invest in companies, cooperative societies, etc. CL was incorporated on March 7, 1972. Its registered office is situated at Sugar Unit, Deoband, Village Noorpur, Tehsil Deoband, District Saharanpur, Uttar Pradesh – 247 554.

The shares of CL are not listed on any stock exchange.

Shareholding Pattern

The following is the shareholding pattern of equity shares of CL as on October 31, 2005:

Name of Shareholder	Number of Shares	Percentage of Shareholding (%)
Triveni Engineering & Industries Ltd.	500,000	49.48
Dhruv M. Sawhney	419,221	41.48
Tarun Sawhney	10,053	0.99
Nikhil Sawhney	9,813	0.97
Manmohan Sawhney HUF	2,000	0.20
Subhadra Trade & Finance Ltd.	27,882	2.76
Dirc Investments Ltd.	27,090	2.68
Tarnik Investment & Trading Ltd.	10,392	1.03
Umananda Trade & Finance Ltd.	9,28	0.09
Others	3,229	0.32
TOTAL	10,10,608	100.00

Board of Directors

The board of directors comprises Mr. A.K. Tanwar, Mr. Suresh Taneja, Mr. S.S. Walia, Mrs. Geeta Rajpal and Mrs. Madhu Arora.



Financial Performance

The financial results of CL for the years ended March 31, 2003, 2004 and 2005 are set forth below:

(Rupees in Millions unless stated otherwise)

	March 31, 2005	March 31, 2004	March 31, 2003
Total Income	3.03	1.10	1.62
Profit (Loss) after Tax	(16.21)	0.61	(1.19)
Equity Share Capital	10.11	10.11	10.11
Reserves & Surplus	(31.03)	(14.82)	(15.44)
Earnings per share (Rs.)	(16.04)	0.61	(1.18)
Book Value per share (Rs.)	(20.70)	(4.66)	(5.27)

There has been no change in the capital structure of CL in the last six months.

Mechanism for redressal of investor grievance

Normally there are no investor complaints against the company. If any complaint is received in future, it will be replied to within five to seven days.

The details of the companies which form part of our Promoter group are as follows:

Kshemya Investments Limited ("Kshemya")

Kshemya is an investment company. It was incorporated as a public limited company on April 6, 1984 under the name of Colts Industrial Investment Limited and the name was changed to the present name on November 24, 1994. Its registered office is situated at E-113, Kalkaji New Delhi-110 019.

The equity shares of Kshemya are listed on the DSE.

Kshemya is in the process of a members' voluntary winding up.

Shareholding Pattern

The following is the shareholding pattern of equity shares of Kshemya as on October 31, 2005:

Name of Shareholder	Number of Shares	Percentage of Shareholding (%)
Mrs. Rati Sawhney	216,900	87.64
Mr. Dhruv M Sawhney	30,000	12.12
Others	600	0.24
Total	247,500	100.00

Board of Directors

The board of directors comprised Mr. Deven Khanna, Mr. R.L. Sawhney and Mr. S.S Walia.

Financial Performance

As Kshemya is in the process of voluntary winding up and the resolution of the shareholders for the same has been passed on May 31, 2004. Hence, the financial results of Kshemya for the years ended March 31, 2002, 2003 and 2004 have been presented and are as set forth below:

(Rupees in millions unless stated otherwise)

	March 31, 2004	March 31, 2003	March 31, 2002
Total Income	0.31	0.54	4.89
Profit (Loss) after Tax	0.19	0.26	3.45
Equity Share Capital	2.47	2.47	2.47
Reserves & Surplus	19.75	19.55	19.29
Earnings per share (Rs.)	0.77	1.07	13.93
Book Value per share (Rs.)	89.76	88.98	87.91

Promise v/s Performance

Kshemya came out with a public issue of 150,000 equity shares in August 1985. The objects of the issue were to invite public participation in the carrying on of the business of the company and no projections have been made in the prospectus of Kshemya.

Information about Share Price

There has been no trading in the equity shares of Kshemya during the six-month period ending September 30, 2005. The last traded price of the equity shares of Kshemya as on March 29, 2001 was Rs. 3.90 per share.

There has been no change in the capital structure of Kshemya in the last six months.

Details of public issue/ rights issue of capital in the last three years

There have been no public issue of equity shares or rights issue in the three years preceding the date of this Red Herring Prospectus.

Mechanism for redressal of investor grievance

Normally there are no investor complaints against the company. If any complaint is received in future, it will be replied to within five to seven days.

Ashoka Trade Centre Limited (“Ashoka”)

It is an investment company and was incorporated on July 22, 1983. Its registered office is situated at 405, 4th Floor, Synagogue Street, Kolkata-700 001.

The shares of Ashoka are listed on U.P. Stock Exchange Association Ltd., Kanpur.

Shareholding Pattern

The following is the shareholding pattern of equity shares of Ashoka as on October 31, 2005:

Name of Shareholder	Number of Shares	Percentage of Shareholding (%)
Mr. Dhruv M Sawhney	156,950	62.90
Accurate Traders Limited	44,000	17.64
Others	48,550	19.46
Total	249,500	100.00



Board of Directors

The board of directors comprises Mr. A.K. Tanwar, Mr. V.P. Ghuliani and Mr. S.S. Walia.

Financial Performance

The financial results of Ashoka for the years ended March 31, 2003, 2004 and 2005 are set forth below:

(Rupees in millions unless stated otherwise)

	March 31, 2005	March 31, 2004	March 31, 2003
Total Income	80.93	23.44	24.34
Profit (Loss) after Tax	3.26	1.16	1.65
Equity Share Capital	2.49	2.49	2.49
Reserves & Surplus	14.92	11.66	10.49
Earnings per share (Rs.)	13.07	4.65	6.62
Book Value per share (Rs.)	69.79	56.72	52.07

Promise v/s Performance

Ashoka came out with a public issue of 150,000 equity shares in September 1983. The objects of the issue were to meet working capital requirements and no projections have been made in the prospectus of Ashoka.

Information about Share Price

The equity shares of Ashoka are listed on U.P. Stock Exchange Association Ltd. Kanpur and no trading in any share is being done at this stock exchange since March 17, 1993. The last traded price of the equity shares of Ashoka as on March 17, 1992 was Rs. 3.00 per share.

There has been no change in the capital structure of Ashoka in the last six months.

Details of public issue/ rights issue of capital in the last three years

There have been no public issue of equity shares or rights issue in the three years preceding the date of this Red Herring Prospectus.

Mechanism for redressal of investor grievance

Normally there are no investor complaints against the company. If any complaint is received in future, it will be replied to within five to seven days.

Triveni Entertainment Limited (“TEL”)

TEL is engaged in business of making producing exhibiting distribution of cinematograph and television films. TEL was incorporated on June 24, 1986 under the name Triveni NL Ltd. and on April 7, 1994 the name was changed to Triveni Sperry-Sun Ltd. and again on July 4, 2003 the name was changed to Triveni Entertainment Ltd. Its registered office is situated at B-49, Manu Apartments, Mayur Vihar Phase-I, Delhi-110 091.

The shares of TEL are not listed on any stock exchange.

Shareholding Pattern

The following is the shareholding pattern of equity shares of TEL as on October 31, 2005:

Name of Shareholder	Number of Shares	Percentage of Shareholding (%)
Triveni Engineering & Industries Ltd.	434,730	49.96
TOFSL Trading & Investments Ltd.	226,200	26.00
Subhadra Trade & Finance Limited	209,000	24.02
Others	70	0.02
Total	870,000	100

Board of Directors

The board of directors comprises Mr. Tarun Sawhney, Mr. Suresh Taneja and Mr. Sameer Sinha.

Financial Performance

The financial results of TEL for the years ended March 31, 2003, 2004 and 2005 are set forth below:

(Rupees in millions, unless stated otherwise)

	March 31, 2005	March 31, 2004	March 31, 2003
Total Income	0.25	0.35	0.53
Profit (Loss) after Tax	(1.64)	(0.58)	0.09
Equity Share Capital	8.70	8.70	8.70
Reserves & Surplus	(1.47)	0.18	0.76
Earnings per share (Rs.)	(1.89)	(0.67)	0.11
Book Value per share (Rs.)	8.31	10.20	10.87

There has been no change in the capital structure of TEL in the last six months.

Mechanism for redressal of investor grievance

Normally there are no investor complaints against the company. If any complaint is received in future, it will be replied to within five to seven days.

Techtrade Consultants Limited ("TCL")

This company was engaged in the business of data conversion activities. TCL was incorporated on October 6, 1988. Its registered office is situated at B-49, Manu Apartments, Mayur Vihar, Phase -I, Delhi 110 091.

The shares of TCL are not listed on any Stock Exchange.



Shareholding Pattern

The following is the shareholding pattern of equity shares of TCL as on October 31, 2005:

Name of Shareholder	Number of Shares	Percentage of Shareholding (%)
The Engineering & Technical Services Ltd	10	0.02
United Shippers & Dredgers Ltd.	132	0.31
Subhadra Trade & Finance Ltd.	8,990	21.30
TOFSL Trading & Investments Ltd	20,908	49.55
Abohar Power Generation Ltd.	12,160*	28.82
Total	42,200	100

* Only Re. 1 has been paid up, the face value of the share is Rs.100 per equity share.

Board of Directors

The board of directors comprises Mr. Suresh Taneja, Mr. V.P. Ghuliani and Mr. Sameer Sinha.

Financial Performance

The financial results of TCL for the years ended March 31, 2003, 2004 and 2005 are set forth below:

(Rupees in millions, unless stated otherwise)

	March 31, 2005	March 31, 2004	March 31, 2003
Total Income	0.002	-	-
Profit (Loss) after Tax	(0.01)	(0.01)	(0.47)
Equity Share Capital	3.02	3.02	3.02
Reserves & Surplus	(9.71)	(9.70)	(9.69)
Earnings per share (Rs.)	(0.24)	(0.49)	(15.47)
Book Value per share (Rs.)	(221.89)	(221.65)	(221.16)

Mechanism for redressal of investor grievance

Normally there are no investor complaints against the company. If any complaint is received in future, it will be replied to within five to seven days.

United Shippers & Dredgers Limited (“USD”)

USD was set up for the business of dredging. The company was incorporated on June 23, 1970 and its registered office is situated at B-49, Manu Apartments, Mayur Vihar Phase-I, Delhi-110 091.

The shares of USD are not listed on any stock exchange.

Shareholding Pattern

The following is the shareholding pattern of equity shares of USD as on October 31, 2005:

Name of Shareholder	Number of Shares	Percentage of Shareholding (%)
TOFSL Trading & Investments Ltd.	199,900	49.97
Abohar Power Generation Ltd	120,000	30.00
The Engineering & Technical Services Ltd	80,000	20.00
Others	100	0.03
Total	400,000	100.00

Board of Directors

The board of directors comprises Mr. Suresh Taneja, Mr. Sameer Sinha and Mr.R.L.Sawhney.

Financial Performance

The financial results of USD for the years ended March 31, 2003, 2004 and 2005 are set forth below:

(Rupees in millions, unless stated otherwise)

	March 31, 2005	March 31, 2004	March 31, 2003
Total Income	0.03	0.04	0.03
Profit (Loss) after Tax	(0.01)	0.03	(0.03)
Equity Share Capital	4.00	4.00	4.00
Reserves & Surplus	(7.86)	(7.85)	(7.88)
Earnings per share (Rs.)	(0.03)	0.07	(0.08)
Book Value per share (Rs.)	(9.66)	(9.62)	(9.69)

There has been no change in the capital structure of USD in the last six months.

Mechanism for redressal of investor grievance

Normally there are no investor complaints against the company. If any complaint is received in future, it will be replied to within five to seven days.

No individuals or companies which form part of our Promoter group have been banned from accessing the capital markets. However, we are unable to contact Mrs. Rohini Sawhney and have not been able to obtain a certificate to this effect from her.

We confirm that the permanent account numbers, bank account numbers, registration numbers and the addresses of the concerned Registrar of Companies of each of the Promoter companies will be submitted to the Stock Exchanges at the time of filing of this Red Herring Prospectus.

Companies with which the Promoter's have disassociated in the last three years.

Three companies, namely, Triveni Oil Finance & Investments Limited, Triveni Fininvest & Trading Limited and Triveni Zond Private Limited have become defunct under section 560 of the Companies Act. These companies have been made defunct through notifications dated June 21, 2005 and May 25, 2005. These companies had not been carrying on any activities and have therefore been made defunct under section 560 of the Companies Act.

Related Party Transactions

The details of the significant related party transactions (i.e transactions which involve an amount in excess of Rs.5.00 million, are as follows:

(Rs. in million)

Type of Transaction	Type of Relationship	Name of entity/person	Nature of Transaction	2001	2002	Fiscal 2003	2004	2005
Sales and rendering of services ¹	Associates	TOFSL Trading & Investment Ltd	Sale of sugar	*	*	*	*	318.42
Purchase of fixed assets ²	Subsidiary	Triveni SRI Ltd	Purchase of machinery	*	*	*	19.72	43.38
Amount advanced or refunded on expense incurred (Net) ³	Associates	The Engineering & Technical Services Ltd	Amount refunded/ net of expenses incurred	*	*	(6.35)	*	*
Amount advanced/ refunded on expense incurred (Net) ³	Associates	Carvansera Ltd	Amount refunded/ net of expenses incurred	*	*	*	*	(26.39)
Remuneration ⁴	Key Management Person	Mr. D. M. Sawhney Chairman & Managing Director	Remuneration	*	*	7.37	*	18.90

* These figures are less than Rs.5 million and are hence not been included in this table. For details of these amounts including amounts less than Rs.5 million, see the section titled “Financial Statements—Related Party Transactions” on page 221 of this Red Herring Prospectus.

Notes:

1. TOFSL is a company which is permitted by its memorandum of association to trade in sugar. Purchase of sugar by TOFSL from us and other sugar manufacturing companies depends on TOFSL's assessment of the benefits that can be derived by them from trading in sugar in a particular period. During fiscal 2005, TOFSL purchased sugar from us for trading the same. The transaction between us and TOFSL was at the then prevailing market prices on arms length basis. The transaction was beneficial to us as we were able to sell a large quantity of sugar at market price.
2. Triveni SRI Limited, our subsidiary, is engaged in the manufacture of specialised machinery for sugar mills. It has access to technology from Sugar Research Institute, Australia. For the modernisation and expansion of our sugar mills in Khatauli and Deoband, we wanted to be able to access such technology and therefore purchased machinery from Triveni SRI Limited in fiscal 2004 and fiscal 2005.
3. We extend certain advances to associate companies in the normal course of business to meet their operational requirements. Such advances are made on arms length basis. These advances are repaid from time to time. In addition, we incur certain expenses on behalf of these companies from time to time. The amounts indicated in the table above represent the amount repaid by these companies net of the expenses incurred by us on their behalf in the respective period.
4. In fiscal 2003, the remuneration of our Chairman and Managing Director, Mr. Dhruv M. Sawhney has been paid in accordance with the Companies Act pursuant to the approval of the GoI dated March 15, 2002 and the resolution of the shareholders of the Company dated August 7, 2002. In fiscal 2005, the remuneration has been provided for in accordance with the Companies Act pursuant to the resolution of the shareholders of the Company dated May 19, 2005.

For details on related party transactions, please refer to the section titled “Financial Statements” beginning on page 168 of this Red Herring Prospectus.

In addition, we had made certain investments in our group companies namely The Engineering & Technical Services Limited and TOFSL Trading and Investments Limited, in the form of 6% non cumulative redeemable preference shares in May 1996 and June 1996. Our holdings in such companies are to the extent of 12,49,129 non cumulative redeemable preference shares of Rs. 100 each in The Engineering & Technical Services Limited and to the extent of 8,65,828 non cumulative redeemable preference shares of Rs. 100 each in TOFSL Trading and Investments Limited. The cumulative investment in these companies are to the extent of Rs. 2,11,495,700. The last date of redeeming these shares is June 19, 2016.

DIVIDEND POLICY

The declaration and payment of dividends on our Equity Shares will be recommended by our Board of Directors and approved by our shareholders, at their discretion, and will depend on a number of factors, including but not limited to our profits, capital requirements and overall financial condition. The dividend and dividend tax paid by our company during the last five fiscal years is presented below.

Particulars	Fiscal 2001	Fiscal 2002	Fiscal 2003	Fiscal 2004	Fiscal 2005
Number of Equity Shares of (million shares)*	12.29	12.29	12.29	8.32	83.51**
Rate of Dividend (%)					
Interim	-	-	-	-	35%
Final	15%	22%	15%	30%	65%
Amount of Dividend on Equity Shares (Rs. in million)					
Interim	-	-	-	-	29.10
Final	18.44	27.04	18.44	24.95	54.05
Total Dividend Tax relating to Equity Shares (Rs. in million)	1.88	-	2.36	3.20	10.79

* The equity shares were of face value of Rs. 10 each in relation to the dividends for fiscal 2001, 2002, 2003, 2004 and for the interim dividend for fiscal 2005. The equity shares were of a face value of Rs. 1 each in relation to the Final dividend for fiscal 2005.

** The number of shares mentioned for fiscal 2005 refer to the outstanding shares of face value of Rs 1 each relating to which the Final dividend for fiscal 2005 was declared. The interim dividend for fiscal 2005 mentioned above was declared on 8.315 million shares of face value of Rs. 10 each.

The amounts paid as dividends in the past are not necessarily indicative of our dividend policy or dividend amounts, if any, in the future. Dividends are paid in our Company through issuance of dividend warrants.

Pursuant to the terms of some of our loan agreements with IDBI Limited, Rabo India Finance Private Limited, ICICI Bank Limited, UTI Bank Limited, Oriental Bank of Commerce, HDFC Limited and Indian Overseas Bank, we cannot declare or pay any dividend to our shareholders without prior permission during any financial year unless we have paid all the dues to the respective lenders or paid or have made satisfactory provisions therefor or if we are in default of the terms and conditions of such loan agreements.

FINANCIAL STATEMENTS

AUDITORS REPORT

The Board of Directors
Triveni Engineering & Industries Limited
Deoband, District Saharanpur
Uttar Pradesh 247 554

Dear Sirs,

We have examined the financial information of Triveni Engineering & Industries Limited, as attached to this report and initialed by us for identification.

The said financial information has been prepared in accordance with the requirements of paragraph B(1) of Part II of Schedule II to the Companies Act, 1956 (the "Act"), the Securities and Exchange Board of India – Disclosure and Investor Protection Guidelines, 2000, as amended, including instructions and clarifications issued by the Securities and Exchange Board of India from time to time and in accordance with the instructions dated May 6, 2005 and September 20, 2005, received from the Company requesting us to carry out work in connection with the offer document being issued by the Company in connection with its public issue of Equity Shares (referred to as "the Issue"). The financial information has been prepared by the company and approved by the Board of Directors of the Company.

A. Restated Unconsolidated Financial Statements

We have examined ;

- (a) the attached statement of Profits and Losses, as restated, of the Company for each of the financial years ended March 31, 2001, 2002, 2003, 2004, 2005 and for the 3 months period ended June 30, 2005; and
- (b) the attached statement of Assets and Liabilities, as restated, as at the said dates enclosed as Annexure I and Annexure II respectively to this report together referred to as "Summary Statements".

The summary statements have been extracted from the financial statements of the respective years/period audited by us and adopted by the Board of Directors.

Based on our examination of these Summary Statements, we state that :

- The restated profits have been arrived at after making such adjustments and regrouping, which in our opinion are appropriate for the year/period to which they related, shown in Annexure III to this report.
- The Summary Statements of the Company have been restated with retrospective effect in accordance with the Significant Accounting Policies adopted by the Company as at June 30, 2005 & Notes to Accounts, as shown in Annexure IV-A & IV-B respectively, to this report.
- Exceptional and non-recurring items which are material have been separately disclosed in the Summary Statements.

B. Other Financial Information

We have examined the following financial information relating to the Company proposed to be included in the Offer Document, as approved by the Board of Directors and annexed to this report :

- (a) Restated Cash Flow Statement in respect of each years ended March 31, 2001, 2002, 2003, 2004 and 2005 and for the 3 months ended June 30, 2005 as shown in Annexure V to this report.
- (b) Statement of "Accounting Ratios" comprising earning per share, return on net worth and net asset value which have been calculated based on restated profits, as shown in Annexure VI to this report.

- (c) Details of “Secured Loans”, as restated, as at June 30, 2005, as shown in Annexure VII to this report.
- (d) Details of “Unsecured Loans”, as restated, as at March 31, 2003, 2004, 2005 and June 30, 2005, as shown in Annexure VIII to this report.
- (e) Details of “Quoted Investments”, as restated, as at March 31, 2003, 2004, 2005 and June 30, 2005, as shown in Annexure IX to this report.
- (f) Age-wise analysis of “Sundry Debtors”, as restated, as at March 31, 2003, 2004, 2005 and June 30, 2005, as shown in Annexure X to this report.
- (g) Details of “Loans and Advances”, as restated, as at March 31, 2003, 2004, 2005 and June 30, 2005, as shown in Annexure XI to this report.
- (h) “Capitalization Statement” of the Company as at June 30, 2005 enclosed as Annexure XII to this report.
- (i) Statement of “Tax Shelter” enclosed as Annexure XIII to this report.
- (j) Details of “Related Party disclosures”, as restated, as shown in Annexure XIV to this report.
- (k) Details of “Contingent Liabilities”, as shown in Annexure XV to this report.
- (l) Details of “Dividend Paid” by the Company in respect of each of the years ending March 31, 2001, 2002, 2003, 2004 and 2005 as shown in Annexure XVI to this report.
- (m) Statement of “Other Income”, as restated, as shown in Annexure XVII to this report.
- (n) Statement of “Segment Information”, as restated, as shown in Annexure XVIII to this report.

C. Restated Consolidated Financial Statements

Consolidated financial statements have been prepared by the Company only with effect from the financial year ending March 31, 2002, since the applicable accounting standard issued by the Institute of Chartered Accountants of India came into effect only from such financial year. We have therefore examined the following restated Consolidated Financial Information relating to the Company and its wholly owned subsidiaries – Triveni SRI Limited, Abohar Power Generation Limited (earlier known as Triveni Power Generation Limited) and Upper Bari Power Generation Limited proposed to be included in the Offer Document and annexed to this report :

- (a) Consolidated Statement of Profits & Losses, as restated, of the Company and its subsidiaries for each of the financial years ended March 31, 2002, 2003, 2004, 2005 and for the 3 months period ended June 30, 2005 as shown in Annexure XIX to this report.
- (b) Consolidated Statement of Assets and Liabilities, as restated, of the Company and its subsidiaries as at the said dates, as shown in Annexure XX to this report.
- (c) Restated Consolidated Cash Flow Statement in respect of each of the financial years ended March 31, 2002, 2003, 2004, 2005 and for the 3 months period ended June 30, 2005, as shown in Annexure XXI to this report.

The Consolidated Statements have to be read in conjunction with the Significant Accounting Policies & Notes to Accounts given in Annexure XXII to this report.

- (d) Details of “Consolidated Related Party Disclosures” as shown in Annexure XXIII to this report.

In our opinion, the financial information of the company attached to this report as mentioned in Paragraphs A, B and C above, read together with the Significant Accounting Policies and Notes stated in Annexure IV and Annexure XXII to this report and after making adjustments and regrouping as considered appropriate, have been prepared in accordance with Part II of Schedule II of the Act and the Guidelines of SEBI.

This report is intended solely for your information and for inclusion in the offering Memorandum in connection with Public Issue of the company and is not to be used, referred to or distributed for any other purpose without our prior written consent.

For J C BHALLA & COMPANY
CHARTERED ACCOUNTANTS

Place : Noida (U.P.)
Date : October 24, 2005.

SUDHIR MALLICK
PARTNER
MEMBERSHIP NO.80051

TRIVENI ENGINEERING & INDUSTRIES LIMITED
STATEMENT OF PROFITS AND LOSSES AS RESTATED

(Rs. in Million)

	Financial Year Ended March 31,					Quarter ended June 30, 2005
	2001	2002	2003	2004	2005	
Income						
Sales :						
- Of products manufactured by the company (including excise duty)	5,118.81	6,032.92	7,035.19	6,396.38	10,197.79	2548.04
Less : Excise Duty	304.34	418.76	502.07	468.19	602.42	153.94
Net Sales of products manufactured by company	4,814.47	5,614.16	6,533.12	5,928.19	9,595.37	2394.10
- Of products traded by the company	-	-	-	-	12.39	116.74
- Of products not normally dealt in by the company	100.27	-	-	-	-	-
Total Sales (net of excise duty)	4,914.74	5,614.16	6,533.12	5,928.19	9,607.76	2510.84
Other Income	27.66	27.84	36.10	29.15	37.95	10.72
Total Income	4,942.40	5,642.00	6,569.22	5,957.34	9,645.71	2521.56
Expenditure						
Materials	3,737.27	4,207.72	4,213.61	5,305.46	6,007.82	920.21
Manufacturing & Operating	443.70	500.58	471.04	546.18	522.86	88.57
Personnel	433.18	465.45	495.47	502.80	546.61	149.76
Administration	238.33	262.21	259.02	272.52	299.58	70.44
Selling & Distribution	58.70	61.27	63.01	98.16	107.96	25.54
Off-season Expenses charged (Net)	(0.45)	(32.31)	(58.95)	72.37	4.40	(104.00)
Decrease/(Increase) in Inventories of Finished Goods & Work-in-Progress	(546.42)	(576.95)	674.52	(1,270.72)	454.03	937.15
Sub Total	4,364.31	4,887.97	6,117.72	5,526.77	7,943.26	2087.67
Operating Profit – EBIDTA	578.09	754.03	451.50	430.57	1,702.45	433.89
Financing (Net)	471.50	499.13	312.68	223.69	295.59	82.86
Amortisation	42.62	42.75	49.23	64.54	55.27	13.87
Profit before Depreciation, Tax & Non-recurring items	63.97	212.15	89.59	142.34	1,351.59	337.16
Depreciation (Net of transfer from revaluation reserve)	99.13	100.07	99.21	102.91	123.41	42.75

(Rs. in Million)

	Financial Year Ended March 31,					Quarter ended June 30, 2005
	2001	2002	2003	2004	2005	
Net Profit / (Loss) before Tax & Non-Recurring Items	(35.16)	112.08	(9.62)	39.43	1,228.18	294.41
Fringe Benefit Tax	-	-	-	-	-	3.00
Current Tax	6.69	1.79	6.11	30.55	230.45	33.50
Deferred Tax	(18.90)	48.12	(6.74)	(32.83)	141.12	8.16
Net Profit / (Loss) after Tax and before Non-Recurring Items	(22.95)	62.17	(8.99)	41.71	856.61	249.75
Non-Recurring Income (net of tax)						
- Profit on disposal of assets on closure of undertaking	4.75	64.83	0.43	3.70	-	-
- Profit on sale of long term investments	-	48.25	-	-	-	-
Net Profit / (Loss) after Tax	(18.20)	175.25	(8.56)	45.41	856.61	249.75

Note : The accompanying notes to adjustments (Annexure -III) and significant accounting policies and material notes to restated financial statements (Annexure - IV) are an integral part of this statement.

TRIVENI ENGINEERING & INDUSTRIES LIMITED
STATEMENT OF ASSETS AND LIABILITIES AS RESTATED

(Rs. in Million)

	Financial Year As At March 31,					Quarter ended June 30,
	2001	2002	2003	2004	2005	2005
A. Fixed Assets						
Gross Block	2,267.09	2,313.32	2,387.32	2,467.76	3,631.99	3,664.13
Less Depreciation	823.40	883.07	972.07	1,065.38	1,169.14	1,212.68
Net Block	1,443.69	1,430.25	1,415.25	1,402.38	2,462.85	2,451.45
Less : Revaluation Reserve	197.42	194.12	191.28	187.74	184.20	183.32
Net Block after adjustment of Revaluation Reserve	1,246.27	1,236.13	1,223.97	1,214.64	2,278.65	2,268.13
Intangible Assets	17.10	25.91	41.29	29.29	26.46	24.46
Discarded Assets						
Pending Disposal	136.82	6.03	4.10	2.03	2.22	2.22
Plant & Machinery Acquired under Lease	262.31	232.98	241.87	234.91	216.02	213.02
Capital Work in Progress / Capital Advances	9.95	6.68	16.59	182.54	300.40	836.41
Total	1,672.45	1,507.73	1,527.82	1,663.41	2,823.75	3,344.24
B. Investments	233.87	228.93	229.56	229.65	229.75	230.25
C. Current Assets, Loans & Advances						
Inventories	3,427.51	3,996.70	3,259.66	4,650.90	4,352.78	3,373.19
Sundry Debtors	373.93	470.64	371.88	583.70	666.49	482.75
Cash & Bank Balances	114.02	156.18	125.06	159.87	227.87	219.35
Other Current Assets	14.11	13.62	10.90	10.59	8.98	9.38
Loans & Advances	564.10	551.35	585.88	591.66	685.45	840.69
Total	4,493.67	5,188.49	4,353.38	5,996.72	5,941.57	4,925.36
D. Liabilities & Provisions						
Secured Loans	3,574.07	3,426.58	2,820.54	3,864.44	4,299.64	3,696.38
Unsecured Loans	255.70	199.79	183.97	238.70	201.29	618.09
Deferred Tax Liability (Net)	126.08	235.62	229.16	198.46	339.58	347.75
Current Liabilities & Provisions	1,545.96	2,002.05	1,840.63	2,563.11	2,435.24	1,954.25
Total	5,501.81	5,864.04	5,074.30	6,864.71	7,275.75	6,616.47
E Net Worth (A+B+C-D)	898.18	1,061.11	1,036.46	1,025.07	1,719.32	1,883.38

(Rs. in Million)

	Financial Year As At March 31,					Quarter ended June 30, 2005
	2001	2002	2003	2004	2005	
E. Represented by						
1. Share Capital	122.89	122.89	122.89	122.89	103.02	207.88
2. Reserves & Surplus	1,018.93	1,160.33	1,128.13	1,136.44	1,829.28	1,889.31
Less : Revaluation Reserve	197.42	194.12	191.28	187.74	184.20	183.32
Reserves (Net of Revaluation Reserve)	821.51	966.21	936.85	948.70	1,645.08	1,705.99
Less : Debit balance of Profit & Loss Account	3.49	0.00	0.00	0.00	0.00	0.00
	818.02	966.21	936.85	948.70	1,645.08	1,705.99
3. Less : Miscellaneous Expenditure	42.73	27.99	23.28	46.52	28.78	30.49
Net Worth (1+2-3)	898.18	1,061.11	1,036.46	1,025.07	1,719.32	1,883.38

Note : The accompanying notes to adjustments (Annexure – III) and significant accounting policies and material notes to restated financial statements (Annexure – IV) are an integral part of this statement.

NOTES TO ADJUSTMENTS CARRIED OUT IN RESTATED FINANCIAL STATEMENTS

1. Restated financial statements have been prepared in respect of five years commencing from the financial years 2000-2001 to 2004-2005 and for the 3 months period ended June 30, 2005. As a result of restatement, adjustments pertaining to the period prior to 2000-2001 have been adjusted against the reserves as on March 31, 2000.
2. Details of various items adjusted in the re-stated Accounts.

a) Differential cane price of earlier years

Following the Hon'ble Supreme Court Judgement in May 2004 up-holding power of the State Government to fix the cane price over and above Statutory Minimum Price (SMP), the Company made a provision of Rs.604.50 million in this respect in 2004-2005. In respect of such price of Rs.368.57 million pertaining to earlier years, an equivalent amount was withdrawn from the reserves to meet this charge. In the restated statements such differential cane price has been accounted for in the years to which it pertained.

b) Change of method of valuation of inventory

During 2001-2002, based upon clarification by Expert Advisory Committee of the Institute of Chartered Accountants of India (ICAI), the Company had changed its valuation of sugar inventories to exclude interest on working capital finance as a component of cost. An amount of Rs.243.80 million was withdrawn from General Reserves to set off the effect of interest included in the opening inventories of sugar and off season expenses as on March 31, 2001. Such amount has now been accounted for in the year to which it pertained.

c) Change of accounting policy in respect of depreciation

During 2002-2003, the Company has changed method of depreciation from WDV to Straight Line in respect of some fixed assets of the sugar units with a view to evolve common method of depreciation for similar fixed assets. Consequently, excess depreciation of Rs.9.18 million charged upto March 31, 2002 was written back. In the restated statement, depreciation has been accounted for on straight line basis for all the assets.

d) Other Adjustments

i) Reversal of trade tax on lease rentals

During 2000-2001, Trade Tax on lease rentals paid in the earlier years was reversed by the Company to the extent of Rs.22.39 million as the charging section of U.P. Trade Tax Act was held ultra vires. The company could thereafter recover substantial amount of trade tax and the balance unrecovered trade tax amount was then written off in 2003-2004. In the restated statements, amount of trade tax reversed in 2000-2001 was adjusted against opening reserves as it pertained to the earlier period and similarly, the loss considered in 2003-2004 was eliminated as it did not pertain to that year.

ii) Levy price claim of earlier years

The Company had prior to April 1, 2000 booked levy price claim in respect of the years 1974-1975 to 1979-1980 based upon the decision of Hon'ble Supreme Court dated September 22, 1993 and January 28, 1997 in Malprabha case. Based on the subsequent clarification by the Supreme Court, an amount of Rs.37.39 million being a part of the claim earlier booked was reversed in 2000-01 and further levy price claim of Rs.20.50 million was booked on estimate basis in 2000-2001 in respect of 1999-2000 based on the rationale of the judgement of Allahabad High Court. Subsequently adjustment of levy price claim for the year 1999-2000 took place in 2003-2004 & 2004-2005 when the notifications were issued for the final price. The impact of all such adjustments have been eliminated as these pertain to the period prior to April 1, 2000.

iii) Commission to Managing Director

The shareholders vide a special resolution passed at the Extraordinary General Meeting held on May 19, 2005, approved payment of additional remuneration to the managing director for the period April 1, 2004 to March 30, 2005, by way of commission. Pursuant to such resolution, commission of Rs.13.50 million was determined to be paid to the managing director and accounted for in the books in financial year 2005-2006. However, since the commission pertains to financial year 2004-2005, the amount has been considered in financial year 2004-2005 in the restated financials.

(iv) Reduction of Interest

During the 3 months ended June 30, 2005, the company has reversed interest expense of Rs.4.57 million, which had earlier been accounted for in financial year 2004-2005. The reduction of interest was on account of lowering of interest rate on loans taken from Sugar Development Fund and on account of incentive received/receivable in respect of loan taken under the Asian Development Bank line of credit for setting up the cogeneration plant at Deoband. In the restated financials, such reduction of interest has been considered in financial year 2004-2005, the year to which it relates. Reduction of interest to the extent of Rs.2.35 million, which had earlier been capitalized against the specific fixed assets, has been reduced from such cost of fixed assets in the restated financials and the balance reduction of Rs.2.22 million, has been adjusted by lowering the finance costs of financial year 2004-2005. Further, consequent to reduction of cost of fixed assets, as aforesaid, the lower depreciation charge of Rs.0.05 million upto March 31, 2005 has also been considered in the restated financials.

(v) Impact of Wage Board Salary Revision

Salaries of employees covered under the Sugar Wage Board, were revised during the 3 months period ended June 30, 2005, w.e.f. October 2004. In the restated financials, the impact of such wage revision from October 2004 to March 2005, aggregating to Rs.2.32 million has been considered in financial year 2004-2005.

vi) Provision no longer required written back

These items were restated to the year in which provision was made instead of the year in which these items were written back.

vii) Prior period items

These represent material adjustments in respect of items relating to a specific year but booked in a subsequent year. These have been adjusted to the year to which these pertained to.

3. (i) Deferred Taxation charge as per Accounting Standard (AS) 22.

The aforesaid AS issued by ICAI is mandatory in respect of accounting period commencing on or after April 1, 2001. The Company adopted AS-22 in preparing the restated financial statements for the accounting year commencing from April 1, 2000 and accordingly, the charge in respect of deferred tax assets/liability has been included w.e.f. the said date.

(ii) Tax impact of adjustments/Impact of prior period Tax adjustments

In respect of the years 2000-2001 to 2002-2003, the provision of normal tax liability was made as per the provisions of Minimum Alternate Tax (MAT). In respect of the total impact as a result of restatement, deferred tax charge has been computed at the tax rates applicable to that year and subsequently, the said charge has been revised with reference to change in the applicable tax rates in the subsequent years. Further, the restatement has resulted into book loss in certain years and hence, even MAT would not have been payable but no adjustment of MAT already provided in the books has been considered. Further, adjustment of income tax provisions upon finalisation of the assessment has been restated in the concerned year to which it pertained to.

4. The impact of adjustments carried out in the restated Accounts is provided here below :

(Rs. in Million)

	Financial Years					Quarter ended June 30, 2005
	2000-2001	2001-2002	2002-2003	2003-2004	2004-2005	
Profit after tax as per audited accounts	63.63	268.59	48.08	177.57	995.20	240.76
Impact of Adjustments						
i) Differential cane price of earlier years			(77.09)	(236.96)		
ii) Change of method of valuation of inventory	(71.52)					
iii) Change in accounting policy in respect of depreciation	(0.27)	2.68	(9.18)			
iv) Reversal of trade tax on lease rentals	(22.39)			14.68		
v) Levy price claim of earlier years	16.89	(0.04)		17.21	0.15	
vi) Commission to Managing Director					(13.50)	13.50
vii) Reduction of Interest & Depreciation					2.27	(2.27)
viii) Impact of Wage Board Revision					(2.32)	2.32
ix) Provision written back/ prior period items	(20.45)	(2.19)	(1.29)	(4.83)	0.52	
Total impact before tax	(97.74)	0.45	(87.56)	(209.90)	(12.88)	13.55
Tax impact of adjustments	(15.87)	93.47	(30.79)	(77.95)	130.56	4.56
Impact of prior period Income Tax/ Wealth Tax	(0.04)	0.32	(0.13)	0.21	(4.85)	
Total impact on profit after tax	(81.83)	(93.34)	(56.64)	(132.16)	(138.59)	8.99
Profit/(Loss) after tax as per restated unconsolidated accounts	(18.20)	175.25	(8.56)	45.41	856.61	249.75

5. Exceptional and Non-recurring items

These are in respect of profit on disposal of assets on closure of undertaking (Oil & Gas unit and Turbine unit at Naini) as well as profit on sale of long term investments (divestment of stake in Joint Venture Co.). These items were earlier grouped in other income and now these have been restated as non-recurring items and have been shown net of tax (net of deferred tax charge and tax paid u/s 115JA/115JB proportionate to such income considered in the relevant years).

6. Auditor qualifications

There were no qualifications in respect of the years under review having impact on the profitability and statement of assets and liabilities. Therefore, no adjustment in this respect has been made in the restated financial statement.

SIGNIFICANT ACCOUNTING POLICIES & MATERIAL NOTES TO RESTATED**FINANCIAL STATEMENTS****A) SIGNIFICANT ACCOUNTING POLICIES****a) Basis of preparation of Financial Statements**

These financial statements have been prepared on the accrual basis of accounting, under the historical cost convention, except for revaluation of certain fixed assets, and in accordance with the Companies Act, 1956 and the applicable accounting standards issued by the Institute of Chartered Accountants of India.

b) Fixed Assets

- i. Fixed assets are stated at cost of acquisition and subsequent improvements thereto including taxes, duties (excluding excise duty for which modvat claim is available), freight and other incidental expenses relating to acquisition and installation. In the case of sugar units, administrative and personnel expenses, estimated at 3% of the cost of machinery/building are also capitalised alongwith the cost of equipments and building under installation/construction and/or put to use during the year. Plant & machinery at Deoband unit purchased prior to 1st Novemembr 1986 and a property at Head Office Delhi, are stated at revalued cost.
- ii. Interest on borrowings relating to acquisition of fixed assets is capitalised upto the period such assets are put to use for commercial production.
- iii. Pre-operative expenses for major projects are capitalised.
- iv. Discarded fixed assets are stated at lower of net book value (at the time of discarding of assets) or 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. Sales of product and services are recognised on despatch of goods or when the services are rendered. Gross sales are stated at contractual realisable values inclusive of excise duty and net of sales tax and trade discounts.
- ii. In respect of contracts/projects entered upto March 31, 2003, profit is recognised on completion or on substantial completion of the contract. Provision is, however, made for foreseeable losses, if any, in respect of contracts which have been substantially completed. Escalation income is accounted for as per the terms of contract or when the same is accepted by the customer.
- iii. Off-season expenses, other than interest expenses, selling expenses and non-operating expense/income earned during off-season, are deferred and are absorbed over the ensuing crushing season as estimated by the management.
- iv. Income/Expenditure relating to prior period and prepaid expenses which do not exceed Rs.10,000/- in each case, are treated as Income/Expenditure of current year.
- v. Deferred Revenue Expenditure
 - a) Front End Fee on loan is amortised over the period of loan.
 - b) Compensation under Voluntary Retirement Scheme is amortised over 36 months.

- c) Deferred revenue expenditure, other than above not qualifying as Intangible assets, incurred after March 31, 2003, is written off in the period in which it is incurred. However, such expenditure incurred prior to April 1, 2003 is amortised as per following norms :

	Months over which amortised
1 Restructuring fee towards cost and operation efficiency	36 months
2 Compensation to employees on closure	60 months
3 Technical know-how fee and training expenses of personnel with Foreign Collaborators	72 months
4 Cost of feasibility studies for new projects	36 months
5 Market Survey Expenses (before launch)	36 months

d) Foreign Currency Transactions

- Transactions denominated in foreign currencies are normally recorded at exchange rate prevailing at the date of transaction.
- Monetary items denominated in foreign currencies at the year-end and not covered by forward exchange contracts are translated at year end rates and those covered by foreign contracts are translated at rate at the date of transaction as increased or decreased by the proportionate difference between the forward rate and exchange rate on the date of transaction, such difference having been recognised over the life of the contract.
- Any income or expense on account of exchange difference either on settlement or on translation is recognised in the Profit & Loss Account except in cases where they relate to the loans and liabilities incurred for acquisition of Fixed Assets in which case they are adjusted to the carrying cost of such assets.

e) Inventories

- Inventories of raw materials & components, stores and spares are valued at lower of cost and net realisable value. Cost of raw materials, stores and spares is ascertain on weighted average basis and in the case of contracts entered upto March 31, 2003 at Projects Division, it is ascertained on specific cost basis.
- Finished goods and Work-in-progress (other than of Projects Division) are valued at lower of cost and net realisable value. Excise duty is included in the value of finished goods.
- Work-in-progress relating to contracts entered upto March 31, 2003 at Projects Division is valued at cost and cost for this purpose includes all direct allocable expenses (including specific selling expenses) and apportioning of all indirect expenses.
- By products, Patterns, Loose tools, jigs and fixture and scrap are valued at estimated net realisable value.

f) Depreciation

- Depreciation on fixed assets is provided on straight line method at the rates specified in Schedule XIV of the Companies Act, 1956 as amended by notification No.GSR 756E dated December 16, 1993 except for the following assets which are depreciated on the straight line basis over their estimated useful economic life of the assets as follows :

	Rates adopted
i) Plant & Machinery used in Co-Generation Unit	6.33%
ii) Mobile phone costing above Rs.5,000/-	50%

- ii) Cost of Leasehold Land is amortised over the lease period
- iii) Fixture and Fittings and improvement to Leasehold building not owned by the Company are amortised over the lease period or estimated life which ever is lower.
- iv) The additional depreciation, as considered appropriate by the Company, on increase in cost on account of revaluation is transferred to the Profit & Loss Account from the Revaluation Reserves and is thus not charged to Profit & Loss Account for the year.

g) Investments

Investments are valued at cost inclusive of expenses incidental to their acquisition. Investments meant for long term is carried at cost and any diminution in value, though material, is not recognized if such diminution in value, in the opinion of the management, is temporary in nature.

h) Retirement Benefits

Provision is made in the accounts on account of Company's liability in respect of Gratuity and Leave Encashment benefits on the basis of actuarial valuation. Company's contribution to Superannuation scheme, recognized by the Income Tax authorities, is accounted on accrual basis.

i) Accounting of assets acquired under lease

In respect of plant & machinery acquired on lease before April 1, 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 the "Fixed Assets". Portion of the lease rentals representing finance cost are charged off in the period in which these accrue. Lease rentals of other assets, acquired before April 1, 2001 are charged off in the period in which these accrue.

j) Taxes on Income

Tax liability of the Company is estimated considering the provisions of the Income Tax Act, 1961. Deferred Tax is recognized subject to the consideration of prudence, on timing differences, in respect of difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

k) Intangible Assets

All expenditure, qualifying as intangible assets, incurred after April 1, 2003 is amortised over estimated useful life, not exceeding 10 years.

The following norms are followed for the amortisation of the intangible assets.

	Period of amortisation
Computer Software	36 months
Design & Drawings	72 months

B) NOTES TO ACCOUNTS

Year 2000 – 2001

1. Loans and Advances include

- (i) Rs.20.03 million paid to defaulting suppliers and contractors of the molasses based chemical project. The cases are sub-judice and pending final outcome, such balances have been considered good and no account has been taken of claims by or against the Company;

- (ii) Rs.5.60 million due from one party which is doubtful of recovery, as the arbitration proceedings are yet to commence.
 - (iii) Encashment of Bank Guarantees in earlier years, against which the Company has filed suits/appeals in the Courts or made representation to the customer - Rs.91.44 million. Pending final decision, the amount of Rs.94.54 million paid against above is included under Loans and Advances and is considered good and no account is taken for claims by or against the Company.
2. During the year, the Company has discarded 2 Nos. drilling rigs and accessories having book value of Rs.152.47 million as these were not in active use of the Company and are held for disposal. These have been valued at Net Book Value prior to their discarding. Part of the items of book value of Rs.17.65 million have been sold during the year and the balance is shown as Discarded Assets pending disposal. The management is of the view that amount estimated to be realised would be higher than the book value.

Year 2001-2002

3. Loans and Advances include
- (i) Rs.20.03 million paid to defaulting suppliers and contractors of the molasses based chemical project. The cases are sub-judice and pending final outcome, such balances have been considered good and no account has been taken of claims by or against the Company;
 - (ii) Rs.5.60 million due from one party which is doubtful of recovery, as the arbitration proceedings are yet to commence.
 - (iii) Encashment of Bank Guarantees in earlier years, against which the Company has filed recovery suits / appeals in the Courts or made representation to the customer – Rs.102.07 million. Pending final decision, the amount of Rs.105.17 million paid against above and is considered good and no account is taken for claims by or against the Company.

Year 2002 – 2003

4. Loans and Advances include
- (i) Rs.20.03 million paid to defaulting suppliers and contractors of the molasses based chemical project. The cases are sub-judice and pending final outcome, such balances have been considered good and no account has been taken of claims by or against the Company;
 - (ii) Rs.5.60 million due from one party which is doubtful of recovery, as the arbitration proceedings are yet to commence.
5. Encashment of Bank Guarantees in earlier years, against which the Company has filed recovery suits / appeals in the Courts or made representation to the customer – Rs.100.82 million. Pending final decision, the amount of Rs.104.10 million paid against above (including cheque for Rs.2.00 million yet to be encashed) are included under “Loans and Advances and Sundry Debtors” and are considered good and no account are taken for claims by or against the Company.

Year 2003 – 2004

6. Pursuant to a Scheme of Arrangement duly sanctioned by the Hon’ble High Court of Judicature at Allahabad vide its order dated March 27, 2003, the paid up capital of the company has been restructured with effect from the Appointed Date i.e. April 1, 2003, Paid Up Capital stand as follows.

(Rs. in Million)

83,15,206 Equity Shares of Rs.10/- each	83.15
39,73,995 – 12% Redeemable Cumulative Preference Shares of Rs.10/- each	39.74
Total Paid-up Capital	122.89

Preference Shares are redeemable at a premium of Rs.32/- per share in two equal installments on April 1, 2004 and April 1, 2005.

7. Land valuing Rs.12.00 million is pending transfer in the name of the company.
8. Loans and Advances include
 - (i) Rs.20.03 million paid to defaulting suppliers and contractors of the molasses based chemical project. The cases are sub-judice and pending final outcome, such balances have been considered good and no account has been taken of claims by or against the Company;
 - (ii) Rs.5.60 million due from one party which is doubtful of recovery, as the arbitration proceedings are yet to commence.
9. Encashment of Bank Guarantees and amount withheld by the customers in earlier years, against which the Company has filed recovery suits / appeals in the Courts or made representation to the customer – Rs.99.00 million. Pending final decision, the amount of Rs.104.10 million paid against above (including cheque for Rs.2.00 million yet to be encashed) are included under “Loans and Advances and Sundry Debtors” and are considered good and no account are taken for claims by or against the Company.

Year 2004 – 2005

10. During the year, one equity share of Rs.10/- each was sub-divided into 10 equity shares of Rs.1/- each.
11. Pursuant to a Scheme of Arrangement duly sanctioned by the Hon’ble High Court of Judicature at Allahabad vide its order dated March 27, 2003, the paid up capital of the company was restructured with effect from the Appointed Date i.e. April 1, 2003. Preference Shares are redeemable at a premium of Rs.32/- per share in two equal instalments on April 1, 2004 and April 1, 2005. Accordingly, the paid up capital is reduced by Rs.19.87 million on account of part redemption of the Preference Capital during the year.
12. Land valuing Rs.89.07 million is pending transfer in the name of the company.
13. Loans and Advances include
 - (i) Rs.20.03 million paid to defaulting suppliers and contractors of the molasses based chemical project. The cases are sub-judice and pending final outcome, such balances have been considered good and no account has been taken of claims by or against the Company;
 - (ii) Rs.5.60 million due from one party which is doubtful of recovery, as the arbitration proceedings are yet to commence.
14. Encashment of Bank Guarantees in earlier years, against which the Company has filed recovery suits / appeals in the Courts or made representation to the customer – Rs.95.99 million. Pending final decision, the amount of Rs.104.10 million paid against above (including cheque for Rs.2.00 million yet to be encashed) are included under “Loans and Advances and Sundry Debtors” and are considered good and no account are taken for claims by or against the Company.

THREE MONTHS ENDED JUNE 30, 2005

15. During the quarter ended June 30, 2005, the company has:
 - (a) allotted 124,728,090 equity shares of Re.1 each, as bonus shares to its shareholders, in the ratio of 3 bonus shares for every 2 existing equity shares held, by capitalizing Share Premium Account.
 - (b) paid the second and last installment in respect of redemption of its cumulative preference shares and accordingly these shares stand fully redeemed. The amount paid is Rs.19.87 million on account of capital and Rs.63.58 million on account of premium.

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16. Land valuing Rs.89.91 million is pending transfer in the name of the company.
 17. Loans and Advances include
 - (i) Rs.20.03 million paid to defaulting suppliers and contractors of the molasses based chemical project. The cases are sub-judice and pending final outcome, such balances have been considered good and no account has been taken of claims by or against the Company;
 - (ii) Rs.9.83 million disputed by a customer and is considered good by the Company. As the matter is sub-judice, no account has been taken for claims by or against the customer;
 - (iii) Rs.5.60 million due from one party which is doubtful of recovery, as the arbitration proceedings are yet to commence.
 18. Encashment of Bank Guarantees and amount withheld by the customers in earlier years, against which the Company has filed recovery suits / appeals in the Courts or made representation to the customer – Rs.95.99 million. Pending final decision, the amount of Rs.104.10 million paid against above (including cheque for Rs.2.00 million yet to be encashed) are included under “Loans and Advances and Sundry Debtors” and are considered good and no account are taken for claims by or against the Company.
 19. Miscellaneous expenditure includes Rs.6.58 million incurred till June 30, 2005, towards the proposed public issue of equity shares in respect of which the Company has filed Draft Red Herring Prospectus with SEBI.
 20. Deferred tax charge is net of credit of Rs.27.6 million due to change in tax rates in respect of opening net deferred tax liability as on March 31, 2005.
 21. The company’s main business is sugar production, which is seasonal in nature. Therefore, the performance results of the subsequent quarters may vary. Substantial contributions from the Turbine & Co-Generation businesses normally accrue in the third and fourth quarters of the financial year.

RESTATED CASH FLOW STATEMENT

(Rs. in Million)

	March 31,					June 30,
	2001	2002	2003	2004	2005	2005
A. CASH FLOW FROM OPERATING ACTIVITIES						
Profit/(Loss) before Tax & Non-recurring Items	(35.16)	112.08	(9.62)	39.43	1,228.18	294.41
Add : Non-recurring Items						
Profit on disposal of assets on closing of undertaking	8.50	108.95	0.76	5.83	-	-
Profit on sale of long term investments	-	69.63	-	-	-	-
Profit/(Loss) before Tax after considering impact of Non-recurring Items	(26.66)	290.66	(8.86)	45.26	1,228.18	294.41
Add : Depreciation	99.13	100.07	99.21	102.91	123.41	42.75
Amortisation						
— Machinery Lease Rentals	19.05	14.82	13.82	13.87	13.39	3.35
— Intangible Assets	4.45	10.24	21.09	21.70	17.89	4.52
— Miscellaneous Expenditure	19.12	17.69	14.32	28.97	23.99	6.01
Less : Incomes/Expenses treated separately						
Dividend Income	1.73	0.75	0.04	0.06	0.06	-
Profit/(Loss) on sale of assets	(1.30)	112.19	(3.53)	4.87	(11.31)	-
Diminution in value of discarded assets	-	-	-	(2.00)	-	-
Profit/(Loss) on sale of investments/written off	-	69.63	-	-	-	-
Interest Expenses	(487.53)	(504.63)	(332.80)	(274.46)	(328.09)	(85.10)
Interest Income	16.02	5.50	20.12	50.77	32.50	2.24
Deferred Revenue Expenditure Incurred	8.90	2.96	14.45	52.21	6.25	7.72
Operating Profit before Working Capital changes	577.27	747.08	441.30	381.26	1,707.45	426.18
Changes in Working Capital						
Changes in Inventories	(636.65)	(569.19)	737.04	(1,391.23)	298.12	979.58
Changes in Receivables	(5.87)	(96.71)	98.76	(211.83)	(82.78)	183.74
Changes in Other Trade Receivables	(27.98)	(6.24)	(60.02)	(29.07)	(155.08)	(155.44)
Changes in Current Liabilities	231.48	446.89	(143.71)	709.46	(212.58)	(453.56)
Direct Taxes Paid (Net) including wealth tax	(11.06)	0.27	24.57	(12.68)	(145.28)	(62.59)
Net Changes in Working Capital	(450.08)	(224.98)	656.64	(935.35)	(297.60)	491.73
Cash Flow from operating activities	127.19	522.10	1,097.94	(554.09)	1,409.85	917.91

(Rs. in Million)

	March 31,					June 30,
	2001	2002	2003	2004	2005	2005
B. CASH FLOW FROM INVESTMENT ACTIVITIES						
Purchase of Fixed/Intangible Assets	(99.19)	(129.60)	(135.60)	(272.91)	(1,326.60)	(577.06)
Sale of Fixed/Intangible Assets	29.84	310.46	5.72	8.69	1.64	0.04
Purchase of Investments						
— Subsidiary company	-	-	(0.50)	-	-	(0.50)
— Others	(0.01)	-	(0.14)	-	(0.10)	-
Sale of Investments						
— Others	4.00	74.53	-	-	-	-
Changes in Loans & Advances	5.45	15.67	6.80	4.77	24.05	(0.20)
Interest Received	15.78	5.99	15.61	39.06	44.95	1.84
Dividend Income	1.73	0.75	0.04	0.06	0.06	-
Net Cash Flow in Investment Activities	(42.40)	277.80	(108.07)	(220.33)	(1,256.00)	(575.88)
C. CASH FLOW FROM FINANCING ACTIVITIES						
Increase/(Decrease) in Short Term Borrowings (Net)	143.39	(63.09)	(20.31)	50.22	(41.86)	415.68
Increase/(Decrease) in Long Term Borrowings (Net)	(26.05)	(124.59)	(252.81)	110.46	556.02	194.03
Increase/(Decrease) in Cash Credit	460.12	32.82	(353.23)	933.45	(120.83)	(797.28)
Interest Paid	(462.50)	(501.39)	(341.70)	(269.60)	(338.28)	(78.39)
Machinery Lease Rentals	(30.19)	(29.09)	(23.08)	(6.92)	(1.37)	(0.34)
Redemption of Debentures	(151.53)	(50.00)	-	-	-	-
Redemption of Preference Shares (including premium)	-	-	-	-	(78.18)	(76.40)
Dividend Paid (Including Tax on Distributed Profit)	(13.39)	(19.63)	(24.86)	(21.54)	(66.20)	(8.05)
Net Cash Flow used in Financing Activities	(80.15)	(754.97)	(1,015.99)	796.07	(90.70)	(350.75)
Net Increase/(Decrease) in Cash & Cash Equivalents	4.64	44.93	(26.12)	21.65	63.15	(8.72)
Opening Cash & Cash Equivalents	83.38	88.02	132.95	106.83	128.48	191.63
Closing Cash & Cash Equivalents	88.02	132.95	106.83	128.48	191.63	182.91

STATEMENT OF ACCOUNTING RATIOS

Ratios	Financial Year Ended March 31,					3 months ended June 30, 2005
	2001	2002	2003	2004	2005	
A) Earning Per Share of Rs.1/- each (excluding extraordinary, non-recurring items) - Basic & Diluted (in Rs.)	(0.09)	0.25	(0.04)	0.17	4.11	1.20
B) Return of Net Worth (%)	(2.03)	16.52	(0.83)	4.34	52.20	13.26
C) Net Asset Value per Share of Rs.1/- each (in Rs.)	3.63	4.29	4.19	4.43	7.87	9.06

Basic Earning Per Share =
$$\frac{\text{Net Profit after tax attributable to equity share-holders}}{\text{Weighted average number of equity shares outstanding during the year /period (as adjusted)}}$$

Return on Net Worth =
$$\frac{\text{Net Profit after tax attributable to equity share-holders}}{\text{Net Worth of equity share-holders}}$$

Net Asset Value per Share =
$$\frac{\text{Net Worth of equity share-holders}}{\text{Number of equity shares outstanding at the end of the year / period (as adjusted)}}$$

Notes:

- During FY 2004-2005, each equity share of Rs.10/-fully paid up, was split into ten equity shares of Rs.1/- each fully paid-up. Accordingly, the Earnings Per Share as well as the Net Asset Value per share have been calculated for all the financial years taking into consideration such stock-split. Further, 124,728,090 bonus equity shares of Rs.1/- each were issued as fully paid up, in the ratio of 3 shares for every 2 existing shares, pursuant to the special resolution passed by the shareholders at the Extra Ordinary General Meeting held on May 19, 2005. Accordingly, in computing the Earnings Per Share as well as the Net Asset Value Per Share, the additional shares issued by way of such bonus shares have also been considered for each of the preceding financial years reflected above.
- As per Scheme of Arrangement duly sanctioned by the Hon'ble High Court of Judicature at Allahabad, vide its order dated March 27, 2003, the paid-up capital of the company was restructured with effect from the appointed date, i.e., April 1, 2003, whereby 3.97 million number of equity shares of Rs.10/- each were converted into 3.97 million number of 12% redeemable cumulative preference shares of Rs.10/- each, redeemable at a premium of Rs.32/- each, in two equal yearly instalments on April 1, 2004 and April 1, 2005. Accordingly, in computing the net profits attributable to equity share-holders as on March 31, 2004 and March 31, 2005, the preference dividend payable (including dividend distribution tax thereon) to the preference shareholders for the respective years, has been reduced. Further, in computing the Net Worth, apart from reducing the Revaluation Reserve and the balance of Miscellaneous Expenditure (to the extent not written off) in each year, the outstanding Preference Capital and the premium payable on redemption installment of the Preference Shares falling due on April 1, 2004 and April 1, 2005 have also been reduced for Financial year ended March 31, 2004 and March 31, 2005 respectively.

RESTATED SECURED LOANS AS ON JUNE 30, 2005

(Rs. in Million)

Sr. No.	Name of Bank/ Institution/ Others	Out-stand-ing	Over-Dues	Rate of Interest	Repayment Schedule	Security
A.	Term Loans					
1	UTI Bank Ltd	87.50	-	9%	Phased repayment ending December 31, 2008	Secured by charges created/to be created by equitable mortgage and hypothecation of all moveable (except book debts) and Immoveable assets both present & future, excluding specific assets charged with other lenders of the Company and subject to bankers prior charges created/to be created on current assets for providing working capital.
2	UTI Bank Ltd	80.00	-	8%	Phased repayment ending June 21, 2010	Same as specified for (1) above
3	UTI Bank Ltd. (Short Term)	150.00	-	7.5%	2 equal instalments at the end of 9 th & 12 th month from date of disbursement i.e., June 29, 2005	Subservient charge on the movable fixed and current assets of the company.
4	ICICI Bank Limited	9.38	-	9.50%	Phased repayment ending September 15, 2005	Same as specified for (1) above
5	ICICI Bank Limited	6.25	-	9.50%	Phased repayment ending September 15, 2005	Same as specified for (1) above
6	ICICI Bank Limited	250.00	-	11% to 11.90% *	Phased repayment ending September, 2009	Same as specified for (1) above * The Company is however entitled to subsidy of 2% p.a. from Ministry of Non-Conventional Energy Sources and 1.5% p.a in respect of funding under Asian Development Bank line of credit in respect of this loan, availed from ICICI Bank Ltd. for setting up its Co-Generation plant at Deoband
7	IDBI LTD	193.75	-	10.25%	Phased repayment ending April 2006	Same as specified for (1) above
8	Oriental Bank of Commerce	82.44	-	8.75%	Phased repayment ending March, 2009	Same as specified for (1) above
9	Oriental Bank of Commerce	84.55	-	8.75%	Phased repayment ending June, 2010	Same as specified for (1) above
10	Indian Overseas Bank	85.62	-	9%	Phased repayment ending Feb, 2009	Same as specified for (1) above
11	Rabo India Finance Limited	100.00	-	7.85% above	Phased repayment ending June, 2010	Same as specified for (1)
12	Punjab National Bank	34.19	-	12.25%	Phased repayment ending June 3, 2008	Secured by second pari-passu charge created/to be created over Ramkola's immovable properties and third pari-passu charge on Deoband, Khatauli, Naini, Bangalore & Mysore Units' immovable properties. Additionally these are guaranteed by the Managing Director in his personal capacity.

(Rs. in Million)

Sr. No.	Name of Bank/ Institution/ Others	Out-stand-ing	Over-Dues	Rate of Interest	Repayment Schedule	Security
13	Central Bank Of India	2.15	-	12.50%	Phased repayment ending Dec 2005	Secured by first pari-passu charges to be created on block of assets of Sugar Unit Ramkola.
14	ICICI Bank Limited	7.03	-	8% to 13%	Phased repayment ending May 2008	Hypothecation of certain vehicles acquired under the loan scheme.
15	Sundaram Finance Ltd	2.57	-	3.80% to 3.88% flat	Phased repayment ending Mar 2008	Hypothecation of certain vehicles acquired under the loan scheme.
16	HDFC Ltd	20.98	-	9.75%	Phased repayment ending January 31, 2008	Secured by charges created/to be created by equitable mortgage of land measuring 5760 sq. mts. and 4900 sq. mts. located at Deoband and land measuring 13 bighas, 11 biswa located at Khatauli and construction thereon present and future
17	HDFC Ltd	3.50	-	9.75%	Phased repayment ending March 2006	Same as above
18	HDFC Ltd	8.01	-	9.75%	Phased repayment ending October 2007	Same as above
19	Sugar Development Fund (Govt of India)	112.74	-	4%	Phased repayment ending June 2014	Secured by second charge created over moveable/ immoveable assets of Deoband Unit.
20	Sugar Development Fund (Govt of India)	142.50	-	4%	Phased repayment ending September, 2012	Same as above
21	Sugar Development Fund (Govt of India)	46.50	-	4%	Phased repayment ending October, 2007	Same as above
	Total	1,509.66				

B. Working Capital Facilities from Banks

1	Cash Credit (including WCDL) Consortium Bankers led by Punjab National Bank (Fund Based Limit Sanctioned)	95.79	-	9% to 11%	Secured by pledge/hypothecation of the stocks-in-trade, raw material, stores & spare parts, work-in-progress and receivable and second charge created/to be created over Ramkola properties and third charge on Deoband, Khatauli, Naini, Bangalore and Mysore properties, other than raw sugar & related sugar stocks. Additionally these are guaranteed by the Managing Director
2	Commercial Papers	1,750.00		5.65% to 5.80%	Same as above
3	FCNR(B)	340.93		5.70% to 6.80%	Same as above
	Total	2,186.72			
	Grand Total	3,696.38			

RESTATED UNSECURED LOANS

(Rs. in Million)

PARTICULARS	As on March 31,			June 30, 2005
	2003	2004	2005	
Intercompany Deposits Other than Promoters, Promoter Group & Group Companies	5.00	42.50	-	70.00
SUB TOTAL (A)	5.00	42.50	-	70.00
Fixed Deposits(Public) Fixed Deposits from Promoters, Promoter Group & Group Companies of Promoters *	0.19	0.53	0.15	0.15
Others	143.66	157.87	164.71	160.49
SUB TOTAL (B)	143.85	158.40	164.86	160.64
Others Loans				
From Banks	0.12	1.92	-	250.00
From Others				
Non Convertible Debentures				100.00
SDF Loan and Intt. Accrued & due there-on	13.35	10.22	6.58	6.58
U.P. Govt. Gunna Mulya Nidhi Loan & Intt. Accrued & due there-on **	20.64	25.11	29.60	30.72
HDFC LTD.	0.20	0.03	-	-
Security Deposit	0.81	0.52	0.25	0.15
SUB TOTAL (C)	35.12	37.80	36.43	387.45
TOTAL (A+B+C)	183.97	238.70	201.29	618.09

* Fixed deposits have been accepted in accordance with the Fixed Deposit scheme of the company applicable from time to time. The rate of interest applicable on above fixed deposits is 9.75% to 14% p.a. with a maturity term of 1 year to 3 years.

** The above loan has been rescheduled by the U.P. Government in December 1997. The company had challenged the recovery of such loans and had obtained a stay from Delhi High Court. The writ has been disposed of lately due to non-appearance and a restoration application has been filed and is pending.

ANNEXURE – IX
RESTATED STATEMENT OF QUOTED INVESTMENT

(Rs. in Million)

PARTICULARS	As on March 31,			June 30,
	2003	2004	2005	2005
Quoted Investments				
HDFC Limited	0.02	0.02	0.02	0.02
HDFC Bank Limited	-	-	-	-
Punjab National Bank	0.14	0.14	0.24	0.24
Book Value of Quoted Investments	0.16	0.16	0.26	0.26
Market Value of Quoted Investments	1.48	3.46	4.14	4.56

RESTATED STATEMENT OF DEBTORS

(Rs. in Million)

PARTICULARS	As on March 31,			June 30, 2005
	2003	2004	2005	
More than 6 months				
Considered Good				
- From Promoters/Promoters Group/Group Cos	-	-	-	-
- From Others	157.71	161.29	151.44	200.71
Considered Doubtful				
- From Promoters/Promoters Group/Group Cos	-	-	-	-
- From Others	1.25	0.56	7.37	7.37
	158.96	161.85	158.81	208.08
Less than 6 months				
-From Promoters/Promoters Group/Group Cos				
TOFSL Trading & Investments Ltd	-	-	201.44	66.73
Triveni Entertainment Ltd	-	-	0.06	0.02
The Engineering & Technical Services Ltd	-	-	0.25	0.06
	-	-	201.75	66.81
- From Others	214.17	422.42	313.30	215.23
	214.17	422.42	515.05	282.04
Total Debtors	373.13	584.27	673.86	490.12
Less Provision				
- Against Promoters/Promoters Group/Group Cos	-	-	-	-
- Against Others	1.25	0.56	7.37	7.37
Net Debtors Balance	371.88	583.71	666.49	482.75

RESTATED STATEMENT OF LOANS AND ADVANCES

(Rs. in Million)

PARTICULARS	As on March 31,			June 30,
	2003	2004	2005	2005
Advances (Considered Good)				
Subsidiary Companies				
Triveni SRI Limited	3.01	0.17	-	1.45
Abohar Power Generation Limited	0.04	6.78	0.05	0.06
Upper Bari Power Generation Limited	-	-	-	0.03
Associates				
TOFSL Trading & Investment Limited	3.15	0.14	-	0.25
The Engineering & Technical Services Limited	1.13	-	-	-
Carvanseraï Limited*	56.85	56.85	32.76	32.76
Triveni Entertainment Limited	-	-	-	-
Key Management Person				
Security Deposit	0.01	0.02	0.02	0.02
Key Management Person Relatives				
Security Deposit	0.01	-	-	-
Companies in which Key Management Person or his relatives have substantial interest/ significant influence				
Security Deposit	0.36	0.36	0.90	0.90
	64.56	64.32	33.73	35.47
Balance with Excise, Port Trust & other Govt Authorities	11.18	18.81	75.18	75.47
Advances recoverable in cash or in kind or for value to be received:				
- Others considered good	470.90	487.16	576.53	729.75
- Others considered doubtful	6.89	7.90	7.52	7.52
Advance payment of tax, refunds receivable and tax deducted at source (after adjusting provisions)	39.24	21.37	-	-
Total Loans & Advances	592.77	599.56	692.96	848.21
Less: Provisions	6.89	7.90	7.52	7.52
Net Loans & Advances	585.88	591.66	685.44	840.69

* Does not includes Interest Accrued & Due

CAPITALISATION STATEMENT

(Rs. in Million)

	Pre Issue as at June 30, 2005	Post Issue
BORROWINGS		
SHORT TERM DEBT	2917.53	2917.53
LONG TERM DEBT	1396.95	1396.95
TOTAL DEBT	4314.48	4314.48
SHAREHOLDERS FUND		
SHARE CAPITAL	207.88	257.88
RESERVES & SURPLUS *1	1675.50	[•]
TOTAL SHAREHOLDERS FUND	1883.38	[•]
TOTAL CAPITALISATION	6197.86	[•]
LONG TERM DEBT/EQUITY RATIO	0.74 : 1	[•]

* ¹ Net of Revaluation Reserve of Rs.183.32 million and Miscellaneous Expenditure not written off Rs.30.49 million.

Notes :

- A. The post Issue capitalisation can not be determined till the process of book building is completed.
The same will be updated before filing of Prospectus.
- B. Long term debts have been considered on the basis of the tenure of the loans as originally sanctioned, exceeding 1 year.

STATEMENT OF TAX SHELTER

(Rs. in Million)

FINANCIAL YEAR	2000-2001	2001-2002	2002-2003	2003-2004	2004-2005
Profit/(Loss) as per books of account	71.08	290.21	78.71	255.18	1241.06
Tax rates (%) - Normal (including surcharge)	39.55%	35.70%	36.75%	35.875%	36.5925%
A. Notional Tax Payable at Normal Rates (A)	28.11	103.60	28.93	91.55	454.13
B. Permanent Differences					
Dividend income exempt u/s 10	(1.73)	(0.75)		(0.06)	(0.06)
Deduction for export profits u/s 80-HHC				(3.97)	
Deduction for cane price liability (adjusted with reserves)					(368.57)
Deduction for decrease in closing stock consequent to change in method of valuation (adjusted with reserves)		(243.80)			
Bad Debts / Other Claims written off not allowable	0.58		7.50		
Profit on sale of investments as per books		(69.63)			
Capital Gains assessed		176.88			
Other disallowances as per return / as assessed	13.34	10.50	4.25	2.07	8.31
TOTAL OF B	12.19	(126.80)	11.75	(1.96)	(360.32)
C. Timing Differences					
Difference between book & tax depreciation	20.14	53.44	39.77	38.20	(233.73)
Loss / (Profit) on sales/disposal of fixed assets	1.27	(122.41)	3.51	(2.87)	11.31
Decrease / (Increase) in deferred revenue expenses	(20.73)	(9.99)	(50.27)	114.41	40.25
Amount disallowed / disallowable u/s 43-B	64.23	(33.00)	18.49	17.70	(95.32)
Provision for bad debts/advances (net of reversals)	1.90	1.38	(10.19)	0.33	6.34
Other items	(2.95)	2.88	(4.23)	7.59	(4.62)
TOTAL OF C	63.86	(107.70)	(2.92)	175.36	(275.77)
D. Adjustment of Losses / Allowances in Tax					
Brought forward losses / depreciation adjusted	(147.13)	(33.57)	(87.54)	(331.23)	
Brought forward capital losses adjusted		(22.14)			
TOTAL OF D	(147.13)	(55.71)	(87.54)	(331.23)	-
E. Net Adjustment (B+C+D)	(71.08)	(290.21)	(78.71)	(157.83)	(636.09)
F. Tax Saving thereon	28.11	103.60	28.93	56.62	232.76
G. Tax Saving for tax credit adjusted u/s 115JAA	-	-	-	6.31	-
H. Total Tax Saving	28.11	103.60	28.93	62.93	232.76
I. Normal Tax on Profits (A - H) - as returned / assessed (not considering tax payable u/s 115-JB of the I.Tax Act - "MAT")	-	-	-	28.62	221.37
J. Minimum Alternate Tax (MAT) payable / paid	5.02	4.51	6.92	-	-
K. Total Tax Liability	5.02	4.51	6.92	28.62	221.37

Notes :

1. The statement of tax shelter has been prepared based on Income tax assessments finalised for FY 2000-2001 & FY 2001-2002, as per the tax returns filed for FY 2002-2003, 2003-2004 (not yet assessed) & estimated tax provision for FY 2004-2005 (return filing not yet due). The profits for the relevant years have been considered on the basis of audited accounts filed/to be filed in the respective years with the tax authorities and not on the basis of restated financial statements.
2. In FY 2002-2003, the taxable income as per return filed, comprised long term capital gains of Rs.0.41 million. However, since the MAT liability for the year was higher than the tax payable on such capital gains, the final tax liability was based on such MAT liability.

RELATED PARTY TRANSACTIONS
A. DETAIL OF THE LIST OF RELATED PARTIES AND NATURE OF RELATIONSHIPS

Particulars	Financial Year ended March, 31					Quarter ended June 30, 2005
	2001	2002	2003	2004	2005	
Nature of relationship	Name of the Party	Name of the Party	Name of the Party	Name of the Party	Name of the Party	Name of the Party
Subsidiary Companies	Triveni SRI Ltd	Triveni SRI Ltd	i. Triveni SRI Ltd. ii) Abohar Power Generation Ltd.	i. Triveni SRI Ltd. ii) Abohar Power Generation Ltd. (formerly known as Triveni Power Generation Ltd)	i. Triveni SRI Ltd. ii) Abohar Power Generation Ltd.	i. Triveni SRI Ltd. ii) Abohar Power Generation Ltd. iii) Upper Bari Power Generation Ltd (incorporated on April 29, 2005)
Associates	i) TOFSL Trading & Investment Ltd ii) The Engineering & Technical Services Ltd. iii) Triveni Entertainemnt Ltd iv) Carvanseraai Ltd	i) TOFSL Trading & Investment Ltd ii) The Engineering & Technical Services Ltd iii) Triveni Entertainment Ltd iv) Carvanseraai Ltd	i) TOFSL Trading & Investment Ltd ii) The Engineering & Technical Services Ltd iii) Triveni Entertainment Ltd iv) Carvanseraai Ltd	i) TOFSL Trading & Investment Ltd ii) The Engineering & Technical Services Ltd iii) Triveni Entertainment Ltd iv) Carvanseraai Ltd	i) TOFSL Trading & Investment Ltd ii) The Engineering & Technical Services Ltd iii) Triveni Entertainment Ltd iv) Carvanseraai Ltd	i) TOFSL Trading & Investment Ltd ii) The Engineering & Technical Services Ltd iii) Triveni Entertainment Ltd iv) Carvanseraai Ltd
Joint Venture Company	i) Triveni Plenty Engineering Ltd (Stake disinvested during the year) ii) Triveni Flexible Ltd	i) Triveni Flexibox Ltd (Stake disinvested during the year)				
Key Management Person ("KMP")	Mr. D M Sawhney Chairman & Managing Director	Mr. D M Sawhney Chairman & Managing Director	Mr. D M Sawhney Chairman & Managing Director	Mr. D M Sawhney Chairman & Managing Director	Mr. D M Sawhney Chairman & Managing Director	Mr. D M Sawhney Chairman & Managing Director

Particulars	Financial Year ended March, 31					Quarter ended June 30, 2005
	2001	2002	2003	2004	2005	
Nature of relationship	Name of the Party	Name of the Party	Name of the Party	Name of the Party	Name of the Party	Name of the Party
Relatives of Key Management person (“RKMP”)	i) Mr Nikhil Sawhney ii) Late Mr. Pawan Sawhney iii) Late Mr. Puran Chand Sawhney	i) Mr Nikhil Sawhney ii) Late Mr. Pawan Sawhney (expired during the year) iii) Late Mr. Puran Chand Sawhney	i) Mrs. Rati Sawhney ii) Mr Tarun Sawhney i) Mr Nikhil Sawhney iv) Late Mr. Pawan Sawhney (expired during the year) v) Late Mr. Puran Chand Sawhney	i) Mrs. Rati Sawhney ii) Mr Tarun Sawhney	i) Mrs. Rati Sawhney ii) Mr Tarun Sawhney iii) Mr. Nikhil Sawhney	i) Mrs. Rati Sawhney ii) Mr Tarun Sawhney iii) Mr. Nikhil Sawhney
Related parties where KMP/RKMP exercise significant influence	i) Mahalaxmi Sugar Mills Ltd ii) Kamen Upaskar Ltd.	i) Mahalaxmi Sugar Mills Ltd (Ceased to be interested during the year) ii) Kamen Upaskar Ltd	Kamen Upaskar Ltd	Kamen Upaskar Ltd	Kamen Upaskar Ltd	Kamen Upaskar Ltd

B. DETAIL OF TRANSACTION WITH RELATED PARTIES AND DETAILS OF OUTSTANDING BALANCES

Particulars	Nature of Relationship	Financial Year Ended March 31,					Quarter Ended June 30, 2005
		2001	2002	2003	2004	2005	
Sales and rendering of Services	Subsidiary Companies	0.26	0.27	0.07	1.26	0.83	-
	Associates	1.40	1.75	0.96	0.39	318.80*	0.10
	Joint Venture Company	0.47	0.23	-	-	-	-
	Total	2.13	2.25	1.03	1.65	319.63	0.10
Purchases and receiving services	Subsidiary Companies	-	0.68	0.03	-	0.07	-
	Joint Venture Company	0.91	0.18	-	-	-	-
	Total	0.91	0.86	0.03	-	0.07	-
Purchase of Fixed Assets	Subsidiary Companies	-	-	-	19.72	43.38	-
	Associates	0.81	0.35	-	0.20	0.20	-
	Joint Venture Company	0.31	-	-	-	-	-
	Total	1.12	0.35	-	19.92	43.58	-
Sale of Fixed Assets	Subsidiary Companies	-	-	-	-	-	0.18
	Joint Venture Company	-	0.15	-	-	-	-
	Total	-	0.15	-	-	-	0.18
Rent Paid	Key Management Person ("KMP")	0.06	0.06	0.20	0.31	0.39	0.12
	Relatives of Key Management person ("RKMP")	0.22	0.25	0.11	-	-	-
	Where KMP/RKMP exercise significant influence	0.72	0.72	0.90	0.90	2.00	0.57
	Total	1.00	1.03	1.21	1.21	2.39	0.69
Rent & Other Charges Received	Associates	-	-	-	-	0.24	0.41
	Where KMP/RKMP exercise significant influence	0.46	2.49	-	-	-	-
	Total	0.46	2.49	-	-	0.24	0.41
Amount Advanced/Refunded on Expense incurred (Net)	Subsidiary Companies	0.32	0.22	0.81	2.31	1.05	2.07
	Associates	(4.27)	(1.63)	(8.48)	(5.08)	(24.92)	1.20
	Joint Venture Company	1.11	(0.24)	-	-	-	-
	Total	(2.84)	(1.65)	(7.67)	(2.77)	(23.87)	3.27
Amount written off	Joint Venture Company	(3.35)	-	-	-	-	-
	Total	(3.35)	-	-	-	-	-
Interest Received	Subsidiary Companies	0.07	0.08	0.10	0.27	0.45	0.01
	Associates	0.74	0.74	0.43	0.12	2.04	1.63
	Total	0.81	0.82	0.53	0.39	2.49	1.64
Interest Paid	Associates	0.85	0.77	0.63	0.18	0.16	0.04
	Key Management Person ("KMP")	-	-	0.06	0.02	0.02	-
	Where KMP/RKMP exercise significant influence	-	-	-	0.03	0.01	-
	Total	0.85	0.77	0.69	0.23	0.19	0.04

Particulars	Nature of Relationship	Financial Year Ended March 31,					Quarter Ended June 30, 2005
		2001	2002	2003	2004	2005	
Remuneration	Key Management Person ("KMP")	1.96	2.57	7.37	4.99	18.90	3.95
	Relatives of Key Management Person ("RKMP")	0.43	0.47	1.85	2.96	5.48	1.60
	Total	2.39	3.04	9.22	7.95	24.38	5.55
Outstanding Balances	Subsidiary Companies	1.20	1.37	3.05	6.94	0.05	1.54
A) Loans & Advances	Associates	66.52	68.06	61.13	56.99	32.76	33.01
	Joint Venture Company	0.46	-	-	-	-	-
	Key Management Person ("KMP")	0.01	0.01	0.01	0.02	0.02	0.02
	Relatives of Key Management Person ("RKMP")	0.05	0.04	0.01	-	-	-
	Where KMP/RKMP exercise significant influence	2.67	5.16	0.36	0.36	0.90	0.90
	Total	70.91	74.64	64.56	64.31	33.73	35.47
B) Sundry Debtors	Associates	-	-	-	-	201.75	66.80
	Total	-	-	-	-	201.75	66.80
C) Other Current Assets	Associates	10.96	10.08	9.18	8.88	6.58	6.58
	Total	10.96	10.08	9.18	8.88	6.58	6.58
D) Unsecured Loans	Associates	1.50	1.50	-	-	-	-
	Relatives of Key Management Person ("RKMP")	-	-	0.19	0.19	0.15	0.15
	Where KMP/RKMP exercise significant influence	-	-	-	0.35	-	-
	Total	1.50	1.50	0.19	0.54	0.15	0.15
E) Trade & Other Creditors	Subsidiary Companies	0.13	-	-	9.56	2.09	-
	Associates	2.37	4.72	4.81	2.70	2.59	2.31
	Joint Venture Company	0.49	-	-	-	-	-
	Key Management Person ("KMP")	0.03	0.01	0.02	0.13	0.02	0.03
	Relatives of Key Management Person ("RKMP")	-	0.01	-	-	-	-
	Total	3.02	4.74	4.83	12.39	4.70	2.34
Guarantees Outstanding	Subsidiary Companies	-	-	0.10	0.10	0.10	0.10
	Total	-	-	0.10	0.10	0.10	0.10

* Includes Rs.318.42 million towards sale of sugar.

C. DISCLOSURE OF SIGNIFICANT TRANSACTIONS WITH RELATED PARTIES

Type of Transaction	Type of Transaction	Name of entity/ person	Financial Year Ended March 31,					Quarter June 30 2005
			2001	2002	2003	2004	2005	
Sales and rendering of Services	Subsidiary Associates	Triveni SRI Ltd	0.26	0.27	0.07	1.26	0.83	-
		The Engineering & Technical Services Ltd	0.60	0.95	0.60	0.24	0.24	0.06
		TOFSL Trading & Investment Ltd	0.12	0.12	0.12	0.09	318.50*	0.02
		Triveni Entertainment Ltd	0.68	0.68	0.24	0.06	0.06	0.02
	Joint Venture Company	Triveni Flexibox Ltd	0.47	0.23	-	-	-	-
		Total	2.13	2.25	1.03	1.65	319.63	0.10
Purchases and receiving Services	Subsidiary Joint Venture Company	Triveni SRI Ltd	-	0.68	0.03	-	0.07	-
		Triveni Flexibox Ltd	0.91	0.18	-	-	-	-
	Joint Venture Company	Total	0.91	0.86	0.03	-	0.07	-
Purchase of Fixed Assets	Subsidiary Associates	Triveni SRI Ltd	-	-	-	19.72	43.38	-
		The Engineering & Technical Services Ltd.	-	0.35	-	0.20	0.20	-
		TOFSL Trading & Investment Ltd	0.01	-	-	-	-	-
		Triveni Entertainment Ltd	0.80	-	-	-	-	-
	Joint Venture Company	Triveni Flexibox Ltd	0.31	-	-	-	-	-
		Total	1.12	0.35	-	19.92	43.58	-
Sale of Fixed Assets	Subsidiary Joint Venture Company	Triveni SRI Ltd	-	-	-	-	-	0.18
		Triveni Flexibox Ltd	-	0.15	-	-	-	-
	Joint Venture Company	Total	-	0.15	-	-	-	0.18
Rent Paid	Key Management Person ("KMP")	Mr D M Sawhney, Chairman & Managing Director	0.06	0.06	0.20	0.31	0.39	0.12
		Late Mr. Pawan Sawhney	0.06	0.06	0.03	-	-	-
		Late Mr. Puran Chand Sawhney	0.16	0.19	0.08	-	-	-
	Where KMP/ RKMP exercise significant influence	Kameni Upaskar Ltd	0.72	0.72	0.90	0.90	2.00	0.57
		Total	1.00	1.03	1.21	1.21	2.39	0.69
Rent & Other Charges Received	Associates Where KMP/ RKMP exercise significant influence	TOFSL Trading & Investment Ltd	-	-	-	-	0.24	0.41
		Mahalaxmi Sugar Mills Ltd	0.46	2.49	-	-	-	-
	Joint Venture Company	Total	0.46	2.49	-	-	0.24	0.41

Type of Transaction	Type of Transaction	Name of entity/ person	Financial Year Ended March 31,					Quarter Ended June, 30 2005
			2001	2002	2003	2004	2005	
Amount Advanced/ Refunded on Expense incurred (Net)	Subsidiary	Triveni SRI Ltd	0.32	0.22	1.23	2.19	1.17	2.03
		Abohar Power Generation Ltd	-	-	(0.42)	0.12	(0.12)	0.01
		Upperbari Power Generation Ltd	-	-	-	-	-	0.03
	Associates	The Engineering & Technical Services Ltd	(2.58)	(2.32)	(6.35)	(1.77)	0.20	0.20
		TOFSL Trading & Investment Ltd	(0.29)	1.14	(0.78)	(3.15)	1.27	1.00
		Triveni	(0.66)	0.43	(0.45)	0.14	-	-
		Entertainment Ltd	(0.74)	(0.88)	(0.90)	(0.30)	(26.39)	-
		Carvansera Ltd						
	Joint Venture Company	Triveni	1.04	(0.24)	-	-	-	-
		Flexibox Ltd	0.07	-	-	-	-	-
		Triveni Plenty Engineering Ltd						
	Total		(2.84)	(1.65)	(7.67)	(2.77)	(23.87)	3.27
Amount written off	Joint Venture Company	Triveni Plenty Engineering Ltd	(3.35)	-	-	-	-	-
	Total		(3.35)	-	-	-	-	-
Interest Received	Subsidiary	Triveni SRI Ltd	0.07	0.08	0.09	0.27	0.44	0.01
		Abohar Power Generation Ltd	-	-	0.01	-	0.01	-
	Associates	The Engineering & Technical Services Ltd						
		TOFSL Trading & Investment Ltd	0.62	0.53	0.22	0.04	0.01	-
		Triveni	0.12	0.21	0.16	0.08	2.03	1.63
		Entertainment Ltd	-	-	0.05	-	-	-
	Total		0.81	0.82	0.53	0.39	2.49	1.64
Interest Paid	Associates	The Engineering & Technical Services Ltd	0.03	-	-	-	0.02	-
		Triveni Entertainment Ltd	0.82	0.77	0.63	0.18	0.14	0.04
	Relatives of Key Management Person ("RKMP")	Mrs Rati Sawhney	-	-	0.06	0.02	0.02	-
	Where KMP/ RKMP exercise significant influence	Kameni Upaskar Ltd	-	-	-	0.03	0.01	-
	Total		0.85	0.77	0.69	0.23	0.19	0.04
Remuneration	Key Management Person ("KMP")	Mr D M Sawhney, Chairman & Managing Director	1.96	2.57	7.37	4.99	18.90	3.95
	Relatives of Key Management Person ("RKMP")	Mr Nikhil Sawhney	0.43	0.47	0.21	-	1.78	0.73
		Mr Tarun Sawhney	-	-	1.64	2.96	3.70	0.87
	Total		2.39	3.04	9.22	7.95	24.38	5.55

Type of Transaction	Type of Transaction	Name of entity/ person	Financial Year Ended March 31,					Quarter Ended June 30, 2005
			2001	2002	2003	2004	2005	
Outstanding Balances A) Loans & Advances	Subsidiary	Triveni SRI Ltd	1.20	1.37	3.01	6.77	-	1.45
		Abohar Power Generation Ltd	-	-	0.04	0.17	0.05	0.03
		Upper bari Power Generation Ltd	-	-	-	-	-	0.06
	Associates	The Engineering & Technical Services Ltd	7.65	6.86	1.13	-	-	-
		TOFSL Trading & Investment Ltd	2.27	3.75	3.15	0.14	-	0.25
		Triveni Entertainment Ltd	(0.25)	0.60	-	-	-	-
		Carvanseraai Ltd	56.85	56.85	56.85	56.85	32.76	32.76
		Joint Venture Company						
	Key Management Person ("KMP")	Triveni Flexibox Ltd	0.46	-	-	-	-	-
		Mr D M Sawhney, Chairman & Managing Director	0.01	0.01	0.01	0.02	0.02	0.02
	Relatives of Key Management Person ("RKMP")	Late Mr Pawan Sawhney	0.01	0.01	0.01	-	-	-
		Late Mr Puran Chand Sawhney	0.04	0.03	-	-	-	-
	Where KMP/ RKMP exercise significant influence	Mahalaxmi Sugar Mills Ltd	2.31	4.80	-	-	-	-
		Kameni Upaskar Ltd	0.36	0.36	0.36	0.36	0.90	0.90
	Total		70.91	74.64	64.56	64.31	33.73	35.47
B) Sundry Debtors	Associates	The Engineering & Technical Services Ltd	-	-	-	-	0.25	0.06
		TOFSL Trading & Investment Ltd	-	-	-	-	201.44	66.73
		Triveni Entertainment Ltd	-	-	-	-	0.06	0.01
	Total		-	-	-	-	201.75	66.80
C) Other Current Assets	Associates	Carvanseraai Ltd	10.96	10.08	9.18	8.88	6.58	6.58
	Total		10.96	10.08	9.18	8.88	6.58	6.58
D) Unsecured Loans	Associates	Triveni Entertainment Ltd	1.50	1.50	-	-	-	-
	Relatives of Key Management Person ("RKMP")	Mrs Rati Sawhney	-	-	0.19	0.19	0.15	0.15
		Where KMP/ RKMP exercise significant influence	-	-	-	0.35	-	-
	Total		1.50	1.50	0.19	0.54	0.15	0.15



Type of Transaction	Type of Transaction	Name of entity/ person	Financial Year Ended March 31,					Quarter Ended June 30, 2005
			2001	2002	2003	2004	2005	
E) Trade & Other Creditors	Subsidiary Associates	Triveni SRI Ltd	0.13	-	-	9.56	2.09	-
		The Engineering & Technical Services Ltd Triveni	0.75	-	-	0.41	0.20	-
	Joint Venture Company	Entertainment Ltd Triveni	1.62	4.72	4.81	2.29	2.39	2.31
		Flexibox Ltd	0.49	-	-	-	-	-
		Mr D M Sawhney, Chairman & Managing Director	0.03	0.01	0.02	0.13	0.02	0.03
	Relatives of Key Management Person ("RKMP")	Mr Nikhil Sawhney	-	0.01	-	-	-	-
		Total	3.02	4.74	4.83	12.39	4.70	2.34
Guarantees Outstanding	Subsidiary	Triveni SRI Ltd	-	-	0.10	0.10	0.10	0.10
	Total		-	-	0.10	0.10	0.10	0.10

* Includes Rs. 318.42 million towards sale of sugar.

CONTINGENT LIABILITIES, GUARANTEES AND CAPITAL COMMITMENTS

(Rs. in Million)

Particulars	Financial Year Ended March 31,					June 30,
	2001	2002	2003	2004	2005	2005
Liability for Bill of Exchange/ Cheque discounted	6.03	Nil	0.06	Nil	Nil	Nil
Guarantees given on behalf of Other parties and subsidiaries	4.77	4.87	4.87	4.87	4.87	4.87
Income Tax claim under dispute	79.99	39.26	38.19	13.00	9.40	11.04
Central Excise and Service Tax claim under dispute	16.79	2.45	3.42	33.15	59.08	59.87
Sales Tax claim under dispute	73.40	53.43	44.05	57.43	55.77	54.37
Other Claims not acknowledged as Debts	30.47	42.89	54.06	58.70	73.01	75.51
Outstanding Commitment for Capital Expenditure (Net of Advance)	5.55	1.26	4.29	360.98	898.48	919.52
In respect of levy price differential claim for 1973-1974 including interest, Supreme Court has remanded the matter back to High Court of Delhi and restored the interim order.	Nil	Nil	Nil	11.93	12.42	12.71
On a writ Petition filed, the Hon'ble Delhi High Court passed an interim order on April 28,1982 that the Company's Sugar factory at Khatauli be treated as if it was a new unit under the Incentive Scheme dated Nov. 15, 1980 and directed the Sugar Directorate to issue release orders for free sale of sugar on that basis. Consequently, the Sugar Directorate allowed additional free sale sugar commencing from sugar season 1981-1982 to 1986-1987. Should the Writ petition not succeed, the difference between the additional sugar allowed on the basis of High Court's order and Company's entitlement as expanded Unit, will be adjusted on quantitative terms over same number of years from the free sale quota of the Company out of the future seasons of production. The total impact including difference in excise duty between levy and free sale sugar is unquantifiable at this stage. However, the Company has						

(Rs. in Million)

Particulars	Financial Year Ended March 31,					June 30, 2005
	2001	2002	2003	2004	2005	
given undertakings on account of differential excise duty. (High Court has allowed Company's appeal)	11.00	11.00	11.00	11.00	Nil	Nil
Indeterminate liability arising from the claims/counter claim in Arbitration cases, claims of some employees and in respect of service tax, if any, on certain activities of the Company which are being contested by the company						

DIVIDEND PAID BY THE COMPANY ON SHARES

Financial Year	Dividend per Share (%)	Dividend paid per Share (Rs.)	Dividend Amount (Rs. Million)	Dividend Tax (Rs. Million)	No. of Shares	Class of Shares
2000-2001	15%	1.5	18.44	1.88	12,290,001	Equity Shares of Rs.10/- each
2001-2002	22%	2.2	27.04	-	12,290,001	Equity Shares of Rs.10/- each
2002-2003	15%	1.5	18.44	2.36	12,290,001	Equity Shares of Rs.10/- each
2003-2004	30%	3.0	24.95	3.20	8,315,206	Equity Shares of Rs.10/- each
	12%	1.2	4.77	0.61	3,973,995	Redeemable Cumulative Preference Shares of Rs.10/- each
2004-2005	35% (Interim)	3.50	29.10	3.73	8,315,206	Equity Shares of Rs.10/- each
	65% (Final)	0.65	54.05	7.58	83,512,060	Equity Shares of Rs.1/- each
	12%	0.60	2.38	0.31	3,973,995	Redeemable Cumulative Preference Shares of Rs.5/- each

DETAIL OF OTHER INCOME

(Rs. in Million)

PARTICULARS	FOR THE YEAR ENDED MARCH 31,					3 Months Ended June 30, 2005
	2001	2002	2003	2004	2005	
Scrap Sales	13.99	14.51	19.28	17.68	19.02	1.60
Insurance/Other Claim Received	0.21	2.80	10.66	1.89	3.33	0.62
Amount Written Off Recovered	-	0.33	0.66	0.02	-	-
Discount Received	2.78	3.50	3.16	1.13	3.05	2.34
Rent Received	0.16	0.16	0.15	0.20	0.28	0.30
Customs Duty Drawback	0.26	0.16	-	3.30	0.71	0.80
Buffer Stock Subsidy	-	-	0.90	3.39	2.70	-
Entry Tax Refund	-	-	-	0.71	-	-
Liquidated Damages/Penalty	1.91	0.89	0.03	0.07	0.98	-
Exchange Rate Fluctuation	0.05	-	-	-	2.83	0.58
Service Charges	2.13	1.87	0.96	0.39	0.38	0.10
Profit on Commodity Trading	-	-	-	-	0.40	3.90
Storage & Handling Receipts	-	-	-	-	2.19	-
Provision for D. Debts/ Adv. W/back (Net)	-	2.00	-	-	-	-
Credit Balances/ Amount Written back (Net)	-	-	-	-	1.98	0.04
Dividend Received	1.73	0.75	0.04	0.06	0.06	-
Other Miscellaneous Income	4.44	0.87	0.26	0.31	0.04	0.44
Total Other Income	27.66	27.84	36.10	29.15	37.95	10.72

Note : All the above have been incurred in the course of normal business activity of the Company and are generally recurring in nature.

STATEMENT OF RESTATED SEGMENT INFORMATION
AS PER ACCOUNTING STANDARD -17

(Rs. in Million)

	Sugar	Turbine	Co-Generation	Agri Business	Other Operations	Eliminations	Total
(a) REVENUE							
External Sales							
3 Months ended June 30, 2005	1,898.19	539.24	52.09	116.74	58.52	-	2664.78
FY 2004-2005	8,063.54	1,741.31	114.84	12.39	278.10	-	10,210.18
FY 2003-2004	4,824.02	1,315.84	-	-	256.52	-	6,396.38
FY 2002-2003	5,457.85	1,186.46	-	-	390.88	-	7,035.19
FY 2001-2002	4,560.13	992.80	-	-	479.99	-	6,032.92
FY 2000-2001	3,873.98	913.90	-	-	431.20	-	5,219.08
Less : Excise Duty							
3 Months ended June 30, 2005	104.47	44.36	-	-	5.11	-	153.94
FY 2004-2005	455.52	123.83	-	-	24.07	-	602.42
FY 2003-2004	375.93	75.53	-	-	16.73	-	468.19
FY 2002-2003	409.12	78.76	-	-	14.19	-	502.07
FY 2001-2002	321.64	79.25	-	-	17.88	-	418.77
FY 2000-2001	218.41	70.73	-	-	15.19	-	304.33
External Sales (Net)							
3 Months ended June 30, 2005	1,793.72	494.88	52.09	116.74	53.41	-	2510.84
FY 2004-2005	7,608.02	1,618.48	114.84	12.39	254.03	-	9,607.76
FY 2003-2004	4,448.09	1,240.31	-	-	239.79	-	5,928.19
FY 2002-2003	5,048.73	1,107.70	-	-	376.69	-	6,533.12
FY 2001-2002	4,238.49	913.55	-	-	462.11	-	5,614.15
FY 2000-2001	3,655.57	843.17	-	-	416.01	-	4,914.75
Inter - Segment Sales (Net)							
3 Months ended June 30, 2005	21.53	17.59	14.72	-	41.98	(95.82)	-
FY 2004-2005	68.05	5.21	73.19	-	75.08	(221.53)	-
FY 2003-2004	39.28	1.49	-	-	69.89	(110.66)	-
FY 2002-2003	-	1.08	-	-	58.79	(59.87)	-
FY 2001-2002	-	2.10	-	-	55.07	(57.17)	-
FY 2000-2001	-	26.20	-	-	42.71	(68.91)	-
Other Income							
3 Months ended June 30, 2005	2.09	3.91	0.01	-	0.71	-	6.72
FY 2004-2005	21.16	15.31	0.01	-	0.64	-	37.12
FY 2003-2004	22.45	5.43	-	-	0.74	-	28.62
FY 2002-2003	28.81	4.12	-	-	1.29	-	34.22
FY 2001-2002	18.15	2.87	-	-	1.39	-	22.41
FY 2000-2001	11.71	4.68	-	-	2.88	-	19.27

(Rs. in Million)

	Sugar	Turbine	Co-Generation	Agri Business	Other Operations	Eliminations	Total
Total Revenue							
3 Months ended June 30, 2005	1,817.34	516.38	66.82	116.74	96.10	(95.82)	2,517.56
FY 2004-2005	7,697.23	1,639.00	188.04	12.39	329.75	(221.53)	9,644.88
FY 2003-2004	4,509.82	1,247.23	-	-	310.43	(110.67)	5,956.81
FY 2002-2003	5,077.54	1,112.91	-	-	436.76	(59.87)	6,567.34
FY 2001-2002	4,256.64	918.52	-	-	518.57	(57.17)	5,636.56
FY 2000-2001	3,667.28	874.06	-	-	461.59	(68.91)	4,934.02
(b) RESULT							
Segment Result							
3 Months ended June 30, 2005	350.34	44.40	4.94	1.49	13.18	(5.32)	409.03
FY 2004-2005	1,395.99	154.57	44.24	(0.72)	19.56	0.55	1,614.19
FY 2003-2004	233.69	154.59	-	-	(31.44)	(1.67)	355.17
FY 2002-2003	223.49	125.46	-	-	40.65	0.52	390.12
FY 2001-2002	676.48	80.53	-	-	(5.85)	(0.62)	750.54
FY 2000-2001	426.96	96.66	-	-	(0.35)	0.39	523.66
Unallocated expenses (Net)							
3 Months ended June 30, 2005				-			(31.76)
FY 2004-2005	-	-	-	-	-	-	(90.48)
FY 2003-2004	-	-	-	-	-	-	(92.10)
FY 2002-2003	-	-	-	-	-	-	(87.10)
FY 2001-2002	-	-	-	-	-	-	(140.09)
FY 2000-2001	-	-	-	-	-	-	(89.04)
Operating Profit							
3 Months ended June 30, 2005				-			377.27
FY 2004-2005	-	-	-	-	-	-	1,523.71
FY 2003-2004	-	-	-	-	-	-	263.07
FY 2002-2003	-	-	-	-	-	-	303.02
FY 2001-2002	-	-	-	-	-	-	610.45
FY 2000-2001	-	-	-	-	-	-	434.62
Interest Expense							
3 Months ended June 30, 2005	-	-	-	-	-	-	(85.10)
FY 2004-2005	-	-	-	-	-	-	(328.09)
FY 2003-2004	-	-	-	-	-	-	(274.47)
FY 2002-2003	-	-	-	-	-	-	(332.80)
FY 2001-2002	-	-	-	-	-	-	(504.62)
FY 2000-2001	-	-	-	-	-	-	(487.52)

(Rs. in Million)

	Sugar	Turbine	Co-Generation	Agri Business	Other Operations	Eliminations	Total
Interest / Dividend Income							
3 Months ended June 30, 2005	-	-	-	-	-	-	2.24
FY 2004-2005	-	-	-	-	-	-	32.56
FY 2003-2004	-	-	-	-	-	-	50.84
FY 2002-2003	-	-	-	-	-	-	20.16
FY 2001-2002	-	-	-	-	-	-	6.25
FY 2000-2001	-	-	-	-	-	-	17.75
Income taxes (including deferred tax)							
3 Months ended June 30, 2005	-	-	-	-	-	-	(44.66)
FY 2004-2005	-	-	-	-	-	-	(371.57)
FY 2003-2004	-	-	-	-	-	-	2.28
FY 2002-2003	-	-	-	-	-	-	0.62
FY 2001-2002	-	-	-	-	-	-	(49.92)
FY 2000-2001	-	-	-	-	-	-	12.21
Profit from ordinary activities							
3 Months ended June 30, 2005	-	-	-	-	-	-	249.75
FY 2004-2005	-	-	-	-	-	-	856.61
FY 2003-2004	-	-	-	-	-	-	41.72
FY 2002-2003	-	-	-	-	-	-	(9.00)
FY 2001-2002	-	-	-	-	-	-	62.16
FY 2000-2001	-	-	-	-	-	-	(22.94)
Add : Non Recurring Items							
a) Profit on disposal of assets on closure of undertaking (net of tax)							
3 Months ended June 30, 2005	-	-	-	-	-	-	-
FY 2004-2005	-	-	-	-	-	-	3.70
FY 2003-2004	-	-	-	-	-	-	0.43
FY 2002-2003	-	-	-	-	-	-	64.83
FY 2001-2002	-	-	-	-	-	-	4.74
FY 2000-2001	-	-	-	-	-	-	

(Rs. in Million)

	Sugar	Turbine	Co-Generation	Agri Business	Other Operations	Eliminations	Total
b) Profit on sale of long term investment (net of tax)							
3 Months ended June 30, 2005							
FY 2004-2005	-	-	-	-	-	-	-
FY 2003-2004	-	-	-	-	-	-	-
FY 2002-2003	-	-	-	-	-	-	-
FY 2001-2002	-	-	-	-	-	-	48.25
FY 2000-2001	-	-	-	-	-	-	-
Net Profit after tax							
3 Months ended June 30, 2005	-	-	-	-	-	-	249.75
FY 2004-2005	-	-	-	-	-	-	856.61
FY 2003-2004	-	-	-	-	-	-	45.42
FY 2002-2003	-	-	-	-	-	-	(8.57)
FY 2001-2002	-	-	-	-	-	-	175.24
FY 2000-2001	-	-	-	-	-	-	(18.20)
(c) OTHER INFORMATION							
Segment Assets							
June 30, 2005	4995.55	937.24	827.88	36.04	578.30	-	7375.01
March 30, 2005	5,924.14	863.42	886.87	30.80	735.89	-	8,441.12
March 31, 2004	6,165.04	674.18	-	-	608.60	-	7,447.82
March 31, 2003	4,677.04	449.38	-	-	526.18	-	5,652.60
March 31, 2002	5,399.15	482.12	-	-	527.70	-	6,408.97
March 31, 2001	4,743.22	429.18	-	-	496.63	-	5,669.03
Unallocated assets							
June 30, 2005	-	-	-	-	-	-	1338.65
March 31, 2005	-	-	-	-	-	-	766.93
March 31, 2004	-	-	-	-	-	-	676.23
March 31, 2003	-	-	-	-	-	-	672.72
March 31, 2002	-	-	-	-	-	-	738.30
March 31, 2001	-	-	-	-	-	-	971.11
Total assets							
June 30, 2005	-	-	-	-	-	-	8713.66
March 31, 2005	-	-	-	-	-	-	9,208.05
March 31, 2004	-	-	-	-	-	-	8,124.05
March 31, 2003	-	-	-	-	-	-	6,325.32
March 31, 2002	-	-	-	-	-	-	7,147.27
March 31, 2001	-	-	-	-	-	-	6,640.14

(Rs. in Million)

		Sugar	Turbine	Co-Generation	Agri Business	Other Operations	Eliminations	Total
Segment liabilities								
	30.6.2005	578.75	908.21	40.03	6.28	194.64	1727.91	
	31.3.2005	1,242.07	712.15	47.88	2.17	215.42	-	2,219.69
	31.3.2004	1,787.97	536.38	-	-	111.49	-	2,435.84
	31.3.2003	1,238.04	365.86	-	-	155.23	-	1,759.13
	31.3.2002	1,395.97	302.75	-	-	219.26	-	1,917.98
	31.3.2001	941.59	222.14	-	-	191.24	-	1,354.97
Unallocated liabilities								
	30.6.2005	-	-	-	-	-	-	4888.56
	31.3.2005	-	-	-	-	-	-	5,056.05
	31.3.2004	-	-	-	-	-	-	4,428.87
	31.3.2003	-	-	-	-	-	-	3,315.17
	31.3.2002	-	-	-	-	-	-	3,946.06
	31.3.2001	-	-	-	-	-	-	4,146.84
Total liabilities								
	30.6.2005	-	-	-	-	-	-	6616.47
	31.3.2005	-	-	-	-	-	-	7,215.74
	31.3.2004	-	-	-	-	-	-	6,864.71
	31.3.2003	-	-	-	-	-	-	5,074.30
	31.3.2002	-	-	-	-	-	-	5,864.04
	31.3.2001	-	-	-	-	-	-	5,501.81
Capital expenditure								
	30.6.2005	163.53	20.76	6.89	0.44	2.92	-	-
	31.3.2005	341.18	17.16	578.14	17.35	275.00	-	-
	31.3.2004	72.57	7.11	-	-	192.81	-	-
	31.3.2003	86.87	5.48	-	-	5.54	-	-
	31.3.2002	116.88	13.05	-	-	5.40	-	-
	31.3.2001	55.85	12.86	-	-	5.05	-	-
Depreciation								
	30.6.2005	93.98	1.99	11.08	0.10	4.05	-	-
	31.3.2005	92.53	7.65	13.32	0.06	5.02	-	-
	31.3.2004	88.18	7.82	-	-	4.45	-	-
	31.3.2003	84.44	7.85	-	-	4.29	-	-
	31.3.2002	82.52	8.79	-	-	4.46	-	-
	31.3.2001	82.51	8.54	-	-	4.27	-	-
Amortisation								
	30.6.2005	7.40	5.12	-	-	-	0.70	-
	31.3.2005	30.16	18.85	-	-	0.02	3.70	-
	31.3.2004	29.46	18.95	-	-	-	5.45	-
	31.3.2003	19.36	14.11	-	-	-	4.24	-
	31.3.2002	14.19	12.32	-	-	-	2.64	-
	31.3.2001	13.72	19.94	-	-	-	1.11	-

Notes:

- 1) Company operations have been categorised into four major business segments in accordance with the Accounting Standard (AS-17)

“Segment Reporting”. These segments are briefly described hereunder:

- a) Sugar: The Group is a manufacturer of white crystal sugar, having an aggregate manufacturing Capacity of 25250 TCD (Tonnes crushed per day) spread over three manufacturing plants situated in Western UP. And Eastern UP. Along with sale of bulk & branded sugar, the company also sells molasses and bagasse which are produced as by-products.
 - b) Turbine: The Group is engaged in the manufacture of Steam turbines at manufacturing facilities located at Bangalore, Karnataka. The range of turbines manufactured are upto 15 MW. Apart from own R&D set up and indigenous technology, the company sources some technology from Peter Brotherhood, UK for limited range of turbines.
 - c) Co-generation : During the financial year 2004-2005, the group has commissioned a bagasse based 22 MW co-generation plant at Deoband, which apart from meeting sugar unit requirement of power and steam, expands surplus power to Uttar Pradesh Power Corporation Ltd.(UPPCL).
 - d) Agri-Business: During the financial year 2004-2005, the group has commenced operations in the agri-business sector, by commissioning its own stores as well as through franchise stores. These stores have been opened to cater to the requirements of the farmers and rural customers by offering a range of products comprising various agri-inputs; cattle feed, cycle, plastic furniture, fast moving consumer goods, tractors and bikes, building materials, diesel and petrol.
- 2) The other operations of the Company include Water/Waste Water Treatment and manufacture of High speed Gear pursued by the Company.
- 3) There are no geographical segments as the volume of exports is minimal and the major turnover of the Company takes place indigenously.
There is further no major reliance on few customers or suppliers.
- 4) Inter segment transfers have been priced based on competitive market prices charged to external customers for similar goods. These are then eliminated.
- 5) Segment result is segment revenue less segment expense. Segment expense include all expenses directly attributable to the segments and some portion of Company expenses that can be allocated on a reasonable basis to the segments. Interest expense, even on Working capital facilities, is not included in segment expenses and accordingly, segment liabilities do not include any corresponding borrowings.

ANNEXURE XIX
RESTATED CONSOLIDATED FINANCIAL STATEMENTS OF TRIVENI ENGINEERING & INDUSTRIES LIMITED AND ITS SUBSIDIARY COMPANIES
STATEMENT OF CONSOLIDATED PROFITS AND LOSSES AS RESTATED

(Rs. in Million)

Particular	Financial Year ended March 31				3 months ended June 30, 2005
	2002	2003	2004	2005	
Income					
Sales :					
- Of products manufactured by the Company (including excise duty)	6,032.91	7,049.23	6,429.89	10,236.38	2,548.04
Less : Excise Duty	418.76	502.07	468.19	602.42	153.94
Net Sales of products manufactured by Company	5,614.15	6,547.16	5,961.70	9,633.96	2,394.10
- Of products traded by the Company	-	-	-	12.39	116.74
Total Sales (net of excise duty)	5,614.15	6,547.16	5,961.70	9,646.35	2,510.84
Income from Associates	-	0.26	-	-	0.01
Other Income	27.72	36.15	29.17	37.95	10.72
Total Income	5,641.87	6,583.57	5,990.87	9,684.30	2,521.57
Expenditure					
Materials	4,208.18	4,221.78	5,330.87	6,037.56	920.21
Manufacturing & Operating	500.46	473.91	549.01	525.67	88.57
Personnel	465.45	497.33	505.72	548.92	150.35
Administration	261.86	260.62	274.65	300.51	70.69
Selling & Distribution	61.27	63.17	99.63	108.85	25.60
Off-season Expenses charged (Net)	(32.31)	(58.95)	72.37	4.40	(104.00)
Decrease/(Increase) in Inventories of Finished Goods & Work-in-Progress	(577.20)	674.14	(1,270.09)	452.30	937.00
Loss from Associates	-	-	8.47	0.82	-
Sub Total	4,887.71	6,132.00	5,570.63	7,979.03	2,088.42
Operating Profit – EBIDTA	754.16	451.57	420.24	1,705.27	433.15
Financing (Net)	499.07	312.77	224.00	296.04	82.87
Amortisation	43.11	50.08	65.32	55.98	14.04

(Rs. in Million)

Particular	Financial Year ended March 31				3 months ended June 30, 2005
	2002	2003	2004	2005	
Profit before Depreciation, Tax & Non-recurring items	211.98	88.72	130.92	1,353.25	336.24
Depreciation (Net of transfer from revaluation reserve)	100.07	99.22	102.91	123.42	42.77
Net Profit / (Loss) before Tax & Non-Recurring Items	111.91	(10.50)	28.01	1,229.83	293.47
Fringe Benefit Tax	-	-	-	-	3.00
Current Tax	1.81	6.10	30.55	230.45	33.50
Deferred Tax	48.36	(7.12)	(33.89)	142.00	8.16
Net Profit / (Loss) after Tax and before Non-Recurring Items	61.74	(9.48)	31.35	857.38	248.81
Non-Recurring Income (net of tax)					
- Profit on disposal of assets on closure of undertaking	64.83	0.43	3.70	-	-
- Profit on sale of long term investments	48.25	-	-	-	-
Net Profit / (Loss) after Tax	174.82	(9.05)	35.05	857.38	248.81

Note : The accompanying significant accounting policies and material notes to restated consolidated financial statements are an integral part of this statement.

RESTATED CONSOLIDATED FINANCIAL STATEMENTS OF TRIVENI ENGINEERING & INDUSTRIES LIMITED AND ITS SUBSIDIARY COMPANIES
STATEMENT OF CONSOLIDATED ASSETS AND LIABILITIES AS RESTATED

(Rs. in Million)

Particular	Financial Year ended As At March 31				3 months ended As At June 30, 2005
	2002	2003	2004	2005	
A Fixed Assets					
Gross Block	2,313.40	2,387.40	2,467.83	3632.06	3664.39
Less : Depreciation	883.11	972.12	1,065.43	1,169.19	1212.75
Net Block	1,430.29	1,415.28	1,402.40	2,462.87	2451.64
Less : Revaluation Reserve	194.12	191.28	187.74	184.20	183.32
Net Block after adjustment of Revaluation Reserve	1,236.17	1,224.00	1,214.66	2,278.67	2268.32
Intangible Assets	28.97	44.13	31.35	27.81	25.64
Discarded Assets Pending Disposal	6.03	4.10	2.03	2.22	2.21
Plant & Machinery Acquired under Lease	232.97	241.87	234.91	216.02	213.02
Capital Work in Progress / Capital Advances	6.68	16.59	182.54	300.40	836.41
Goodwill	0.01	0.01	0.01	0.01	0.01
Total	1,510.83	1,530.70	1,665.50	2,825.13	3345.61
B Investments	225.93	224.65	216.27	215.54	215.55
C Current Assets, Loans & Advances					
Inventories	3,997.00	3,260.44	4,654.53	4,354.53	3375.10
Sundry Debtors	471.72	375.91	588.88	671.54	486.79
Cash & Bank Balances	158.44	125.91	162.25	228.41	221.07
Other Current Assets	13.62	10.90	10.59	8.98	9.38
Loans & Advances	550.31	583.78	584.99	685.81	840.06
Total	5,191.09	4,356.94	6,001.24	5,949.27	4932.40
D Liabilities & Provisions					
Secured Loans	3,426.58	2,820.54	3,864.44	4,299.64	3696.38
Unsecured Loans	199.80	183.97	238.71	201.29	618.09
Deferred Tax Liability (Net)	235.63	228.78	197.03	339.04	347.20
Current Liabilities & Provisions	2,004.85	1,845.25	2,570.95	2,442.95	1961.74
Total	5,866.86	5,078.54	6,871.13	7,282.92	6623.41

(Rs. in Million)

Particular	Financial Year ended As At March 31				3 months ended As At June 30, 2005
	2002	2003	2004	2005	
E Net Worth (A + B + C - D)	1,060.99	1,033.75	1,011.88	1,707.02	1870.15
F Represented by					
1. Share Capital	122.89	122.89	122.89	103.02	207.88
2. Reserves & Surplus	1,160.22	1,125.43	1,123.25	1,816.98	1876.08
Less : Revaluation Reserve	194.12	191.28	187.74	184.20	183.32
Reserves (Net of Revaluation Reserve)	966.10	934.15	935.51	1,632.78	1692.76
3. Less : Miscellaneous Expenditure	28.00	23.29	46.52	28.78	30.49
Net Worth (1+2-3)	1,060.99	1,033.75	1,011.88	1,707.02	1870.15

Note : The accompanying significant accounting policies and material notes to restated consolidated financial statements are an integral part of this statement.

ANNEXURE – XXI

RESTATED CONSOLIDATED FINANCIAL STATEMENTS OF TRIVENI ENGINEERING & INDUSTRIES LIMITED AND ITS SUBSIDIARY COMPANIES

RESTATED CONSOLIDATED CASH FLOWS

(Rs. in Million)

	Financial Year Ended March 31,				June 30,
	2002	2003	2004	2005	2005
A. CASH FLOW FROM OPERATING ACTIVITIES					
Profit/(Loss) before Tax & Non-recurring Items	111.91	(10.50)	28.01	1,229.84	293.47
Add : Non-recurring Items					
Profit on disposal of assets on closing of undertaking	108.95	0.76	5.83	-	-
Profit on sale of long term investments	69.63	-	-	-	-
Profit/(Loss) before Tax after considering impact of Non-recurring Items	290.49	(9.74)	33.84	1,229.84	293.47
Add : Depreciation	100.07	99.22	102.91	123.41	42.77
Amortisation					
- Machinery Lease Rentals	14.82	13.82	13.87	13.39	3.35
- Intangible Assets	10.24	21.90	22.48	18.59	4.69
- Miscellaneous Expenditure	18.05	14.36	28.97	24.00	6.01
Less : Income/(Losses) from Associates	-	0.26	(8.47)	(0.82)	0.01
Less : Incomes/Expenses treated separately					
Dividend Income	0.75	0.03	0.06	0.06	-
Profit/(Loss) on sale of assets	112.19	(3.53)	4.87	(11.31)	(0.01)
Diminution in value of discarded assets	-	-	(2.00)	-	-
Profit/(Loss) on sale of investments/written off	69.63	-	-	-	-
Interest Expenses	(504.63)	(332.81)	(274.51)	(328.09)	(85.09)
Interest Income	5.55	20.05	50.51	32.05	2.23
Deferred Revenue Expenditure Incurred	4.94	14.45	52.21	6.25	7.72
Operating Profit before					
Working Capital changes	745.24	441.11	379.40	1,711.09	425.43
Changes in Working Capital					
Changes in Inventories	(569.49)	736.56	(1,394.09)	299.86	979.44
Changes in Receivables	(94.87)	95.81	(212.96)	(73.21)	186.84
Changes in Other Trade Receivables	(5.38)	(59.34)	(24.72)	(155.11)	(156.22)
Changes in Current Liabilities	447.32	(141.89)	712.70	(228.84)	(455.60)
Direct Taxes Paid (Net) including wealth tax	0.17	24.49	(12.59)	(145.28)	(62.59)
Net Changes in Working Capital	(222.25)	655.63	(931.66)	(302.58)	491.87
Cash Flow from operating activities	522.99	1,096.74	(552.26)	1,408.51	917.30

(Rs. in Million)

	Financial Year Ended March 31,				June 30,
	2002	2003	2004	2005	2005
B. CASH FLOW FROM INVESTMENT ACTIVITIES					
Purchase of Fixed/Intangible Assets	(129.60)	(136.20)	(272.91)	(1,326.60)	(577.24)
Sale of Fixed/Intangible Assets	310.46	5.72	8.69	1.64	0.04
Purchase of Investments					
- Others	-	(0.17)	-	(0.10)	-
Sale of Investments					
- Others	74.53	-	-	-	-
Changes in Loans & Advances	15.67	6.80	4.77	23.99	1.34
Interest Income	6.04	15.54	38.80	44.51	1.83
Dividend Income	0.75	0.04	0.06	0.06	-
Net Cash Flow in Investment Activities	277.85	(108.27)	(220.59)	(1,256.50)	(574.03)
C. CASH FLOW FROM FINANCING ACTIVITIES					
Increase/(Decrease) in Short Term Borrowings (Net)	(63.09)	(20.31)	50.22	(41.86)	415.63
Increase/(Decrease) in Long Term Borrowings (Net)	(124.59)	(252.81)	110.46	556.02	194.03
Increase in Cash Credit	32.82	(353.23)	933.45	(120.83)	(797.28)
Interest Paid	(501.40)	(341.72)	(269.65)	(338.28)	(78.39)
Machinery Lease Rentals	(29.09)	(23.08)	(6.91)	(1.37)	(0.34)
Redemption of Debentures	(50.00)	-	-	-	-
Redemption of Preference Shares (including premium)	-	-	-	(78.19)	(76.40)
Dividend Paid (Including Tax on Distributed Profit)	(19.63)	(24.86)	(21.54)	(66.20)	(8.05)
Net Cash Flow used in Financing Activities	(754.98)	(1,016.01)	796.03	(90.71)	(350.80)
Net Increase/(Decrease) in Cash & Cash Equivalents	45.86	(27.54)	23.18	61.30	(7.53)
Opening Cash & Cash Equivalents	89.35	135.22*	107.68	130.86	192.16
Closing Cash & Cash Equivalents	135.21	107.68	130.86	192.16	184.63

* Includes Rs.0.01 million on account of Abohar Power Generation Ltd. which became subsidiary during this year.

SIGNIFICANT ACCOUNTING POLICIES & MATERIAL**NOTES TO RESTATED CONSOLIDATED FINANCIAL STATEMENTS****D. 1. SIGNIFICANT ACCOUNTING POLICIES**

- (a) The consolidated financial statements have been prepared in accordance with Accounting Standard – 21 on Consolidated Financial Statements, Accounting Standard – 23 on Accounting for Investments in Associates and Accounting Standard – 3 on Cash Flow Statements issued by Institute of Chartered Accountants of India.
- (b) The consolidated financial statements comprise the financial statements of Triveni Engineering & Industries Ltd (Holding Company) incorporated in India, its 100% subsidiaries Triveni SRI Limited and Abohar Power Generation Limited (formerly known as Triveni Power Generation Ltd) and Upper Bari Power Generation Limited (incorporated on April 29, 2005), all incorporated in India and proportionate accumulated income/(expenses) of its associate companies - TOFSL Trading & Investments Ltd, The Engineering & Technical Services Ltd, Triveni Entertainment Ltd and Carvansera Ltd.
- (c) 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.
- (d) 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.
- (e) Investments other than in associates have been accounted as per Accounting Standard 13 on Accounting for Investments.
- (f) Other significant accounting policies
 - i) These are set out under “Significant Accounting Policies” as given in the restated Financial Statements of Triveni Engineering & Industries Limited.
 - ii) Revenue in respect of contracts entered into after March 31, 2003 is recognized on percentage of completion method as per AS-7 (Revised) – Construction Contracts issued by Institute of Chartered Accountants of India in respect of subsidiary company Triveni SRI Limited. No contracts were entered into in the case of Triveni Engineering & Industries Ltd after March 31, 2003. Impact of AS-7 (Revised) in respect of contracts entered before April 1, 2003 is not considered since AS-7 (Revised) was not mandatory for the period prior to April 1, 2003.

2. NOTES TO ACCOUNTS

- a. The contingent liabilities of the group are predominantly that of the parent company. There are no material contingent liabilities in the case of Subsidiaries and in respect of Associates.
- b. Income from operations includes sale by subsidiary company to parent Company which is capitalized by parent Company as follows. Net profit arising therefrom was not material and has not been eliminated.

March 31, 2002	:	Nil
March 31, 2003	:	Nil
March 31, 2004	:	Rs.16.36 million
March 31, 2005	:	Rs.37.89 million
June 30, 2005	:	Nil

- c. For other material notes refer Notes to Restated Financial Statements of Triveni Engineering & Industries Ltd.

ANNEXURE - XXIII

CONSOLIDATED RELATED PARTY DISCLOSURES

A. DETAILS OF THE LIST OF RELATED PARTIES AND NATURE OF RELATIONSHIPS

Particulars	Financial Year Ended March, 31				Quarter ended June 30, 2005
	2002	2003	2004	2005	
Nature of relationship	Name of the Party	Name of the Party	Name of the Party	Name of the Party	Name of the Party
Associates	TOFSL Trading & Investment Ltd The Engineering & Technical Services Ltd Triveni Entertainment Ltd Carvansera Ltd	TOFSL Trading & Investment Ltd The Engineering & Technical Services Ltd Triveni Entertainment Ltd Carvansera Ltd	TOFSL Trading & Investment Ltd The Engineering & Technical Services Ltd Triveni Entertainment Ltd Carvansera Ltd	TOFSL Trading & Investment Ltd ii) The Engineering & Technical Services Ltd Triveni Entertainment Ltd Carvansera Ltd	TOFSL Trading & Investment Ltd The Engineering & Technical Services Ltd Triveni Entertainment Ltd Carvansera Ltd
Joint Venture Company	Triveni Flexibox Ltd (Stake disinvested during the year)				
Key Management Person ("KMP")	Mr D M Sawhney Chairman & Managing Director	Mr D M Sawhney Chairman & Managing Director	Mr D M Sawhney Chairman & Managing Director	Mr D M Sawhney Chairman & Managing Director	Mr D M Sawhney Chairman & Managing Director
Relatives of Key Management Person ("RKMP")	Mr Nikhil Sawhney Late Mr. Pawan Sawhney Late Mr. Puran Chand Sawhney	Mrs Rati Sawhney Late Mr. Puran Chand Sawhney Mr Nikhil Sawhney Late Mr.Pawan Sawhney Late Mr. Puran Chand Sawhney	Mrs Rati Sawhney Mr Tarun Sawhney	Mrs Rati Sawhney Mr Tarun Sawhney Mr Nikhil Sawhney	Mrs Rati Sawhney Mr Tarun Sawhney Mr Nikhil Sawhney
Related parties where KMP/ RKMP exercise significant influence	Mahalaxmi Sugar Mills Ltd (Ceased to be interested during the year) Kameni Upaskar Ltd	Kameni Upaskar Ltd	Kameni Upaskar Ltd	Kameni Upaskar Ltd	Kameni Upaskar Ltd

B. CONSOLIDATED DETAIL OF TRANSACTION WITH RELATED PARTIES AND DETAILS OF OUTSTANDING BALANCES

Particulars	Nature of Relationship	Financial year ended March 31,				Quarter Ended June 30, 2005
		2002	2003	2004	2005	
Sales and rendering of Services	Associates	1.75	0.96	0.39	318.80*	0.10
	Joint Venture Company	0.23	-	-	-	-
	Total	1.98	0.96	0.39	318.80	0.10
Purchases and receiving services	Joint Venture Company	0.18	-	-	-	-
	Total	0.18	-	-	-	-
Purchase of Fixed Assets	Associates	0.35	-	0.20	0.20	-
	Total	0.35	-	0.20	0.20	-
Sale of Fixed Assets	Joint Venture Company	0.15	-	-	-	-
	Total	0.15	-	-	-	-
Rent Paid	Key Management Person (“KMP”)	0.06	0.20	0.31	0.39	0.12
	Relatives of Key Management Person (“RKMP”)	0.25	0.11	-	-	-
	Where KMP/RKMP exercise significant influence	0.72	0.90	0.90	2.00	0.57
	Total	1.03	1.21	1.21	2.39	0.69
Rent & Other Charges Received	Associates	-	-	-	0.24	0.41
	Where KMP/RKMP exercise significant influence	2.49	-	-	-	-
	Total	2.49	-	-	0.24	0.41
Amount Advanced/Refunded on Expense incurred (Net)	Associates	(1.63)	(8.48)	(5.08)	(24.92)	1.20
	Joint Venture Company	(0.24)	-	-	-	-
	Total	(1.87)	(8.48)	(5.08)	(24.92)	1.20
Interest Received	Associates	0.74	0.43	0.12	2.04	1.63
	Total	0.74	0.43	0.12	2.04	1.63
Interest Paid	Associates	0.77	0.63	0.18	0.16	0.04
	Key Management Person (“KMP”)	-	0.06	0.02	0.02	-
	Where KMP/RKMP exercise significant influence	-	-	0.03	0.01	-
	Total	0.77	0.69	0.23	0.19	0.04

Particulars	Nature of Relationship	Financial year ended March 31,				Quarter Ended June 30, 2005
		2002	2003	2004	2005	
Remuneration	Key Management Person (“KMP”)	2.57	7.37	4.99	18.90	3.95
	Relatives of Key Management Person (“RKMP”)	0.47	1.85	2.96	5.48	1.60
	Total	3.04	9.22	7.95	24.38	5.55
Outstanding Balances A) Loans & Advances	Associates	68.06	61.13	56.99	32.76	33.01
	Key Management Person (“KMP”)	0.01	0.01	0.02	0.02	0.02
	Relatives of Key Management Person (“RKMP”)	0.04	0.01	-	-	-
	Where KMP/RKMP exercise significant influence	5.16	0.36	0.36	0.90	0.90
	Total	73.27	61.51	57.37	33.68	33.93
B) Sundry Debtors	Associates	-	-	-	201.75	66.80
	Total	-	-	-	201.75	66.80
C) Other Current Assets	Associates	10.08	9.18	8.88	6.58	6.58
	Total	10.08	9.18	8.88	6.58	6.58
D) Unsecured Loans	Associates	1.50	-	-	-	-
	Relatives of Key Management Person (“RKMP”)	-	0.19	0.19	0.15	0.15
	Where KMP/RKMP exercise significant influence	-	-	0.35	-	-
	Total	1.50	0.19	0.54	0.15	0.15
E) Trade & Other Creditors	Associates	4.72	4.81	2.70	2.59	2.31
	Key Management Person (“KMP”)	0.01	0.02	0.13	0.02	0.03
	Relatives of Key Management Person (“RKMP”)	0.01	-	-	-	-
	Total	4.74	4.83	2.83	2.61	2.34

* Includes Rs.318.42 million towards sale of sugar.

C. CONSOLIDATED DISCLOSURE OF SIGNIFICANT TRANSACTIONS WITH RELATED PARTIES

Type of Transaction	Type of Relationship	Name of entity/Person	Financial Year Ended March 31,				Quarter Ended June 30, 2005
			2002	2003	2004	2005	
Sales and rendering of Services	Associates	The Engineering & Technical Services Ltd	0.95	0.60	0.24	0.24	0.06
		TOFSL Trading & Investment Ltd	0.12	0.12	0.09	318.50*	0.02
		Triveni Entertainment Ltd	0.68	0.24	0.06	0.06	0.02
		Triveni Flexibox Ltd	0.23	-	-	-	-
	Total		1.98	0.96	0.39	318.80	0.10
Purchases and receiving Services	Joint Venture Company	Triveni Flexibox Ltd	0.18	-	-	-	-
	Total		0.18	-	-	-	-
Purchase of Fixed Assets	Associates	The Engineering & Technical Services Ltd	0.35	-	0.20	0.20	-
	Total		0.35	-	0.20	0.20	-
Sale of Fixed Assets	Joint Venture Company	Triveni Flexibox Ltd	0.15	-	-	-	-
	Total		0.15	-	-	-	-
Rent Paid	Key Management Person ("KMP")	Mr D M Sawhney, Chairman & Managing Director	0.06	0.20	0.31	0.39	0.12
	Relatives of Key Management Person ("RKMP")	Late Mr. Pawan Sawhney	0.06	0.03	-	-	-
		Late Mr. Puran Chand Sawney	0.19	0.08	-	-	-
	Where KMP/ RKMP exercise significant influence	Kameni Upaskar Ltd	0.72	0.90	0.90	2.00	0.57
	Total		1.03	1.21	1.21	2.39	0.69
Rent & Other Charges Received	Associates	TOFSL Trading & Investment Ltd	-	-	-	0.24	0.41
	Where KMP/RKMP exercise significant influence	Mahalaxmi Sugar Mills Ltd	2.49	-	-	-	-
	Total		2.49	-	-	0.24	0.41
Amount Advanced/ Refunded on Expense incurred (Net)	Associates	The Engineering & Technical Services Ltd	(2.32)	(6.35)	(1.77)	0.20	0.20
		TOFSL Trading & Investment Ltd	1.14	(0.78)	(3.15)	1.27	1.00

Type of Transaction	Type of Relationship	Name of entity/person	Financial Year Ended March 31,				Quarter Ended June 30, 2005
			2002	2003	2004	2005	
	Joint Venture Company	Triveni Entertainment Ltd	0.43	(0.45)	0.14	-	-
		Carvanserai Ltd	(0.88)	(0.90)	(0.30)	(26.39)	-
		Triveni Flexibox Ltd	(0.24)	-	-	-	-
	Total		(1.87)	(8.48)	(5.08)	(24.92)	1.20
Interest Received	Associates	The Engineering & Technical Services Ltd	0.53	0.22	0.04	0.01	-
		TOFSL Trading & Investment Ltd	0.21	0.16	0.08	2.03	1.63
		Triveni Entertainment Ltd	-	0.05	-	-	-
	Total		0.74	0.43	0.12	2.04	1.63
Interest Paid	Associates	The Engineering & Technical Services Ltd	-	-	-	0.02	-
		Triveni Entertainment Ltd	0.77	0.63	0.18	0.14	0.04
	Relatives of Key Management Person ("RKMP")	Mrs Rati Sawhney	-	0.06	0.02	0.02	-
		Where KMP/RKMP exercise significant influence	-	-	0.03	0.01	-
	Total		0.77	0.69	0.23	0.19	0.04
Remuneration	Key Management Person ("KMP")	Mr D M Sawhney, Chairman & Managing Director	2.57	7.37	4.99	18.90	3.95
		Mr Nikhil Sawhney	0.47	0.21	-	1.78	0.73
	Relatives of Key Management Person ("RKMP")	Mr Tarun Sawhney	-	1.64	2.96	3.70	0.87
	Total		3.04	9.22	7.95	24.38	5.55
Outstanding Balances A) Loans & Advances	Associates	The Engineering & Technical Services Ltd	6.86	1.13	-	-	-
		TOFSL Trading & Investment Ltd	3.75	3.15	0.14	-	0.25
		Triveni Entertainment Ltd	0.60	-	-	-	-
	Key Management Person ("KMP")	Carvanserai Ltd	56.85	56.85	56.85	32.76	32.76
		Mr D M Sawhney, Chairman & Managing Director	0.01	0.01	0.02	0.02	0.02

Type of Transaction	Type of Relationship	Name of entity/person	Financial Year Ended March 31,				Quarter Ended June 30, 2005
			2002	2003	2004	2005	
	Relatives of Key Management Person ("RKMP") Where KMP/RKMP exercise significant influence	Late Mr Pawan Sawhney	0.01	0.01	-	-	-
		Late Mr Puran Chand Sawhney	0.03	-	-	-	-
		Mahalaxmi Sugar Mills Ltd	4.80	-	-	-	-
		Kameni Upaskar Ltd	0.36	0.36	0.36	0.90	0.90
	Total		73.27	61.51	57.37	33.68	33.93
B) Sundry Debtors	Associates	The Engineering & Technical Services Ltd	-	-	-	0.25	0.06
		TOFSL Trading & Investment Ltd	-	-	-	201.44	66.73
		Triveni Entertainment Ltd	-	-	-	0.06	0.01
			-	-	-	201.75	66.80
	Total		-	-	-	201.75	66.80
C) Other Current Assets	Associates	Carvansera Ltd	10.08	9.18	8.88	6.58	6.58
	Total		10.08	9.18	8.88	6.58	6.58
D) Unsecured Loans	Associates	Triveni Entertainment Ltd	1.50	-	-	-	-
	Relatives of Key Management Person ("RKMP")	Mrs Rati Sawhney	-	0.19	0.19	0.15	0.15
	Where KMP/RKMP exercise significant influence	Kameni Upaskar Ltd	-	-	0.35	-	-
	Total		1.50	0.19	0.54	0.15	0.15
E) Trade & Other Creditors	Associates	The Engineering & Technical Services Ltd	-	-	0.41	0.20	-
		Triveni Entertainment Ltd	4.72	4.81	2.29	2.39	2.31
		Mr D M Sawhney, Chairman & Managing Director	0.01	0.02	0.13	0.02	0.03
	Relatives of Key Management Person ("RKMP")	Mr Nikhil Sawhney	0.01	-	-	-	-
	Total		4.74	4.83	2.83	2.61	2.34

* Includes Rs.318.42 million towards sale of sugar.

SUMMARY OF SIGNIFICANT DIFFERENCES BETWEEN INDIAN GAAP AND U.S. GAAP

The summarized financial information and financial statements included in this Red Herring Prospectus have been prepared in accordance with the requirements of the Companies Act and accounting principles generally accepted in India (collectively “Indian GAAP”), which differ in certain respects from the accounting principles generally accepted in the United States (or “U.S. GAAP”).

The following table summarizes significant measurement differences between U.S. GAAP and Indian GAAP insofar as they affect financial information reported in this Red Herring Prospectus.

Various U.S. GAAP and Indian GAAP pronouncements have been issued for which the mandatory application date is later than the reporting dates in this Red Herring Prospectus. These, together with standards that are in the process of being developed in both jurisdictions, could have a significant impact on future comparisons between U.S. GAAP and Indian GAAP.

	Particulars	Indian GAAP	U.S. GAAP
1	Format and content of financial statements	<p>Entities are required to present balance sheets, profit and loss accounts and, if listed or proposing listing or company with turnover exceeding Rs.500 million, cash flows for two years together with accounting policies, schedules and notes. Entities seeking a listing are required to present five years of adjusted financial information.</p> <p>Format for presentation of financial statements is as prescribed by the relevant statute.</p>	<p>All entities are required to present balance sheets, income statements, statements of changes in shareholders’ equity, cash flows and comprehensive income, together with accounting policies and notes to the financial statements. The extent of disclosures in the notes to financial statements generally is far more extensive than under Indian GAAP.</p> <p>No specific format is mandated; generally items are presented on the face of the Balance Sheet in decreasing order of liquidity. Income statement items may be presented using a single-step or a multiple step format. Expenditure must be presented by function.</p> <p>Securities Exchange Commission (“SEC”) registrants are generally required to present two years of balance sheets and three years for all other statements.</p>
2	Consolidation and investments in subsidiaries	<p>In India, the reporting entity generally follows legal form, and under the Companies Act is considered to be the legal entity rather than a group.</p> <p>Accordingly, there is no legal requirement to prepare consolidated financial statements. In stand alone financial statements, investments in subsidiaries, if classified as long term investments, are accounted at cost less an allowance for permanent impairments. If disclosed as current investments, they are valued at lower of cost and fair value.</p>	<p>Under U.S.GAAP, there is a presumption that consolidated financial statements present more meaningful financial information for a parent and subsidiaries than separate financial statements of the parent.</p> <p>Accordingly, consolidation is required for entities where the parent has majority financial control, generally when it controls more than 50% of the outstanding voting stock, except when control is likely to be temporary or is impaired. Separate financial statements of the parent only are not presented.</p>

	Particulars	Indian GAAP	U.S. GAAP
		<p>Accounting Standard (AS21) on “Consolidated Financial Statements”, does not require consolidation, but sets out the standard to be followed in the event that consolidated financial statements are presented or required by law or regulation. SEBI requires listed companies and those seeking a listing to publish consolidated financial statements in accordance with AS21 in addition to the separate financial statements of the parent.</p> <p>For the purposes of identifying the voting interests held in an investee, direct interests and those indirect interests held through a subsidiary are considered.</p>	<p>Entities where the minority shareholder has substantive participating rights overcome the presumption that the majority shareholder controls the entity thus precluding consolidation of the results of that entity. In such cases, the equity method of accounting applies.</p> <p>Entities where the minority shareholder has protective rights only are consolidated.</p> <p>For the purposes of identifying the voting interests held in an investee, all direct and indirect interests are considered. Accordingly, certain investees may be considered as subsidiaries to be consolidated under U.S. GAAP which may be treated as equity affiliates under Indian GAAP.</p> <p>In January 2003, the FASB issued Interpretation No.46, “Consolidation of Variable Interest Entities” an interpretation of Accounting Research Bulletin (ARB) 51 that applies to variable interest entities created after January 31, 2003, and to variable interest entities in which an enterprise obtains an interest after that date. A variable interest entity to be consolidated is one in which a party could face risk of loss without having an equity interest, and includes many entities that would previously have remained off-balance sheet.</p>
3	Investments in securities	<p>Investments are classified as long term or current.</p> <p>Current investments that are readily realizable and not intended to be held for more than one year from the date of purchase are carried at the lower of cost or fair market value. Unrealized losses are charged to the income statement; unrealized gains are not recorded except to restore previously recorded unrealized losses that may have reversed.</p>	<p>Investments in marketable equity securities and all debt securities are classified according to management’s holding intent into one of the following categories trading available for sale or held to maturity.</p> <p>Trading securities are marked to fair value with the resulting unrealized gain or loss recognized currently in the income statement.</p>

	Particulars	Indian GAAP	U.S. GAAP
4	Investments in associates or affiliates	The equity method of accounting for investments in associates is required in consolidated financial statements of listed companies. The definition of associates and equity accounting are essentially similar to US GAAP. There is no requirement to apply the equity method of accounting in the standalone financial statements of the parent and the same are accounted for in the same manner as other investments in the stand alone financial statements of a parent.	Investments over which the investor can exert significant influence, generally presumed when the investor owns between 20% and 50% of the voting stock, are required to be accounted for using the equity method. The equity method requires investors to record their investment in the associate as a one-line asset and reflect their share of the investee's net income/loss in their earnings. Dividends received reduce the investment account. This method is also followed for unconsolidated subsidiaries.
5	Property plant and equipment	Fixed assets are recorded at historical costs or revalued amounts. On revaluation, an entire class of assets is revalued, or a selection of assets for revaluation is made on a systematic basis. There is no restriction on the frequency of revaluation. However, revaluation should not exceed the recoverable amount of assets.	Revaluations are not permitted.
6	Impairment of assets	Applicable for accounting periods beginning from April 1, 2004 onwards. The standard required companies to assess whether there is any indication that an asset is impaired at each balance sheet date. If such an indication exists, the company is required to estimate the recoverable amount of the asset. If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset should be reduced to its recoverable amount and reported as an impairment loss.	SFAS No.144 develops one accounting model for long-lived assets other than goodwill that are to be disposed of by sale, as well as addresses the principal implementation issues. SFAS No.144 requires that long-lived assets that are to be disposed of by sale be measured at the lower of book value or fair value less cost to sell. The impairment review is based on undiscounted cash flows at the lowest level of independent cash flows. If the undiscounted cash flows are less than the carrying amount, the impairment loss must be measured using discounted cash flows.
7	Intangible Assets	AS 26 on Intangible Assets became effective in respect of expenditure incurred on intangible items during accounting period commencing on or after April 1, 2003 in respect of listed public companies. The standard differentiates between intangible items and intangible assets whereby intangible items are expensed and intangible assets should be recognized if and only if it is probable that the future economic benefits that are attributable to the asset will flow to the enterprise and the cost of the asset can be measured reliably.	Purchased intangibles are capitalized at their fair value. Costs relating to internally developed intangible assets are expenses when incurred. Intangible assets with definite lives are amortized over the expected period of benefit. Intangible assets with indefinite lives are not amortized but are subject to an annual impairment test or more frequently in the event of a triggering event.

	Particulars	Indian GAAP	U.S. GAAP
8	Borrowing costs and interest capitalized	<p>Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as a cost of the asset. Other borrowings cost are recognized as an expense in the period in which they are incurred.</p> <p>Foreign exchange gains or losses relating to borrowings incurred to construct fixed assets are treated as a part of borrowings costs during the construction period.</p> <p>Debt issuance costs may be amortized, charged as an expense or charged to the Securities Premium Account.</p>	<p>Interest cost is capitalized as part of the cost of an asset that is constructed or produced for an enterprise's own use. The capitalization period begins when activities commence to make the assets ready and ends when the assets is ready for use. The capitalized interest is expensed over the estimated useful life of the asset as part of the depreciation charge.</p> <p>Origination or commitment fees incurred to obtain a borrowing are treated as a deferred charge and amortized using the effective interest method over the life of the debt.</p>
9	Foreign exchange	<p>Transactions in foreign currency are recorded at the exchange rate prevailing on the date of the transaction. Monetary items are restated at year end exchange rates, Exchange differences arising on transactions of monetary items are recognised as income or expense in the year in which they arise except in respect of liabilities for the acquisition of fixed asset where such exchange difference is adjusted in the carrying cost of the fixed assets.</p>	<p>All gains and losses arising from foreign currency transaction are included in determining net income.</p>
10	Deferred taxation	<p>Deferred taxes are required to be provided for the tax effect of timing differences between taxable income and accounting income using substantively enacted tax rates.</p> <p>Deferred tax assets arising due to unabsorbed depreciation or carry forward of losses are recognized only to the extent that there is virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.</p> <p>Other deferred tax assets are recognized 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.</p>	<p>Deferred tax liabilities and assets are recorded for the tax effect of temporary differences between the tax and book bases of assets and liabilities and operating loss carry-forwards, at currently enacted tax rates expected to be in force when the temporary differences reverse. Changes in tax rates are reported in the income statement in the period of enactment.</p> <p>A valuation allowance is made against deferred tax assets if, based on the weight of available evidence, it is more likely than not that some portion or all of the deferred tax asset will not be realized.</p>

	Particulars	Indian GAAP	U.S. GAAP
11	Proposed dividend	Proposed dividends are recognized in the financial statements in the period to which they relate, even if they are subject to shareholders' approval.	Dividends are recorded in the year of declaration.
12	Vacation accrual	Vacation accrual, or leave encashment, is viewed as a retirement entitlement and is generally reported at the actuarially determined present value of future benefits.	Vacation earned but not taken is reported as a liability based on the number of days entitlement, priced at the balance sheet salary rate.
13	Retirement benefits	The liability for defined benefit plans like gratuity and pension is determined as per actuarial valuation. The actuarial gains or shortfall are recognized immediately in the Profit & Loss account. Expenditure incurred on voluntary retirement scheme may be deferred.	The liability for defined benefit retirement plans is reported at the present value of future benefits using the projected unit credit method, with a stipulated method to determine assumptions. Expenditure incurred on voluntary retirement scheme should be expensed in the period incurred.
14	Depreciation	Depreciation is generally charged at rates prescribed by the Companies Act. These rates are the minimum rates, and companies are permitted to charge depreciation at higher rates, in order to write off the cost of assets over their useful lives, if shorter.	Depreciation is provided in a systematic and rational manner over the estimated useful economic life of the assets.
15	Miscellaneous Expenditure	AS26 effective from April 1, 2004 disallows deferral of expenses related to product advertising, preliminary expenses. However it allows certain accounting issues of specialized nature to be accounted differently	Does not allow deferral of expenses, However cost of direct response advertising may be deferred over the period expected to be benefited.
16	Off-balance sheet items	As enterprise should disclose for each class of contingent liability at balance sheet date, a brief description of the nature of the contingent liability in terms of AS29. Amount of capital commitment is also to be disclosed.	SEC registrants are required to provide extensive disclosures of material off-balance sheet items, contingent liabilities and financial guarantees. Commitments and contingencies are required to be disclosed.
17	Segments	Specified segment disclosures are provided which could either be business segments or geographical segments.	Segments information is provided for reportable segments based on the segments for which the chief operating decision maker allocates resources and measures performance. The amount to be disclosed correspond to the measures of performance used by the chief operating decision maker.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion of our financial condition and results of operations together with our restated unconsolidated financial statements for each of the fiscal years ended March 31, 2003, 2004 and 2005 and for the three month period ended June 30, 2005 including the notes thereto and the reports thereon in the section titled "Financial Statements" on page 168 of this Red Herring Prospectus. The financial information for fiscal 2001, 2002, 2003, 2004, 2005 and the three month period ended June 30, 2005 have been audited by our Auditors. These financial statements have been prepared in accordance with Indian GAAP, SEBI Guidelines and the Companies Act. Indian GAAP differs in certain significant respects from U.S. GAAP. For more information on these differences, see "Summary of Significant Differences between Indian GAAP and U.S. GAAP", on page 227 of this Red Herring Prospectus.

Our fiscal year ends on March 31 of each year, so all references to a particular fiscal year are to the twelve-month period ended March 31 of that year. The term "revenues" or "turnover" or "sales" as used in this discussion refers to the item titled "total sales (net of excise duty)" in our financial statements or "external sales (net)" as per segment results. The data for the sugar industry is generally available for a Sugar Year, which commences on October 1 and ends on September 30 of the succeeding year, so all references to a particular Sugar Year are to the twelve-month period ended September 30 of that year. Sugar is a seasonal industry. The period in which, sugarcane is processed to produce sugar is termed the "crushing season". In north India, the crushing season typically starts in the months of October/November and extends up to April/May. Therefore, references to a particular crushing season are to the period between October/November of the first fiscal year to the April/May of the following fiscal year. The intervening period between two crushing seasons is termed "off-season".

In accordance with the Accounting Standard on Segment Reporting, i.e. AS 17, we report the financial statements of our business in four separate segments. These segments relate to our businesses in (a) Sugar and Agri, (b) Co-generation, (c) Turbines and (d) Other operations, which includes our gears and water business. Prior to fiscal 2005, the segment termed 'Other operations' included the projects division which was engaged in manufacture and supply, including turnkey projects, of plant and machinery for sugar mills, mini hydro-electricity projects and turnkey projects for water and wastewater treatment. Thereafter the business of our projects division were re-organised to primarily focus on products in the water and waste water segment. There are references to the terms 'segment revenue' and 'segment results' in this analysis. The term 'segment revenue' of a particular business segment means the revenue earned by the respective segment including the revenue earned through inter segment sales and other income but not including the excise duty paid by the respective business segment unless stated otherwise. The term 'total segment revenue' means the aggregate segment revenue of all the segments of our business. The term 'segment results' means the profit earned by the respective segment of our business. This does not include incomes from investments by us, the unallocated expenses such as expenses on account of the head office, tax and the financing expenses of the Company. The term 'inter segment sales' means the sales from one segment of our business to another net of excise duty.

OVERVIEW

We achieved a turnover of Rs.9,607.76 million in fiscal 2005, an increase of 62.07% over the turnover in fiscal 2004 which was Rs.5,928.19 million. Our earnings before interest, tax, depreciation and amortisation (EBITDA) was Rs. 1,702.45 million, which was an increase of 295.39% over fiscal 2004, when it was Rs.430.57 million. Our profit before tax and non recurring income also increased by 3,014.84% at Rs. 1,228.18 million as compared to Rs.39.43 million and our profit after tax was Rs. 856.61 million as compared to Rs.45.41 million in fiscal 2004, which was an increase of 1,786.39%.

In the three month period ended June 30, 2005 our turnover was Rs.2,510.84 million. Our EBITDA in the three month period ended June 30, 2005 was Rs.433.89 million. Our profit before tax and non recurring income was Rs.294.41 million and our profit after tax was Rs.249.75 million.



SUMMARY OPERATING DATA

Sugar Business

	2000-2001	2001-2002	2002-2003	2003-2004	2004-2005	Quarter ended June 30, 2005
Capacity in TCD	24,500	25,250	25,250	25,250	25,250	25,250
Weighted Average Crushing Season Duration (Days)	161.78	178.98	179.37	163.28	173.98	19.01
Total sugar cane crushed in MMT for						
(a) crushing season	3.19	3.64	3.88	3.54	3.59	NA
(b) fiscal year	3.12	3.33	3.27	4.33	3.70	0.25
Price of Sugarcane per metric tonne						
Basic Statutory Minimum Price (SMP)	595.00	620.50	695.00	730.00	745.00	745.00
SMP – Sugar mills weighted average	686.41	762.72	823.65	870.82	903.12	905.10
State Advised Price (SAP)	900.00	950.00	950.00	950.00	1,070.00	1,070.00
Recovery of Sugar : % of Sugarcane Crushed						
Recovery % (in crushing season)	10.44%	10.00%	9.99%	10.29%	10.09%	NA
Recovery % (in fiscal)	10.35%	9.89%	10.06%	10.26%	10.04%	10.66%
By products generated/savings as a % of sugarcane crushed in fiscal:						
Molasses generated	4.84	5.06	5.30	5.14	4.40	5.35
Bagasse savings	3.16	2.44	3.32	3.90	4.76	2.34
Sugar sold in (metric tonne)						
Free sale sugar sold in India	163,636.50	246,949.30	361,994.20	290,071.50	410,866.10	95,607.70
Levy Sugar sold in India	67,052.90	44,362.00	18,860.80	30,566.30	63,709.30	14,212.20
Exports of sugar	28,818.00	5,676.80	0.00	6,935.20	0.00	0.00
Sugar Total	259,507.40	296,988.10	380,855.00	327,573.00	474,575.40	109,819.90
Molasses sold (in metric tonne):	162,219.34	177,331.50	183,236.00	232,028.80	139,739.40	20,426.30
Realization Price (in Rs.) per metric tonne						
Free sale sugar	14,194.20	13,737.20	12,543.10	12,607.00	15,244.30	16,342.60
Levy Sugar	11,523.70	11,838.80	12,173.00	12,809.50	12,785.40	12,896.64
Exports of Sugar	12,884.20	12,474.90	-	9,950.00	-	-
Molasses	964.70	1,177.10	1,104.30	954.40	3,247.30	2,911.58

AGRI Business: As of March 31, 2005 and June 30, 2005, we had six outlets for our Agri Business. Two of these outlets are owned and operated by us and four are operated by franchisees.

Co-generation Business

The operation of our Co-generation Business commenced on December 5, 2004 and hence data is available only for periods post that date.

Period	Number of units of power generated (in Kwh)
Fiscal 2005 (December 5, 2004 to March 31, 2005)	50.711
Quarter ended June 30, 2005	20.967

Turbines Business

	Quarter ended June 30, 2005	Fiscal 2005	Fiscal 2004	Fiscal 2003
Turbines sold (in MW)	81.93	224.70	190.50	170.50
Number of turbines serviced	95	737	845	736

The details of the segments of our business are as follows:

(Rs. in million)

Summary of Segment results	Quarter ended June 30, 2005	Fiscal 2005	Fiscal 2004	Fiscal 2003	Fiscal 2002	Fiscal 2001
Sugar business						
External Sales including excise duty	1,898.19	8,063.54	4,824.02	5,457.85	4,560.13	3,873.98
External Sales net of excise duty	1,793.72	7,608.02	4,448.09	5,048.73	4,238.49	3,655.57
Sales to other segments	21.53	68.05	39.28	-	-	-
Other Income	2.09	21.16	22.45	28.81	18.15	11.71
Total revenue for sugar business	1,817.34	7,697.23	4,509.82	5,077.54	4,256.64	3,667.28
Total expenditure for sugar business	1,467.00	6,301.24	4,276.13	4,854.05	3,580.16	3,240.32
Profit without tax and interest	350.34	1,395.99	233.69	223.49	676.48	426.96
Turbine Business						
Revenue:						
External Sales including excise duty	539.24	1,741.31	1,315.84	1,186.46	992.80	913.90
External Sales net of excise duty	494.88	1,618.48	1,240.31	1,107.70	913.55	843.17
Sales to other segments	17.59	5.21	1.49	1.08	2.10	26.20
Other Income	3.91	15.31	5.43	4.12	2.87	4.68
Total revenue for Turbine Business	516.38	1,639.00	1,247.23	1,112.91	918.52	874.06
Total expenditure for Turbine Business	471.98	1,484.43	1,092.64	987.45	837.99	777.40
Profit without tax and interest	44.40	154.57	154.59	125.46	80.53	96.66
Co-generation business						
External Sales including excise duty	52.09	114.84	-	-	-	-
External Sales net of excise duty	52.09	114.84	-	-	-	-
Sales to other segments	14.72	73.19	-	-	-	-
Other Income	0.01	0.01	-	-	-	-
Total revenue for co-generation business	66.82	188.04	-	-	-	-
Total expenditure for co-generation business	61.88	143.80	-	-	-	-
Profit without tax and interest	4.94	44.24	-	-	-	-

Summary of Segment results	Quarter ended June 30, 2005	Fiscal 2005	Fiscal 2004	Fiscal 2003	Fiscal 2002	Fiscal 2001
Agri business						
External Sales including excise duty	116.74	12.39	-	-	-	-
External Sales net of excise duty	116.74	12.39	-	-	-	-
Sales to other segments	-	-	-	-	-	-
Other Income	-	-	-	-	-	-
Total revenue for Agri business	116.74	12.39	-	-	-	-
Total expenditure for Agri business	115.25	13.11	-	-	-	-
Profit /(Loss) without tax and interest	1.49	(0.72)	-	-	-	-
Other operations						
External Sales including excise duty	58.52	278.10	256.52	390.88	479.99	431.20
External Sales net of excise duty	53.41	254.03	239.79	376.69	462.11	416.01
Sales to other segments	41.98	75.08	69.89	58.79	55.07	42.71
Other Income	0.71	0.64	0.74	1.29	1.39	2.88
Total revenue for other operations	96.10	329.75	310.43	436.76	518.57	461.59
Total expenditure for other operations	82.92	310.19	341.87	396.11	524.42	461.94
Profit / (Loss) without tax and interest	13.18	19.56	(31.44)	40.65	(5.85)	(0.35)

Sugar

We are amongst the three largest producers of sugar in India based on sugar production in Sugar Year 2003-2004 derived from ISMA Working Results of Sugar Factories in India, 2003-2004. We have been in the business of manufacture of sugar for a period of more than 70 years. We manufactured 0.38 million tonnes in fiscal 2005. We have three sugar manufacturing plants located at Khatauli (with crushing capacity of 16,000 TCD), Deoband (with crushing capacity of 10,000 TCD) and Ramkola (with crushing capacity of 3,500 TCD) in the state of Uttar Pradesh. As of September 30, 2005, our total crushing capacity was 29,500 TCD. Our sugar plants in Khatauli, Deoband and Ramkola have captive, bagasse based power generation facility of 14.5 MW, 10.2 MW (in addition to the co-generation plant) and 4.5 MW, respectively and consequently, there is no requirement for us to purchase power during the crushing season.

The revenue for sugar business arises primarily from the sales of sugar, sales of molasses and sales of bagasse. In fiscal 2005, the segment revenue generated from the sugar business was Rs.7,697.23 million, which was 78.01% of our total segment revenue (including inter segment revenues). In fiscal 2005, the segment results from the sugar business was Rs. 1,395.99 million, 86.51% of our total segment results.

Agri Business

We had launched a new business initiative as part of the support for our Sugar Business called “Triveni Khushali Bazaar”, in February 2005. Currently, we have six such outlets, two of these are operated by us directly and four are operated by our franchisees. This business aims to cater to the requirements of the farming community including tractors, farming implements, fertilisers, pesticides and other services such as facilitating institutional credit, etc.

In fiscal 2005, the segment revenue generated from our Agri Business was Rs. 12.39 million, which was 0.13% of our total segment revenue (including inter segment sales). In fiscal 2005, the segment results from the Agri Business was a loss of Rs.0.72 million. This business is in the process of being transferred to our wholly owned subsidiary. For further details, please see section titled “Our Business” on page 82 of this Red Herring Prospectus.

Co-generation

We have a co-generation plant at Deoband with a capacity of 22.0 MW in western Uttar Pradesh and are setting up another co-generation plant in Khatauli with a capacity of 23.0 MW, also located in western Uttar Pradesh. This is in addition to the captive power generation capacities in our sugar mills.

The revenue from co-generation was primarily from the sale of steam and electricity to the sugar plant and sale of electricity to UPPCL. In fiscal 2005, the segment revenue generated from co-generation business was Rs.188.04 million, which was 1.91% of our total segment revenue (including inter segment sales). In fiscal 2005, the segment result from the co-generation business was Rs.44.24 million, which was 2.74% of our total segment results.

Turbines

We have been in the business of manufacture of small turbines since mid 1960's and we are one of the leading small steam turbine (i.e. turbines generating up to 15MW) manufacturing companies in India. We are capable of offering solutions up to 50 MW by packaging steam turbines of Skoda Power, a company based in the Czech Republic.

The revenue from Turbine Business was primarily from sale of turbines, refurbishment of existing turbines and sale of spare parts of turbines. In fiscal 2005, the segment revenue generated from our Turbine Business was Rs.1,639.00 million, which was 16.61% of our total segment revenue (including inter segment sales). In fiscal 2005, the segment results from the Turbine Business was Rs.154.57 million, which was 9.58% of our total segment results.

Other Operations

We are one of the leading players in the design and manufacture of gears and gearboxes in India. We design and manufacture a range of gears and gearboxes. We also design and manufacture water and wastewater treatment equipment. The sales of gears, gearboxes and spares account for the revenue generated from these activities. In fiscal 2005, the segment revenue from other operations was Rs.329.75 million, which was 3.34% of our total segment revenue (including inter segment sales) and the segment result from other operations was Rs.19.56 million, which was 1.21% of our total segment results.

FACTORS AFFECTING RESULTS OF OUR OPERATIONS

Revenues

Sugar

The revenue for sugar business arises primarily from the sales of sugar and the sales of molasses.

Sales of sugar

Income from sales of sugar including excise duty accounted for 92.54%, 91.45% and 93.22% of the segment revenue including excise duty generated from the sugar business in fiscal 2005, 2004 and 2003 respectively and 73.08%, 68.97% and 72.32% of our total segment revenue including excise duty in fiscal 2005, 2004 and 2003 respectively.

We sell the 'free sale sugar' produced by us to a number of wholesalers and end users. We take the assistance of agents to identify these wholesalers and end users. The agents also assist in getting better realisation prices and collection of our sale proceeds. In consideration of these services, we pay them a commission of 0.5% of the sale proceeds. We appoint these agents based on their track record and history of association with us. These agents have links with wholesalers and end users located in various parts of the country. The agents issue a delivery order to us based on which we deliver the sugar to a representative of the wholesaler. The transportation costs of sugar from our factory/depot is borne by the wholesaler. We raise invoices to the wholesaler and the payment is required to be made within seven to ten days. In the event the payment is not received from the customer within a period of seven to ten days from the date of presentation of the invoice, then the agent who provided the concerned delivery order is required to make payments to us. We do not have any formal agreements with the agents in this regard, however, this arrangement is customary in the sugar industry.

Pricing of sugar

Sugar has been classified as an essential commodity under Essential Commodities Act, 1955. The pricing of a certain percentage of sugar is fixed by the Ministry of Food and Civil Supplies, Government of India for different levy price zones. This is called the 'levy price' and the sugar which is classified to be sold under the levy price is termed 'levy sugar'. The sugar which is not classified as levy sugar is termed 'free sale sugar'. The current ratio of free sale sugar to levy sugar is 90:10 i.e. 10% of sugar produced is to be sold at prices fixed by Government for different levy price zones in the country. Every month, fixed quantities of levy and free sale sugar is released to each factory. In respect of levy sugar, specified buyers are nominated by the GoI. In Uttar Pradesh, there are three levy price zones, and our Khatauli and Deoband plant are in the western Uttar Pradesh price zone and our Ramkola plant is in the Eastern Uttar Pradesh price zone. The current levy price for eastern Uttar Pradesh is Rs.13,834.10 per metric tonne and for western Uttar Pradesh is Rs. 12,759.20 per metric tonne.

The price of free sale sugar is determined by market forces. The consumption of sugar in India has increased at a compounded annual growth rate of 3.83%, from 11.97 MMT in Sugar Year 1994 to 18.40 MMT in Sugar Year 2004 according to Indian Sugar Magazine. Supply of sugar has fluctuated in the last decade peaking at 20.14 MMT in Sugar Year 2003. In Sugar Year 2004, the production of sugar fell by 32.97% to 13.50 MMT. The average net price of our free sale sugar increased from Rs.12,607.00 per metric tonne in fiscal 2004 to Rs.15,244.30 per metric tonne in fiscal 2005, which is an increase of 20.92%. The following table details the average all India prices (ex-factory) of free sale sugar in India in the last three sugar years.

In (Rs. per metric tonne of free sale sugar)

	Sugar Year 2003	Sugar Year 2004	Sugar Year 2005
October	11,600	11,290	14,710
November	11,140	12,030	14,650
December	10,810	11,770	15,360
January	10,710	11,660	16,630
February	10,660	12,930	16,270
March	10,540	12,770	16,450
April	10,650	13,420	16,380
May	10,580	13,990	16,150
June	10,810	14,220	16,050
July	11,810	14,060	16,700
August	12,590	14,650	16,980
September	12,340	14,720	[●]
Average	11,190	13,210	

Source: ISMA

Volume of sales

The sugar industry in India is highly fragmented and the pricing power of individual companies is limited. Achieving high volume of sales is critical for maintaining and increasing our revenues. We primarily sell sugar in the states of Punjab, Rajasthan, Uttar Pradesh, Haryana, Delhi, Bihar and Gujarat. The following table details the sales of our free sale sugar in the different states of India in the last three fiscal years.

	Fiscal 2005		Fiscal 2004		Fiscal 2003	
	Sale (in metric tonne)	% of sales	Sale (in metric tonne)	% of sales	Sale (in metric tonne)	% of sales
Punjab	111,854.3	27.22	96,104.9	33.13	134,558.3	37.17
Rajasthan	101,184.6	24.63	45,528.9	15.70	58,311.0	16.11
Uttar Pradesh	80,314.4	19.55	60,376.0	20.81	54,048.3	14.93
Haryana	38,495.1	9.37	44,154.0	15.22	47,973.9	13.25
Delhi	34,887.1	8.49	6,864.8	2.37	13,920.3	3.85
Bihar	11,057.3	2.69	20,111.2	6.93	28,845.0	7.97
Gujarat	3,237.0	0.79	7,704.0	2.66	11,847.0	3.27
Others including branded sugar	29,836.3	7.26	9,227.7	3.18	12,490.4	3.45
Total	410,866.1	100.00	290,071.5	100.00	3,619,94.2	100.00

Source: Company data

Sales of Molasses

Sales of molasses accounted for 6.53%, 7.00% and 5.39% of the segment revenue including excise duty generated from the sugar business in fiscal 2005, 2004 and 2003, respectively and 5.16%, 5.28% and 4.18% of our total segment revenue including excise duty in fiscal 2005, 2004 and 2003, respectively.

We sell molasses, which is a by-product of the sugar production process to chemical companies and distilleries. The Government of Uttar Pradesh, has mandated that all sugar mills are required to sell a certain percentage of the total molasses production for production of country liquor. This is termed 'reserve molasses' and the remaining molasses are termed 'free molasses'. For the period between November 1, 2004 to October 31, 2005, the percentage for reservation of molasses for country liquor production was fixed at 20% of the total production of molasses. The government does not fix the price of reserve molasses. The excise duty and sales tax on the molasses sold by us are invoiced additionally to the buyer by us.

Pricing of Molasses

The net prices of molasses sold by us were Rs.3,247.30 per metric tonne, Rs.954.40 per metric tonne and Rs.1,104.30 per metric tonne in fiscal 2005, 2004 and 2003, respectively. The prices of molasses have increased by 240.26% in fiscal 2005 compared to fiscal 2004 and 194.06% in fiscal 2005 compared to fiscal 2003. The average price of molasses sold by us in April 2005 is Rs.3,121.00 per metric tonne.

Expenditure

Sugarcane

The cost of sugarcane constitutes approximately 75.00% of the total cost of production of our sugar mills. The availability of sugarcane and its price is critical for our financial condition. In Uttar Pradesh, sugarcane is procured through co-operative societies formed by sugarcane growers of a particular area falling in our reserved or assigned zone as fixed by the Cane commissioner of Uttar Pradesh. The co-operative societies, based on their estimates of sugarcane production by their members enter into agreements with us for the supply of identified quantities of sugarcane at a price determined in accordance with applicable laws. This enables us to get an estimate of the sugarcane available for crushing and plan our operations accordingly.

Sugarcane Pricing

Sugarcane price is governed by notifications of the GoI and the respective state governments. The GoI determines the minimum price payable to farmers, known as the statutory minimum price (“SMP”). The base SMP is fixed corresponding to a recovery rate of 8.5% and an additional rate per metric tonne is fixed in case the average recovery achieved in the previous season is more than the base recovery of 8.5%. The SMP payable by each factory is computed based on the aforesaid parameters. The SMP for the crushing season 2004-2005 was Rs.745.0 per metric tonne for a base recovery of 8.5%. In addition, a charge of Rs.8.8 per metric tonne, for every increase in recovery by 0.1% over the base recovery rate of 8.5%, was payable.

The recovery rates of our sugar mills in the crushing season 2003-2004 was 10.20%, 10.46% and 9.98% for Khatauli, Deoband and Ramkola, respectively, which were above the base recovery rate of 8.5%. Hence, in the crushing season 2004-2005, the SMP for our Khatauli, Deoband and Ramkola plants were fixed as Rs.894.6 per metric tonne, Rs.921.0 per metric tonne, and Rs.877.0 per metric tonne, respectively.

However, several states advice a higher cane price called the State Advised Price (“SAP”) to be paid by the sugar mills. The state of Uttar Pradesh, where all three of our plants are located notifies sugar mills to pay a common SAP, which has no linkages with recovery rates. The SAP in Uttar Pradesh for crushing seasons 2004-2005, 2003-2004 and 2002-2003 were Rs.1,070.0 per metric tonne, Rs.950.0 per metric tonne and Rs.950.0 per metric tonne, respectively, for general varieties at the gates of the mills. In addition, the premium payable over SAP for early maturing varieties is currently Rs.50 per metric tonne. In the event sugarcane is supplied at our collection centers, we are entitled to and deduct Rs.57.50 per metric tonne as rebate on account of transportation.

In the crushing season 2004-2005, many sugar mills in western Uttar Pradesh, including us, paid incentives to the sugarcane farmers in addition to the SAP in the later part of the season to effectively compete with the diversion of sugarcane to the manufacturers of alternate sweeteners, as they were paying higher prices than the SAP.

Interest on working capital finance

Sugar operations, including our sugar operations, are working capital intensive. The entire sugar production takes place in the crushing season which has a duration of around 180 days and the sales take place throughout the year. Sales of sugar by us are as determined by the Directorate of Sugar, Ministry of Consumer Affairs, Food and Public Distribution, GoI based on the total availability of sugar in the country and the total demand for sugar in the country. Further, we are required to pay sugarcane price within the statutory time limits. Hence, considerable working capital finance is required to fund the inventories of manufactured goods. The interest component of the working capital finance is dependent on the average period of inventory holding. If there are surplus stocks in the country, the liquidation of inventory takes longer and average holding of inventory increases and thus, the interest on working capital finance is high. Faster liquidation of sugar stock results in lower interest on working capital finance. We use cash credit limits in conjunction with foreign currency loans and commercial paper to meet our working capital requirements, which helps us to reduce our overall interest costs.

Seasonality

Sugar is a seasonal industry and while the crushing season generally starts in October/November and lasts till April/May, the quantity of sales is distributed over a period of approximately one year. Consequently, a large part of the production in a crushing season remains unsold as on March 31. The sugar produced during the fiscal and held as stocks at the end of the year are valued at the cost of production or market value, whichever is lower. The profit or loss on such inventories is realized in the fiscal in which these inventories are liquidated. Thus, the effect of increase in costs in any fiscal to the extent attributable to such inventories, will impact the profitability in the subsequent fiscal in which such inventories are liquidated.

Co-generation**Revenue***Price of electricity*

The electricity produced by the co-generation power plant, less the consumption by us, is sold to the UPPCL, with which we have a power purchase agreement for 10 years. The price for power was Rs.2.81 per unit for fiscal 2005. The basic rates for the electricity are as determined by the UPERC and range between Rs.2.86 per Kwh in fiscal 2006 and Rs.3.02 per Kwh in fiscal 2010. There is a shortfall of electricity in the state of Uttar Pradesh, according to government estimates.

Expenditure*Prices of Bagasse*

The cost of bagasse was Rs.111.17 million, which constituted 59.12% of the total revenues from co-generation in fiscal 2005. The price of bagasse depends on a number of factors, the most important of which is the quantum of the sugarcane crop and the price being offered for bagasse by other industries like paper mills.

Turbine Business**Revenue***Industrial growth*

Sales of turbines are directly related to the growth of industry in the country in general and industries such as sugar, paper, steel, cement in particular. In the present scenario of shortage of electricity in most states in India, most industries seek captive electricity to reduce dependence on electricity supplied by the grid. In addition, independent power producers (IPP's) are also expected to be active. All these activities require turbines. Growth in these industries may result in the setting up of more units for power generation, which require turbines.

Governmental policy

The GoI is also actively encouraging co-generation of electricity. The GoI has initiated a number of policies for the development of non-conventional sources of electricity including electricity production from bagasse and other agricultural wastes. Such policies provide incentives to industries to set up power generation units from non-conventional sources. Turbines are required for such units.

Expenditure*Metal Prices*

Metals and alloys are the primary raw materials in turbines. Apart from purchasing metals as raw material, we also purchase other components in which metals are a major input. Any increase in the metal prices may increase the cost of production of our turbines. We receive the orders for turbines in advance and the price of the turbine is pre-determined. To the extent possible, we enter into contracts with our vendors for the purchase of components, which protect us from input price fluctuations during the term of the contracts. Although we try to project such increases so that these are in-built in the order price, we may not be able to fully insulate ourselves from the increase in the prices of the inputs. Prices of metals are dependant on many factors and are beyond our control.

Other Factors Affecting Results of Operations of our Company.*Employees' Remuneration and Benefits*

Employees' remuneration and benefits expenses include salaries and wages, bonuses, allowances, benefits, contribution to provident and other funds and welfare expenses. The terms of employment and the remuneration payable by us to most of our employees in our sugar plants, except managerial personnel, are determined by a wage board for the sugar industry in accordance with the terms of a tripartite agreement between the association of sugar mills in Uttar Pradesh, the unions of



the employees and the Government of Uttar Pradesh. The rates fixed in these agreements are binding on the sugar plants in Uttar Pradesh including us. The present rates in this regard are valid till September 30, 2008. The remuneration payable to our employees in the Turbine Business is in accordance with a wage settlement agreement between us and the unions of our employees. For other non-unionised employees, pay scales are decided by us. Employees' remuneration and benefits expenses represent approximately 6.49% of our total expenditures in fiscal 2005.

Administration Expenses

Administration consists primarily of repair and maintenance of buildings, rents, security, insurance, fees, and expenses for travel and communication. These expenses represent approximately 3.56% of our total expenditure in fiscal 2005.

Taxes and Duties

We pass on the liability on account of excise duty, sales tax, the administrative charges on the sale of molasses and entry tax on the sale of sugar to our customers. We bear the tax on purchase of sugarcane and the direct taxes on our income. The profits of the co-generation plant are exempt from income tax for a period of 10 consecutive years within the first 15 years from the commencement of generation of electricity in accordance with the provisions of section 80 IA of the Income Tax Act, 1961.

RESULTS OF OPERATIONS

The following table sets forth certain information with respect to our revenues, expenditures and profits, as a percentage of total revenues, for the periods indicated.

The financial information for fiscal 2001, 2002, 2003, 2004, 2005 and the three month period ended June 30, 2005 have been restated in compliance with SEBI Guidelines. In accordance with Indian GAAP, the restatement is of individual line items in our income statement. Consistent with this presentation, in the comparison of our results of operations from fiscal to fiscal that follows in the table below, we have referred to individual line items on a restated basis. For the convenience of the reader, we have also provided a discussion of the nature and impact of the restatement for fiscal years 2001, 2002, 2003, 2004, 2005 and the three month period ended June 30, 2005 after the comparison of the relevant periods. The financial information represented in the table below for fiscal 2001, 2002, 2003, 2004, 2005 and the three month periods ended June 30, 2005 have been audited by the Auditors.

Comparison of Fiscal 2005 to Fiscal 2004

Revenues

Our total external sales net of excise duty and excluding inter segment sales in fiscal 2005 was Rs.9,607.76 million as compared to Rs.5,928.19 million in fiscal 2004, which is an increase of 62.07%. Our total external sales increased due to an increase in the sales of sugar business from Rs.4,448.09 million in fiscal 2004 to Rs.7,608.02 million in fiscal 2005, which was an increase of 71.04%; an increase in sales of turbines from Rs. 1,240.31 million in fiscal 2004 to Rs. 1,618.48 million in fiscal 2005, which is an increase of 30.49%; an increase in sales of Rs.114.84 million in fiscal 2005 from co-generation business as compared to nil in fiscal 2004; an increase in sales from other operations from Rs. 239.79 million in fiscal 2004 to Rs. 254.03 million in fiscal 2005, which is an increase of 5.94%. In addition, there was an increase in other income from Rs.29.15 million in fiscal 2004 to Rs.37.95 million in fiscal 2005, which is an increase of 30.19%.

The increase of 71.04% in sales of sugar business was due to increase in the quantity of free sale sugar sold by us from 0.29 MMT in fiscal 2004 to 0.41 MMT in fiscal 2005 and an increase in the realization price (net of excise duty) of free sale sugar from Rs.12,607.00 per metric tonne in fiscal 2004 to Rs.15,244.30 per metric tonne in fiscal 2005, which is an increase of 20.92%. The quantity of levy sugar sold by us also increased from 0.03 MMT in fiscal 2004 to 0.06 MMT in fiscal 2005. In addition, there was an increase in the net realization prices of molasses from Rs.954.40 per metric tonne in fiscal 2004 to Rs.3,247.30 per metric tonne in fiscal 2005, which is an increase in realization of 240.25%.

The total revenue of the turbine segment has shown an increasing trend in the last five years and it has grown at a compounded annual growth rate of 17.02 % from fiscal 2001 to fiscal 2005. The total revenue of the gears business, which is clubbed in other operations, has increased by 26.74% over the previous year and has grown at CAGR of 23.81% from fiscal 2001 to fiscal 2005.

Expenditures

Our total expenditure before the costs of financing, amortisation and depreciation, in fiscal 2005 was Rs. 7,943.26 million as compared to Rs.5,526.77 million in fiscal 2004, which is an increase of 43.72%. Our total expenditure before the costs of financing, amortisation and depreciation, as a percentage of total revenue were 82.35% in fiscal 2005 and 92.77% in fiscal 2004.

Materials

The total expenditure on materials in fiscal 2005 was Rs.6,007.82 million as compared to Rs.5,305.46 million in fiscal 2004. This was an increase of 13.24% despite the fact that the amount of sugarcane crushed in fiscal 2005 was less than the amount of sugarcane crushed in fiscal 2004 by 14.55%. The lower crush of sugarcane in fiscal 2005 should have resulted in lower expenditure for sugarcane, however, the increase in SAP of sugarcane from Rs.950.00 per metric tonne in the crushing season of 2003-2004 to Rs.1,070.00 per metric tonne in the crushing season 2004-2005, has resulted in the increase of expenditure on account of sugarcane. In addition to the SAP, we paid incentives to farmers in the later part of the crushing season 2004-2005. There has also been an increase in expenses on materials relating to the Turbine Business due to increase in the volume of business, increase in metal prices and due to increase in the number of turbine units, which are in the process of production.

The higher crush for fiscal 2004 was due to the late commencement of the crushing season in 2002-2003 as a result of which considerable duration of the crushing season of 2002-2003 spilled over into fiscal 2004. However, the total quantity of sugarcane crushed in the crushing season 2004-2005 was higher than the total quantity of sugarcane crushed by us in the crushing season 2003-2004 by 1.41%.

Manufacturing and operating costs

Manufacturing costs include costs of electricity, consumables, lime, sulphur, certain other chemicals, gunny bags, cost of machine repairs and maintenance. Our expenditure on account of manufacturing and operating costs has decreased from Rs.546.18 million in fiscal 2004 to Rs.522.86 million in fiscal 2005, which is a decrease of 4.27%. This is primarily because of

lesser quantities of sugarcane crushed in fiscal 2005 as compared to fiscal 2004. Further, commensurate with the increased production in the Turbine Business, manufacturing and operating costs in the Turbine Business have also increased.

Personnel costs

Our cost of personnel, which includes remuneration, benefits, etc to employees, has increased from Rs.502.80 million in fiscal 2004 to Rs. 546.61 million in fiscal 2005, which is an increase of 8.71%. The increase in cost of personnel in sugar and turbine businesses was due to increments in salaries, dearness allowance and other allowances including due to revision of wages by the sugar wage board in Uttar Pradesh. There was decrease in cost of personnel in the other operations due to the restructuring of the activities of our projects division, which resulted in a decrease in the number of employees employed by us for the erstwhile project division.

Administration costs

Our cost of administration has increased from Rs.272.52 million in fiscal 2004 to Rs.299.58 million in fiscal 2005. This is an increase of 9.93%. This is primarily due to increased business activities in fiscal 2005 in all business segments.

Selling and Distribution

Our cost of selling and distribution includes costs incurred in payment of commission to agents who distribute our sugar as well as to some others who assist us in the sale of our engineering products, warehousing of sugar warehouses outside our plants, and forwarding expenses relating to our products. We incurred a cost of Rs.107.96 million in fiscal 2005, which was 1.12% of the total sales net of excise duty as compared to Rs.98.16 million in fiscal 2004, which is 1.66% of the total sales net of excise duty. This represents an increase of 9.98% in the cost of selling and distribution although total sales net of excise duty has increased by 62.07% because in fiscal 2004, there was high incidence of transportation expenses for exporting sugar whereas there were no sugar exports in fiscal 2005. Further, in fiscal 2004, we incurred higher transport and storage expenses for maintaining higher stocks of sugar in warehouses located close to our consumption markets, than fiscal 2005.

Off season expenses

The sugar industry is seasonal in nature. The crushing season typically starts in the month of October/November and extends up to April/May. Hence, the crushing season encompasses two fiscal years. We incur certain expenses, with regard to maintenance, employee retention costs, etc, in the off-season. These expenses are proportionately absorbed over the next crushing season. A portion of such expenses attributable to the crushing period extending into the next fiscal year is not absorbed in the current fiscal year. This expenditure is deferred to be absorbed over the part of the season falling in the next fiscal year. Our net off-season expenses were Rs.4.40 million in fiscal 2005 as compared to Rs.72.37 million in fiscal 2004.

Change in inventory of finished goods and work in progress

The change in the inventory of finished goods is a function of production, sales, closing stocks and valuation rate. Further, the change in work in progress is dependent on the quantum of orders under execution. Our inventories of finished goods and work in progress have decreased by Rs.454.03 million in fiscal 2005 as compared to an increase of Rs.1,270.72 million in fiscal 2004. This is primarily due to a substantial decrease in our sugar stocks during fiscal 2005 due to higher sales as the position of surplus stocks in the country declined due to lower production in the crushing season 2003-2004.

Earnings before interest, depreciation, tax and amortisation

Our EBITDA in fiscal 2005 was Rs. 1,702.45 million as compared to Rs.430.57 million in fiscal 2004. This represents an increase of 295.39%. This is mainly attributable to increase in realisation prices of sugar and molasses as well as due to higher quantities of sugar being sold. Despite higher turnover, the EBIDTA of our turbine business for fiscal 2005 is almost at the same level as in fiscal 2004 as the impact of increase in metal prices were absorbed in respect of fixed value orders. In addition, in fiscal 2005, contribution to EBIDTA from co-generation was to the extent of Rs.57.57 million and from other

business to the extent of Rs.25.56 million. For details of the increase, see the section titled “Management’s Discussion And Analysis Of Financial Condition And Results Of Operations—Results of Operations—Comparison of Fiscal 2005 to Fiscal 2004—Revenue” on page 243 of this Red Herring Prospectus.

Financing costs

Our financing cost has increased from Rs.223.69 million in fiscal 2004 to Rs. 295.59 million in fiscal 2005. This is an increase of 32.14%. The same is primarily because with respect to the foreign currency loans, we had gained Rs.32.51 million due to favourable foreign exchange fluctuation in fiscal 2004 as compared to an expense of Rs.24.44 million in fiscal 2005 due to costs incurred for hedging in view of market volatility. Further, the interest on fixed loans has increased from Rs.107.97 million in fiscal 2004 to Rs. 138.31 million in fiscal 2005, which is an increase of 28.10%. This is due to fresh loans availed by us in fiscal 2005 amounting to Rs.738.40 million. However, the interest on working capital finance and certain other items has declined from Rs.198.10 million in fiscal 2004 to Rs.188.40 million in fiscal 2005, which is a decrease of by 4.90%. This is primarily due to reduction in the rate of interest on our working capital.

Amortisation

Our amortisation expenses include the amortisation of software expenses, capitalized leased assets, depreciation on the intangible assets and expenses relating to our voluntary retirement scheme. These expenses are being amortised over a period of three to six years. The amortisation expenses in fiscal 2005 was Rs.55.27 million as compared to Rs.64.54 million in fiscal 2004. The same has decreased due to lower amortisation on intangible assets as well as due to lower amortisation in respect of the voluntary retirement scheme.

Depreciation

Depreciation pertains to depreciation of our tangible assets being building, plant and machinery, computers and servers, office equipment, office furniture and fixtures, leasehold improvements, and motor vehicles. Depreciation on assets was higher at Rs.123.41 million for fiscal 2005 and Rs.102.91 in fiscal 2004. The increase has been due to major addition of Rs. 1,193.57 million in our fixed assets.

Net profit/loss before tax and non-recurring income

Our net profit before tax and non-recurring income is Rs. 1,228.18 million in fiscal 2005 as compared to Rs.39.43 million in fiscal 2004. This represents an increase of 3,014.84%. The increase is primarily due to increased profits from sugar business arising from increase in realization and quantities sold of sugar and molasses as reduced by the increase in financing costs and depreciation. For details of the same, see the section titled “Management’s Discussion And Analysis Of Financial Condition And Results Of Operations—Results of Operations—Comparison of Fiscal 2005 to Fiscal 2004—Revenue” on page 243 of this Red Herring Prospectus.

Current tax

Our current tax liability has increased from Rs.30.55 million in fiscal 2004 to Rs.230.45 million in fiscal 2005. This is primarily due to the increased taxable profits, even after accounting for additional depreciation that was available in respect of substantial capitalisation carried out during the year. For details of the same, see the section titled “Management’s Discussion And Analysis Of Financial Condition And Results Of Operations—Results of Operations—Comparison of Fiscal 2005 to Fiscal 2004—Revenue” on page 243 of this Red Herring Prospectus.

Deferred Tax

Our deferred tax charge has increased from (Rs.32.83 million) in fiscal 2004 to Rs. 141.12 million in fiscal 2005. This increased charge is in respect of higher tax depreciation on fixed assets additions than considered in the books, which would be reversed in the future except such reversals which would take place during the tax holiday period available to the co-generation plant.

Non-Recurring income

During fiscal 2004, there was profit (net of taxes) of Rs.3.70 million from the sale of assets of certain closed undertaking, whereas there was no such non-recurring income in fiscal 2005.

Net Profit after Tax

Our profit after tax in fiscal 2005 is Rs. 856.61 million as compared to Rs.45.41 million in fiscal 2004, which represents an increase of 1,786.39%. This is primarily due to increased profit from the sugar business arising from increase in realization price and quantities sold of sugar and molasses, which is partly reduced by the increase in finance costs, depreciation and current and deferred taxes. For details of the same, see the section titled “Management’s Discussion And Analysis Of Financial Condition And Results Of Operations—Results of Operations—Comparison of Fiscal 2005 to Fiscal 2004—Revenue” on page 243 of this Red Herring Prospectus.

Comparison of Fiscal 2004 to Fiscal 2003

Revenues

Our total external sales net of excise duty and excluding inter segment sales was Rs.5,928.19 million in fiscal 2004 as compared to Rs.6,533.12 million in fiscal 2003, which is a decrease of 9.26%. Our total external sales decreased due to an decline in the sales of sugar business from Rs.5,048.73 million in fiscal 2003 to Rs.4,448.09 million in fiscal 2004, which was a decrease of 11.90%; a decrease in sales from other operations from Rs.376.69 million in fiscal 2003 as compared to Rs.239.79 million in fiscal 2004, which is a decrease of 36.34%. However, there was an increase in the net external sales of turbine business from Rs. 1,107.70 million to Rs. 1,240.31million, which is an increase of 11.97%. Other income in fiscal 2004 declined from Rs.36.10 million in fiscal 2003 to Rs.29.15 million in fiscal 2004.

The decrease in sales of sugar business is due to decrease in sales of free sale sugar from 0.36 MMT in fiscal 2003 to 0.29MMT in fiscal 2004, which is a decrease of 19.44%, the realisation price of the free sale sugar being almost at the same level as the previous fiscal. In addition, there was a decrease in the realization prices of molasses from Rs.1,104.30 per metric tonne in fiscal 2003 to Rs.954.40 per metric tonne in fiscal 2004, which is a decrease in realization of 13.57%.

The decline in the net external sales of other operations was due to restructuring of businesses of our projects division. The net external sales of our projects division decreased from Rs.270.62 million in fiscal 2003 to Rs.118.92 million in fiscal 2004. However, the net external sales for our Gears business increased from Rs.96.25 million in fiscal 2003 to Rs.109.84 million in fiscal 2004.

Expenditures

Our total expenditure before the costs of financing, amortisation and depreciation, in fiscal 2004 was Rs.5,526.77 million as compared to Rs.6,117.72 million in fiscal 2003, which is a decrease of 9.66%. Our total expenditure before the costs of financing, amortisation and depreciation, as a percentage of total income was 92.77% in fiscal 2004 and 93.13% in fiscal 2003.

Materials

The total expenditure on materials in fiscal 2004 was Rs.5,305.46 million as compared to Rs.4,213.61 million in fiscal 2003. This was an increase of 25.91%. This increase was primarily due to increase in the amount of cane crushed in fiscal 2004 as compared to the amount of cane crushed in fiscal 2003. We crushed 4.33 MMT of sugarcane in fiscal 2004 as compared to 3.27 MMT of sugarcane in fiscal 2003. This represents an increase of 32.42% in the sugarcane crushed by us. The sugarcane crushed in crushing season 2003-2004 was 8.76% less than the sugarcane crushed in the crushing season 2002-2003. The higher sugarcane crush in fiscal 2004 led to increase in the cost of the material even though the price of sugarcane was the same in crushing seasons 2002-2003 and 2003-2004. There was increase in the cost for our Turbine Business corresponding with an increase in volume of business. Further, with regard to our other operations, the expenditure declined for our projects division and increased for the Gear Business corresponding to the changes in their respective net external sales.

Manufacturing and Operating costs

Manufacturing costs include costs of electricity, consumables, lime, sulphur, certain other chemicals, gunny bags, cost of repair and maintenance. Our expenditure on account of manufacturing and operating costs has increased from Rs.471.04 million in fiscal 2003 to Rs.546.18 million in fiscal 2004, which is an increase of 15.95%. In respect of sugar businesses, the increase was primarily because of increase of the quantities of sugarcane crushed in fiscal 2004 as compared to fiscal 2003. With regard to the other operations, it has declined mainly due to reduction in the activities of our projects division.

Personnel costs

Our cost of personnel, which includes remuneration, benefits, etc to employees, has increased to Rs.502.80 million in fiscal 2004 from Rs.495.47 million in fiscal 2003, which is an increase of 1.48%. This increase is primarily due to increments in salaries, dearness allowance and other allowances, which has been reduced by the savings effected in the Turbine business as a result of the voluntary retirement scheme introduced by us to address the surplus manpower. The cost of personnel also reduced for other operations primarily due to reduced activities in the projects division.

Administration costs

Our cost of administration has increased from Rs.259.02 million in fiscal 2003 to Rs.272.52 million in fiscal 2004. This is an increase of 5.21%.

Selling and Distribution

We incurred a cost of Rs.63.01 million in fiscal 2003, which was 0.96 % of the total sales net of excise duty as compared to Rs.98.16 million in fiscal 2004, which is 1.66% of the total sales net of excise duty. This represents an increase of 55.78% in the cost of selling and distribution although total sales net of excise duty has decreased by 9.26%. This was due to expenditure on transporting sugar to warehouses situated in our consuming markets as well as higher selling commissions payable to agents for our Turbine business.

Off- season expenses

Our net off season expenses were Rs.58.95 million in fiscal 2003 as compared to Rs.72.37 million in fiscal 2004. The off-season expenses at the end of fiscal 2003 were higher as a considerable part of crushing season 2002-2003 spilled over to fiscal 2004 due to its late commencement. For details on off-season expenses, see the section titled “Comparison of Fiscal 2005 to Fiscal 2004—Expenditure—Off Season Expenses” on page 243 above.

Change in inventory of finished goods and work in progress

Our inventories of finished goods and work in progress have increased by Rs.1,270.72 million in fiscal 2004 as compared to a decrease of Rs.674.52 million in fiscal 2003. This trend is in consonance with the surplus sugar stocks in the country as the inventory liquidation was slower leading to inventory accumulation at the end of the fiscal. Further, in our Turbine business, there was an increase in work in progress in view of increased volumes.

Earnings before interest, depreciation, tax and amortisation

Our EBITDA was Rs.430.57 million in fiscal 2004 as compared to Rs.451.50 million in fiscal 2003. This represents a decrease of 4.64 %. This is on account of lower profits from the sugar business as a result of lower sales as well as due to loss at our projects division. The EBIDTA of our Turbine Business increased from Rs.121.19 million to Rs.151.19 million, corresponding with the increase in external sales net of excise duty, which increased from Rs. 1,107.70 million in fiscal 2003 to Rs. 1,240.31 million in fiscal 2004. Also, the EBIDTA of our Gears Business increased from Rs.26.46 million in fiscal 2003 to Rs.29.47 million in fiscal 2004. However, the EBIDTA of our projects division declined to (-) Rs.55.72 million in fiscal 2004 as compared to Rs.16.63 million in fiscal 2003, on account of restructuring costs.

Financing costs

Our financing cost has decreased from Rs.312.68 million in fiscal 2003 to Rs.223.69 million in fiscal 2004. This is a decrease

of 28.46%. The interest payable by us on the fixed loans decreased from Rs.129.03 million in fiscal 2003 to Rs.107.97 million in fiscal 2004, which is a decrease of 16.32%. However, the interest on working capital finance and certain other items increased from Rs.192.05 million in fiscal 2003 to Rs.198.10 million in fiscal 2004, which is an increase of 3.15%. The cost of the working capital had substantially reduced due to the increased use of commercial paper and foreign currency loans in substitution of the conventional cash credit limit. However, the overall finance cost increased due to higher average utilisation of the working capital corresponding with the increase in inventory levels. Further, in fiscal 2004, there were gains on account of favourable foreign exchange fluctuations.

Amortisation

The amortisation expense was Rs.64.54 million in fiscal 2004 as compared to Rs.49.23 million in fiscal 2003. The same has increased by 31.10% primarily due to the increase in amortisation of amounts related to the voluntary retirement scheme.

Profit before depreciation, tax and non- recurring items

Our profit before depreciation, tax and non-recurring items amounts was Rs.142.34 million in fiscal 2004 as compared to Rs.89.59 million in fiscal 2003. This has been due to increased profits from the sugar operations, mainly due to lower finance costs. Also, there had been increased profits from the Turbine Business and the Gears Business. All these reasons cumulatively have more than compensated for the loss at our projects division, which had taken place due to restructuring costs.

Depreciation

Depreciation pertains to depreciation of our tangible assets being building, plant and machinery, computers and servers, office equipment, office furniture and fixtures, leasehold improvements, and motor vehicles. Depreciation on assets was Rs.102.91 in fiscal 2004 and Rs.99.21 million in fiscal 2003.

Net profit/loss before tax and non-recurring income

Our net profit before tax and non- recurring income was Rs.39.43 million in fiscal 2004 as compared to a loss of Rs.9.62 million in fiscal 2003. The increase in profit is from increased profits from the sugar operations (due to lower finance costs) and from turbine and gear business.

Current tax

Our current tax liability, other than those on non-recurring income, has increased from Rs.6.11 million in fiscal 2003 to Rs.30.55 million in fiscal 2004. Up to fiscal 2003, we had unabsorbed business losses/allowances under tax laws which adjusted against our taxable income and hence, we were liable for minimum alternate tax (MAT). In fiscal 2004, all brought forward losses were absorbed and we became liable to taxation on the resultant taxable income.

Deferred Tax

Our deferred tax credit , other than on non recurring income, has increased from Rs.6.74 million in fiscal 2003 to Rs.32.83 million in fiscal 2004 primarily on account of higher tax losses / allowances which became available to the company consequent to relief obtained in tax appeals.

Non-Recurring income

We earned a profit (net of tax) of Rs.3.70 million from income, which was non-recurring in fiscal 2004 and Rs.0.43 million in fiscal 2003. In fiscal 2004, we accounted for the sale of certain assets of our closed turbine unit in Naini and our oil and gas division.

Net Profit after Tax

Our profit after tax was Rs.45.41 million in fiscal 2004 as compared to a loss of Rs.8.56 million in fiscal 2003. The increase in profit is from increased profits from the sugar operations (due to lower finance costs) and from turbine and gear business.

Comparison of Fiscal 2003 to Fiscal 2002

Revenues

Our total external sales net of excise duty and excluding inter segment sales was Rs.6,533.12 million in fiscal 2003 as compared to Rs.5,614.16 million in fiscal 2002, which is an increase of 16.37%. Our total external sales increased due to increase in sales from our sugar business from Rs.4,238.49 million in fiscal 2002 to Rs.5,048.73 million in fiscal 2003, which is an increase of 19.12% and an increase in the sales from our Turbine Business from Rs.913.55 million in fiscal 2002 to Rs. 1,107.70 million in fiscal 2003, which is an increase of 21.25%. The external sales net of excise duty from our other business, however, declined from Rs. 462.11 million in fiscal 2002 to Rs. 376.69 million in fiscal 2003, which is a decrease of 18.48%. Other income in fiscal 2003 was higher at Rs.36.10 million as against Rs.27.84 million in fiscal 2002, an increase of 29.67%.

The increase in sales from our sugar business was due to increase in sale of free sale sugar from 0.25 MMT in fiscal 2002 to 0.36 MMT in fiscal 2003, which is an increase of 44.00%. Increase in the sales was due to higher quantity of sugar sold even though the average realisation price in fiscal 2003 declined from the same in fiscal 2002. The average realisation price per metric tonne of free sale sugar was Rs.1,2543.10 in fiscal 2003 as compared to Rs.13,737.20 per metric tonne in fiscal 2002, which is a decrease of 8.69%. In addition, there was an increase in the amount of molasses sold by us from 177,331.50 metric tonnes in fiscal 2002 to 183,236.00 metric tonne in fiscal 2003, which is an increase of 3.33%.

In relation to our other operations, while the external sales net of excise duty of our Gears Business increased by 78.53% from Rs. 59.38 million in fiscal 2002 to Rs. 106.01 million in fiscal 2003, the external sales net of excise duty of our projects division declined from Rs.402.73 million in fiscal 2002 to Rs.270.62 million in fiscal 2003, which is a decrease of 32.80%. Fiscal 2002 included a turnkey project relating to sugar plant machinery.

Expenditures

Our total expenditure before the costs of financing, amortisation and depreciation, was Rs.6,117.72 million in fiscal 2003 as compared to Rs.4,887.97 million in fiscal 2002, which is an increase of 25.16%. Our total expenditure before the costs of financing, amortisation and depreciation, as a percentage of total revenue was 93.13% in fiscal 2003 and 86.64% in fiscal 2002.

Materials

The total expenditure on materials in fiscal 2003 was Rs.4,213.61 million as compared to Rs. 4,207.72 million in fiscal 2002. This was an increase of 0.14%. While the total crush during fiscal 2003 was 3.27 MMT as compared to 3.33 MMT in fiscal 2002, which is a decline of 1.80%, the sugarcane price paid in crushing season 2002-2003 was the same at Rs. 950.00 per metric tonne as the crushing season 2001-2002. The total crush during crushing season 2002-2003 was 3.88 MMT as compared to 3.64 MMT in crushing season 2001-2002. Further, the cost of materials increased for Turbine business corresponding with the increase in sales of this business. In respect of our other operations, the cost of material increased for our Gears business from Rs.59.31 million in fiscal 2002 to Rs.84.66 million in fiscal 2003, which was an increase of 42.74%. However, the cost of materials declined for our projects division from Rs.259.03 million in fiscal 2002 to Rs.124.35 million in fiscal 2003. These changes in the cost of materials were corresponding with the changes in their respective sales.

Manufacturing and operating costs

Manufacturing costs include costs of electricity, consumables, lime, sulphur, certain other chemicals, gunny bags, cost of repair and maintenance. Our expenditure on account of manufacturing and operating costs has decreased from Rs.500.58 million in fiscal 2002 to Rs.471.04 million in fiscal 2003, which is a decrease of 5.90%. This was due to lower cane crush achieved in fiscal 2003 as well as due to lower expenses of our erstwhile projects and engineering division arising from lower turnover.

Personnel costs

Our cost of personnel, which includes remuneration, benefits, etc to employees, has increased to Rs.495.47 million in fiscal 2003 from Rs.465.45 million in fiscal 2002, which is an increase 6.45%. The increase was due to increments in salaries,

dearness allowance and other allowances. There were increases across all the businesses except for our erstwhile projects and engineering division where there was a decline due to lower activity as well as due to initiation of business restructuring activities.

Administration costs

Our cost of administration has decreased to Rs.259.02 million in fiscal 2003 from Rs.262.21 million in fiscal 2002. This is a decrease of 1.22%.

Selling and Distribution

We incurred a cost of Rs.63.01 million in fiscal 2003, which was 0.96 % of the total sales net of excise duty as compared to Rs.61.27 million in fiscal 2002, which is 1.09% of the total sales net of excise duty. This represents an increase of 2.84% in the cost of selling and distribution although total sales net of excise duty has increased by 16.37%. This has been due to lower expenses in our projects division.

Off- season expenses

Our net off-season expenses were Rs. 32.31 million in fiscal 2002 as compared to Rs.(58.95) million in fiscal 2003. For details of off-season expenses, see the section titled “Comparison of Fiscal 2005 to Fiscal 2004—Expenditure—Off Season Expenses” on page 243 above.

Change in inventory of finished goods and work in progress

Our inventories of finished goods and work in progress have decreased by Rs.674.52 million in fiscal 2003 as compared to an increase of Rs.576.95 million in fiscal 2002. This is in accordance with higher sugar dispatches in fiscal 2003 of free sale sugar of 0.36 MMT as compared to 0.25 MMT in fiscal 2002. However, there was increase in the work in progress of the Turbine Business by Rs.18.00 million in fiscal 2003 in view of increased volumes.

Earnings before interest, depreciation, tax and amortisation

Our EBITDA was Rs.451.50 million in fiscal 2003 as compared to Rs.754.03 million in fiscal 2002. This represents a decrease of 40.12%. The decrease is primarily due to lower realisation prices of free sale sugar as a result of which sugar operations generated lower contribution despite higher quantitative sales. The average realisation price of free sale sugar in fiscal 2003 was Rs.12,543.10 per metric tonne as compared to Rs.13,737.20 per metric tonne in fiscal 2002. The lower profits from the sugar operations have been partly offset by substantial increase in profits of our Turbine Business as well as improved profits from other operations.

Financing costs

Our financing cost has decreased from Rs.499.13 million in fiscal 2002 to Rs.312.68 million in fiscal 2003. This is a decrease of 37.35%. This decrease was due to lower average inventories of sugar leading to lower working capital finance and reduction in applicable interest rates. The use of cheaper foreign currency loans in substitution of cash credit facilities and the reduction of interest on debentures and fixed term loans from Rs.206.39 million in fiscal 2002 to Rs.129.03 million in fiscal 2003 due to substantial repayments made by us in fiscal 2003, helped us to reduce the finance costs. For details of the effect of lower sugar stocks on the financing costs, see, the section titled “Factors Affecting Results of Operations—Expenditure—Interest on Working Capital Finance” on page 239 above.

Amortisation

The amortisation expense was Rs.49.23 million in fiscal 2003 as compared to Rs.42.75 million in fiscal 2002. The same has increased by 15.16% due to the increase in amortisation of amounts related to voluntary retirement scheme, business process restructuring carried out for the Turbine Business and software expenses.

Profit before depreciation, tax and non- recurring items

Our profit before depreciation, tax and non-recurring items amounts was Rs.89.59 million in fiscal 2003 as compared to



Rs.212.15 million in fiscal 2002. This represents a decrease of 57.77%. The decrease in profitability is due to loss in respect of sugar operations arising from lower realisation prices of free sale sugar despite higher quantitative sales. The loss has been significantly offset by substantial savings in the finance cost. However, there had been increased profits from our turbine business as well as our other operations.

Depreciation

Depreciation pertains to depreciation of our tangible assets being building, plant and machinery, computers and servers, office equipment, office furniture and fixtures, leasehold improvements, and motor vehicles. Depreciation on assets was Rs.99.21 million in fiscal 2003 and Rs.100.07 million in fiscal 2002.

Net profit/loss before tax and non-recurring income

Our net loss before tax and non-recurring income was Rs.9.62 million in fiscal 2003 as compared to a profit of Rs.112.08 million in fiscal 2002. The decrease is primarily due to losses in the sugar operations due to lower realization price of free sale sugar. This was compensated by considerable reduction in the finance costs. Further, there had been increased profitability in turbine and other operations.

Current tax

Our current tax liability, other than on non-recurring income, has increased from Rs.1.79 million in fiscal 2002 to Rs.6.11 million in fiscal 2003. This is an increase of 241.34% and is the MAT paid by us.

Deferred Tax

Our deferred tax charge, other than on non-recurring income, was Rs.48.12 million in fiscal 2002 whereas there was a deferred tax credit of Rs.6.74 million in fiscal 2003. The credit in fiscal 2003 is on account of loss during the fiscal together with other adjustments in deferred tax assets and liabilities.

Non-Recurring income

We had a profit, net of tax, of Rs.64.83 million from such income in fiscal 2002 and Rs.0.43 million in fiscal 2003. In fiscal 2002, we accounted for sale of certain assets sold by us after the closure of our unit in Naini and our oil and gas division. In fiscal 2002, we also divested our stake in an entity named Triveni Flexibox Limited, which was a joint venture between us and Flexibox International Limited, United Kingdom by selling our stake in the same. The profit from this transaction was Rs.48.25 million, net of taxes.

Net Profit after Tax

Our loss after tax was Rs.8.56 million in fiscal 2003 as compared to a profit of Rs.175.25 million in fiscal 2002. The loss in fiscal 2003 was due to lower non-recurring income by Rs.112.65 million and lower profits of the sugar operations arising from lower realisation price of free sale sugar.

Explanation of effect of restatement

For the convenience of the reader, we are providing a discussion of the effects of the restatement for fiscal 2001, 2002, 2003, 2004, 2005 and the three month period ended June 30, 2005. As a result of the restatement in accordance with SEBI Guidelines, adjustments pertaining to the period prior to 2000-2001 have been adjusted against the reserves as on March 31, 2000. We have presented the same in the table below and explained the effect of restatement.

(Rs. in million)

	Fiscal 2001	Fiscal 2002	Fiscal 2003	Fiscal 2004	Fiscal 2005	Quarter ended June 30, 2005.
Profit after tax as per unconsolidated un-restated audited accounts	63.63	268.59	48.08	177.57	995.20	240.76
Impact of adjustments						
Differential cane price of earlier years			(77.09)	(236.96)		
Change of method of valuation of Inventory	(71.52)					
Change in accounting policy in respect of depreciation	(0.27)	2.68	(9.18)			
Reversal of trade tax on lease rentals	(22.39)			14.68		
Levy price claim of earlier years	16.89	(0.04)		17.21	0.15	
Commission to managing director					(13.50)	13.50
Reduction of interest and depreciation					2.27	(2.27)
Impact of revision of salary by sugar wage board					(2.32)	2.32
Provision written back/prior period items	(20.45)	(2.19)	(1.29)	(4.83)	0.52	
Total impact before tax	(97.74)	0.45	(87.56)	(209.90)	(12.88)	13.55
Tax impact of adjustments	(15.87)	93.47	(30.79)	(77.95)	130.56	4.56
Impact of prior period Income Tax/Wealth tax	(0.04)	0.32	(0.13)	0.21	(4.85)	-
Total impact on profit after tax	(81.83)	(93.34)	(56.64)	(132.16)	(138.59)	8.99
Profit/(Loss) after tax as per restated unconsolidated audited accounts	(18.20)	175.25	(8.56)	45.41	856.61	249.75

Differential sugarcane pricing of earlier years

The Supreme Court of India has, through an order dated May 5, 2004, held in U.P. Co-operative Cane Unions Federation v. West U.P. Sugar Mills Association and others, that the state of Uttar Pradesh can fix a state advised price or SAP over and above the statutory minimum price or SMP fixed by the GoI. Accordingly, in fiscal 2005, we made provisions for the differential cane price of Rs.604.50 million payable to the sugarcane farmers with reference to the SAP rates prescribed by the Government of Uttar Pradesh for the crushing seasons 1996-1997, 2002-2003 and 2003-2004. With regard to such expenditure pertaining to earlier years, in our accounts prior to restatement for fiscal 2005, we had withdrawn an amount of Rs.368.57 million from our reserves to meet its impact. In the restated accounts, we have accounted for the same in the fiscal to which the cost pertained. Hence, in respect of the impact of Rs.368.57 million pertaining to earlier years, impact of Rs.236.96 million has been accounted for in the fiscal 2004, Rs.77.09 million in the fiscal 2003 and the balance impact of Rs.54.52 million in fiscal 1997. It may be noted that restatement of the differential cane price to the relevant year does not result in equivalent impact on the profitability in that fiscal as the expenditure forms cost of production of the inventory produced in that fiscal and held in stocks at the year end and is charged off to revenue in the fiscal in which such stocks are sold. The impact on the profitability as stated above is therefore net of the additional cost carried over in the year end inventories of that fiscal.

Method of valuation of inventories

In fiscal 2002, we had, based on a clarification by the Expert Advisory Committee of the Institute of Chartered Accountants of India (ICAI), changed the method of valuation of our inventories to exclude interest costs from such valuation and ensured compliance with AS16 and AS2. The same treatment was followed for the subsequent fiscal years 2003, 2004 and 2005. In fiscal 2002, to state the realistic profits of the year, Rs.243.80 million was withdrawn from our general reserves to set off the effect of interest included in the opening inventories of sugar and off- season expenses as on March 31, 2001. In our restated accounts, we have excluded the interest from the valuation of inventories and off-season expenses in fiscal 2001 also. This has resulted in an impact of Rs.71.52 million on the profitability in fiscal 2001, which represents the difference between the interest costs included in the inventories and off-season expenses as on March 31, 2001 and March 31, 2000.

Change of accounting policy in respect of depreciation

In fiscal 2003, we changed the method of depreciation from the written down value method to the straight line method with respect to some fixed assets of the sugar plants to achieve uniformity in the method of depreciation for similar fixed assets. Hence, excess depreciation of Rs.9.18 million was written back in our un-restated audited accounts. In the restated accounts, we have followed the straight-line method of depreciation for all the assets in respect of all the fiscal years under review. Hence, there is a decrease in depreciation of Rs.9.18 million in fiscal 2003, an increase in depreciation of Rs.2.68 million in fiscal 2002 and a decrease in depreciation of Rs.0.27 million in fiscal 2001 as compared to our un-restated audited accounts.

Reversal of trade tax on lease rentals

The Allahabad High Court through an order dated January 11, 1995 in V.K. Singhal v. State of Uttar Pradesh and another, held that section 3-F of the Uttar Pradesh Sales Tax Act, 1948 read with Rule 44-B of the Uttar Pradesh Sales Tax Rules, 1948 is ultra vires. We had paid and charged off the trade tax on lease rentals in the earlier years (prior to the period under restated accounts) under the aforesaid section. Based on the aforesaid ruling, we reversed such trade tax of Rs.22.39 million in the fiscal 2001. Subsequently, we recovered Rs.7.71 million of trade tax and the remaining amount of Rs.14.68 million was written off in fiscal 2004 in our un-restated accounts. In the restated accounts, the effect of all such trade tax was eliminated as this pertained to the period prior to period covered by the restated accounts. Hence, there is an adjustment of Rs.22.39 million to lower profits in fiscal 2001 when the income on account of reversal was booked and an adjustment Rs.14.68 million in fiscal 2004 to increase the profit when the unrecovered trade tax was written off.

Levy price claim of earlier years.

We had, prior to April 1, 2000, booked in our un-restated audited accounts levy price claims in respect of the years 1974-75 to 1979-80 based upon the decision of Supreme Court of India dated September 22, 1993 and January 28, 1997 in Sh.Malprabha Co-Operative Sugar Factory Limited v. Union of India and another. Based on the subsequent clarification by the Supreme Court, an amount of Rs.37.39 million being a part of the claim earlier booked was reversed in fiscal 2001 and further levy price claim of Rs.20.50 million was booked on an estimated basis in fiscal 2001, with respect to 1999-2000, based on the rationale of the judgment of Allahabad High Court in West U.P.Sugar Mills Association and others v. Union of India and others, in our un-restated audited accounts. Subsequently adjustment of levy price claim for the year 1999-2000 took place in fiscal 2004 and fiscal 2005 in our un-restated audited accounts, when the notifications were issued for the final levy price. In our restated audited accounts, the impact of all such adjustments have been eliminated in the fiscal years in which such adjustments were made, as these pertain to the period prior to April 1, 2000.

Commission to Managing Director

The shareholders vide a special resolution passed at the Extraordinary General Meeting held on May 19, 2005, approved payment of additional remuneration to our Chairman and Managing Director for the period between April 1, 2004 to March 30, 2005, by way of a commission. Pursuant to this resolution, a commission of Rs.13.50 million was determined to be paid to the Chairman and Managing Director and accounted for in the books in fiscal 2006. However, since the commission pertains to fiscal 2005, the amount has been considered in fiscal 2005 in the restated financials of our Company.

Reduction of Interest

During the three months period ended June 30, 2005, we have reversed interest expense of Rs.4.57 million, which had earlier been accounted for in fiscal 2005. The reduction of interest was on account of lowering of interest rate for loans taken from the Sugar Development Fund, GoI and on account of incentives received or receivable in respect of the loan taken for setting up the co-generation plant at Deoband from ICICI Bank Limited which has charged lesser finance charges as the loan has been made available under the Asian Development Bank line of credit. In the restated financials, such reduction of interest has been considered in fiscal 2005, the year to which it relates. Reduction of interest to the extent of Rs.2.35 million, which had earlier been capitalized against the specific fixed assets, has been reduced from such cost of fixed assets in the restated financials and the balance reduction of Rs.2.22 million, has been adjusted by lowering the finance costs of fiscal 2005. Further, consequent to reduction of cost of fixed assets, as aforesaid, the lower depreciation charge of Rs.0.05 million for fiscal 2005 has also been considered in the restated financials.

Impact of Wage Board Salary Revision

Salaries of employees covered under the Sugar Wage Board, were revised during the three month period ended June 30, 2005, with effect from October 2004. In the restated financials, the impact of such wage revision from October 2004 to March 2005, aggregating to Rs.2.32 million has been considered in fiscal 2005.

Provisions written back and prior period items

We had written back certain amounts in our un-restated audited accounts, in the years subsequent to the fiscal years in which the provisions were made. Similarly, in our un-restated accounts, we had made adjustment of certain amounts which pertained to the earlier years. In the restated audited accounts, the effect of such write back / adjustment has been eliminated and such items have now been accounted for in the fiscal year to which these pertained.

Deferred Taxation Charge

Accounting Standard on Taxes on Income (AS 22) was made mandatory for all fiscal years commencing on or after April 1, 2001. Accordingly, it was necessary to recognise the charge in respect of deferred taxation along with the normal tax liability. Our un-restated audited accounts for fiscal 2002, 2003, 2004 and 2005 were in compliance with AS 22. In our restated audited accounts, we have complied with AS 22 for fiscal 2001 also.

Impact of prior period Income Tax/Wealth tax

In respect of fiscal years 2001 to 2003, the provision of normal tax liability was made by us as per the provisions of MAT. In respect of the total impact as a result of restatement, deferred tax charge has been computed by us at the tax rates applicable to that year and subsequently, the said charge has been revised with reference to change in the applicable tax rates in the subsequent years. Further, the restatement has resulted into book loss in certain years and hence, even MAT would not have been payable but no adjustment of MAT already provided in the books has been considered. Further, adjustment of income tax provisions upon finalisation of the assessment has been restated in the concerned year to which it pertained.

Exceptional and non-recurring items

We had certain non-recurring profits arising from the disposal of certain assets of our closed divisions (oil and gas unit and the turbine unit at Naini) as well as profit on sale of certain long-term investments (divestment of our stake in Triveni Flexibox Limited). In our un-restated audited accounts, these items were grouped as other income. In the restated audited accounts, these have been included as non-recurring items and have been shown net of tax (net of deferred tax charge and tax paid under MAT, proportionate to such income considered in the relevant years).

Change in the profit after tax

Our profit after tax as per our unconsolidated un-restated audited accounts was Rs. 240.76 million, Rs.995.20 million, Rs.177.57 million, Rs.48.08 million, Rs.268.59 million and Rs.63.63 million for the three month period ended June 30, 2005,



fiscal 2005, 2004, 2003, 2002 and 2001, respectively. As per our restated unconsolidated audited accounts, our profit/loss after tax was a profit of Rs 249.75 million in the three month period ended June 30, 2005, Rs.856.61 million in fiscal 2005; a profit of Rs.45.41 million in fiscal 2004; a loss of Rs.8.56 million in fiscal 2003; a profit of Rs.175.25 in fiscal 2002 and a loss of Rs.18.20 million in fiscal 2001.

LIQUIDITY AND CAPITAL RESOURCES

Liquidity

We depend on both internal and external sources of liquidity to fund working capital and capital requirements. We have traditionally funded our working capital requirements and capital expenditures from internally generated funds, equity funds and debt financing. In respect of the debt funding of working capital, we make use of cash credit limits from banks in conjunction with commercial paper and foreign currency loans whereas for project or capital expenditure debt financing, we generally enter into long term borrowings in the form of term loans or debentures, which may be in Rupees or foreign currencies. As of March 31, 2005, we had cash and cash equivalents of Rs.191.63 million, which represented an increase of Rs.63.15 million over fiscal 2004. As of March 31, 2005, we also had committed but undrawn credit facilities of Rs.768.10 million in respect of term loans and Rs.646.00 million in respect of working capital finance.

Dividends

The dividends declared by us for the last three fiscal years are presented below:

Fiscal	Class of shares	Dividend per share. (Rs.)	Dividend Tax	Dividend per Share (%)	No. of Shares	Amount of Dividend
		(Rs. in Million)				(Rs. in Million)
2003	Equity Shares of Rs.10/- each	1.50	2.36	15%	12,290,001	18.44
2004	Equity Shares of Rs.10/- each	3.00	3.20	30%	8,315,206	24.95
2004	Redeemable Cumulative Preference Shares of Rs.10 each	1.20	0.61	12%	3,973,995	4.77
2005	Equity Shares of Rs.10 each	3.50	3.73	35% (Interim)	8,315,206	29.10
2005	Equity Shares of Re.1 each	0.65	7.06	65% (Final) (Proposed)	83,512,060	54.05
2005	Redeemable Cumulative Preference Shares of Rs. 5 each	0.60	0.31	12%	3,973,995	2.38

Dividends are approved at the annual general meeting of our shareholders based on the recommendation of our Board. Our Board may also declare interim dividends. Our Board considers a number of factors in making a recommendation to pay dividends, including but not limited to, profits earned during the fiscal year, future capital expenditure plans, cash flow situation, financing needs and shareholders interest. The amounts paid as dividends in the past are not necessarily indicative of our dividend policy or dividend amounts, if any, in the future.

A stock split was approved at an extra-ordinary general meeting of our shareholders held on January 27, 2005 and the meeting of our Board dated February 16, 2005 resulting in each equity share of Rs.10 being sub-divided into 10 Equity Shares of Re.1 each.

As of April 1, 2005, the final redemption amount of Rs. 21 per Preference Share including a premium of Rs. 16 per Preference Share was paid in respect of the Preference Shares and thus, as of that date, there were no outstanding redeemable Preference Shares issued by us.

Cash Flow

The table below summarizes our restated cash flow statement in the last three fiscal years.

(Rs. in million)

	Quarter ended June 30, 2005	Fiscal 2005	Fiscal 2004	Fiscal 2003
Net cash from/(used) in operating activities	917.91	1,409.85	(554.09)	1,097.94
Net cash from /(used) in investing activities	(575.88)	(1,256.00)	(220.33)	(108.07)
Net cash from/(used) in financing activities	(350.75)	(90.70)	796.07	(1,015.99)
Net increase/(decrease) in cash and cash equivalents	(8.72)	63.15	21.65	(26.12)
Closing cash and cash equivalents	182.91	191.63	128.48	106.83

Net Cash from Operations

Our net cash generated from operating activities was Rs. 1,409.85 million in fiscal 2005 and Rs. 917.91 million in the three month period ended June 30, 2005. We had net profit before tax and non-recurring items of Rs. 1,228.18 million and Rs.294.41 million in the three month period ended June 30, 2005. Our net cash from operating activities for fiscal 2005 excludes non-cash items of depreciation of Rs. 123.41 million, total amortisation of Rs.55.27 million, loss from sale of assets of Rs.11.31 million and interest expenses of Rs.328.09 million. Our net cash from operating activities also excludes dividend income of Rs.0.06 million, interest income of Rs.32.50 million and deferred revenue expenditure incurred of Rs.6.25 million. Our net cash from operating activities for the three month period ended June 30, 2005 excludes non-cash items of depreciation of Rs.42.75 million, total amortisation of Rs.13.88 million and interest expenses of Rs.85.10 million. Our net cash from operating activities also excludes interest income of Rs.2.24 million and deferred revenue expenditure incurred of Rs.7.72 million.

Our net cash used in operating activities was Rs.554.09 million in fiscal 2004. We had net profit before tax and non-recurring items of Rs.39.43 million. Our net cash used in operating activities excludes non-cash items of depreciation of Rs.102.91 million, total amortisation of Rs.64.54 million and interest expenses of Rs.274.46 million. Our net cash used in operating activities also excludes dividend income of Rs.0.06 million, interest income of Rs.50.77 million and deferred revenue expenditure incurred of Rs.52.21 million.

Net Cash used in Investment Activities

The net cash used for our investment activities in the three month period ended June 30, 2005 was Rs.575.88 million. This comprised Rs.577 million used for purchasing fixed and intangible assets. We also received cash amounting to Rs.1.64 million from sale of certain fixed and intangible assets, Rs.44.95 million towards interest income, recovered Rs.24.05 million against loans and advances given by us and received Rs.0.06 million as dividends.

The net cash used for our investment activities in fiscal 2005 was Rs. 1,256.00 million. This comprised Rs. 1,326.60 million used for purchasing fixed and intangible assets. We also received cash amounting to Rs.1.64 million from sale of certain fixed and intangible assets, Rs.44.95 million towards interest income, recovered Rs.24.05 million against loans and advances given by us and received Rs.0.06 million as dividends.

The net cash used for our investment activities in fiscal 2004 was Rs.220.33 million. This comprised Rs.272.91 million used for purchasing fixed and intangible assets. We also received cash amounting to Rs.8.69 million from sale of certain fixed and intangible assets, Rs.39.06 million towards interest income, recovered Rs.4.77 million against loans and advances given by us and received Rs.0.06 million as dividends.

Net Cash used in Financing Activities

In fiscal 2005, the net cash used by us in financing activities was Rs.90.70 million. We made payments amounting to

Rs.78.18 million for the redemption of redeemable preference shares, Rs.66.20 million as dividends to our shareholders, Rs.1.37 million against lease rentals of machinery, Rs. 338.28 million as interest on loans taken by us. There was also a decrease in cash credit of Rs.120.83 million. Our net long-term borrowings increased by Rs.556.02 million and our net short-term borrowings have decreased by Rs.41.86 million.

In fiscal 2004, the net cash generated from financing activities was Rs.796.07 million. We made payments amounting Rs.21.54 million as dividends to our shareholders, Rs.6.92 million against lease rentals of machinery, Rs.269.60 million as interest on loans taken by us. There was also an increase in cash credit of Rs.933.45 million. Our net long-term borrowings increased by Rs.110.46 million and our net short-term borrowings increased by Rs.50.22 million.

Indebtedness

We rely on both Rupee and foreign currency denominated borrowings. Traditionally, a significant part of our external funding has been Rupee loans from banks in India and other agencies. These include loans from the Sugar Development Fund of the GoI. We have both secured and unsecured borrowings.

Secured Loans

The following table presents our secured debt as of September 30, 2005:

(Rs. in million)

Sl. No.	Name of Banks/Institution/ Others	Outstanding	Overdues	Rate of Interest	Repayment Schedule	Security
A. Term Loans						
1.	UTI Bank Ltd	81.25	-	9%	Phased repayment ending December 31, 2008	Secured by charges created/to be created by equitable mortgage and hypothecation of all moveable (except book debts) and Immoveable assets both present & future, excluding specific assets charged with other lenders of the Company and subject to bankers prior charges created/to be created on current assets for providing working capital.
2.	UTI Bank Ltd	113.90	-	8%	Phased repayment ending June 21, 2010	Same as specified for (1) above
3.	UTI Bank Ltd (Short Term)	150.00	-	7.5%	2 equal instalments at the end of 9 th & 12 th month from date of disbursement i.e., June 29, 2005	Subservient charge on the movable fixed and current assets of the company
4.	ICICI Bank Limited	250.00	-	11% to 11.90% *	Phased repayment ending September, 2009	Same as specified for (1) above * The Company is however entitled to subsidy of 2% p.a. from Ministry of Non-Conventional Energy Sources and 1.5% p.a. in respect of funding under Asian Development Bank line of credit in respect of this loan, availed from ICICI Bank Ltd. for setting up its Co-Generation plant at Deoband.

(Rs. in million)

Sl. No.	Name of Banks/Institution/ Other	Outstanding	Overdues	Rate of Interest	Repayment Schedule	Security
5	IDBI LTD	168.75	-	10.25%	Phased repayment ending April, 2006	Same as specified for (1) above
6	Oriental Bank of Commerce	76.78	-	8.75%	Phased repayment ending March, 2009	Same as specified for (1) above
7	Oriental Bank of Commerce	169.10	-	8.75%	Phased repayment ending June, 2010	Same as specified for (1) above
8	Indian Overseas Bank	79.16	-	9%	Phased repayment ending February, 2009	Same as specified for (1) above
9	Rabo India Finance Limited	200.00	-	7.85%	Phased repayment ending June, 2010	Same as specified for (1) above
10	Punjab National Bank	18.99	-	12.25%	Phased repayment ending June 3, 2008	Secured by second pari-passu charge created/to be created over Ramkola's immovable properties and third pari-passu charge on Deoband, Khatauli, Naini, Bangalore & Mysore Units' immovable properties. Additionally these are guaranteed by the Managing Director in his personal capacity.
11	ICICI Bank Limited	9.66	-	8% to 13%	Phased repayment ending May, 2008	Hypothecation of certain vehicles acquired under the loan scheme.
12	Sundaram Finance Ltd	2.33	-	3.80% to 3.88% flat	Phased repayment ending March, 2008	Hypothecation of certain vehicles acquired under the loan scheme
13	HDFC Ltd	19.14	-	9.75%	Phased repayment ending January 31, 2008	Secured by charges created/to be created by equitable mortgage of land measuring 5760 sq. mts. and 4900 sq. mts. located at Deoband and land measuring 13 bighas, 11 biswa located at Khatauli and construction thereon present and future
14	HDFC Ltd	2.36	-	9.75%	Phased repayment ending March, 2006	Same as above.
15	HDFC Ltd	7.23	-	9.75%	Phased repayment ending October, 2007	Same as above
16	Sugar Development Fund (Govt of India)	187.90	-	4%	Phased repayment ending June, 2014	Secured by second charge created over moveable/ immovable assets of Deoband Unit.
17	Sugar Development Fund (Govt of India)	142.50	-	4%	Phased repayment ending September, 2012	Same as above
18	Sugar Development Fund (Govt of India)	31.00	-	4%	Phased repayment ending October, 2007	Same as above
	Total	1,710.05				

(Rs. in million)

Sl. No.	Name of Banks/Institution/ Other	Outstanding	Overdues	Rate of Interest	Repayment Schedule	Security
	B. Working Capital Facilities from Banks					
1	Cash Credit (including WCDL) Consortium Bankers led by Punjab National Bank (Fund Based Limit Sanctioned)	305.53		9% to 11%		Secured by pledge/hypothecation of the stocks-in-trade, raw material, stores & spare parts, work-in-progress and receivable and second charge created/to be created over Ramkola properties and third charge on Deoband, Khatauli, Naini, Bangalore and Mysore properties, other than raw sugar & related sugar stocks. Additionally these are guaranteed by the Managing Director
2	Commercial Papers	350.00		5.65% to 5.80%		Same as above
	Total	655.53				
	Grand Total	2365.58				

Unsecured Loans

The following table presents our unsecured debts as of September 30, 2005.

(Rs. in million)

PARTICULARS	As on September 30, 2005
Intercompany Deposits	
Other than Promoters, Promoter Group & Group Companies	-
SUB TOTAL (A)	-
Fixed Deposits(Public)	
Fixed Deposits from Promoters, Promoter Group & Group Companies of Promoters *	0.20
Others	154.57
SUB TOTAL (B)	154.77
Others Loans	
From Banks	850.00
From Others	
Non Convertible Debentures	100.00
SDF Loan and Interest Accrued & due there-on	6.58
U.P. Govt. Gunna Mulya Nidhi Loan & Interest Accrued & due there-on **	31.85
HDFC LTD.	-
Security Deposit	0.13
SUB TOTAL (C)	988.56
TOTAL (A+B+C)	1,143.33

* Fixed deposits have been accepted in accordance with the Fixed Deposit scheme of the Company applicable from time to time. The rate of interest applicable on above fixed deposits is 9.75% to 14% p.a. with a maturity term of 1 year to 3 years.

** The above loan has been rescheduled by the Government of Uttar Pradesh in December 1997. The Company had challenged the recovery of such loans and had obtained a stay from Delhi High Court. The writ has been disposed of lately due to non- appearance and a restoration application has been filed and is pending.

In addition, there are 121 creditors to whom we owe a sum exceeding Rs. 1 lakh which is outstanding more than 30 days. The total amount which we owe to such creditors amounts to Rs.76.88 million. There are no such amounts outstanding with small scale undertakings.

Capital Expenditures

Our capital expenditures are primarily for various projects undertaken including, modernisation and technology upgradation resulting in better operational efficiencies and cost control, balancing of the plant and de bottlenecking, installation of new capacity and expansion of existing capacity. Our capital expenditures in fiscal 2003, 2004 and 2005 were Rs.135.60 million, Rs 272.91 million and Rs. 1,326.60 million, respectively, including expenditure on intangible assets.

For further discussion of our expansion plans, see the section titled “Our Business—Operations —Capacity—Expansion Plans” and section titled “Objects of the Issue” on page 46 of this Red Herring Prospectus. Our capital expenditure is subject to modification as a result of a variety of factors, including availability of internal and external resources, changes to expansion plans and other factors.

Quantitative and Qualitative Disclosures about Market Risk

Currency Exchange Rates

While our principal revenues are in Rupees, we have also borrowed funds in U.S.Dollars. Principal and interest payments on these borrowings are denominated in U.S.Dollars. As of March 31, 2005, we had Rs.385.09 million equivalent of foreign currency borrowings outstanding. In addition, we are exposed to foreign exchange fluctuations in respect of international trade of products and services. We hedge our exposure at an appropriate time based on professional advice for maximum benefits. However, we cannot assure that it will always work out in our favour and fully protect us from foreign exchange exposure.

Interest Rates

Financing costs are the second most important expenditure after the expenditure on sugarcane. We are subject to risks arising from changes in interest wherever the prescribed interest rates are not fixed. Further, interest on working capital finance is quite material in our case, particularly in respect of sugar operations which are seasonal. The entire production takes place in about 180 days and the sugar is sold as per the Government releases all round the year based on the demand. Interest is thus dependent on average inventory holding which is beyond our control. If the liquidation of stocks takes place faster, the average inventory holding would be lower and lower working capital finance would be required, resulting in lower finance cost. Similarly, in the event of slower liquidation of stocks, the finance cost will be higher. As a mitigation of risk, all our engineering businesses are much less working capital intensive and further, through optimal use of other instruments, we try to keep the cost of working capital lower. About 45.0% of our long- term borrowings as on March, 31, 2005 carry fixed interest rates.

Off-Balance Sheet Arrangements

Some of our operating leases for our plants and machinery and office premises are not reflected in our balance sheet. As of June 30, 2005, we were not a financial guarantor of obligations of any unconsolidated entity, and we were not a party to any material off-balance sheet obligation or arrangement except as stated as contingent liability in our audited financial statements.

Significant Developments after June 30, 2005 that may Affect the Future of our Operations

Except as stated in this Red Herring Prospectus and in compliance with AS4, to our knowledge no circumstances have arisen since the date of the last financial statements as disclosed in this Red Herring Prospectus which materially and



adversely affect or are likely to affect, the trading and profitability of the Company and our subsidiary (taken as a whole), or the value of the consolidated assets or their ability to pay their material liabilities within the next 12 months.

Except as stated in this Red Herring Prospectus, there are no subsequent developments after the date of the Auditor's report dated October 24, 2005, which we believe are expected to have material impact on the consolidated reserves, profits, earnings per share or book value of the Company.

Unusual or Infrequent Events or Transactions

There have been no other events or transactions to our knowledge, which may be described as "unusual" or "infrequent", except as disclosed as non-recurring items in the section titled "Management Discussion and Analysis of Financial Conditions and Results of Operations".

Significant Economic/ Regulatory Changes

Except as described in section "Regulations and Policies" in this Red Herring Prospectus, there have been no significant economic/regulatory changes.

Known Trends or Uncertainties

Except as described in this Red Herring Prospectus in general and the section titled "Risk Factors" and "Management Discussion and Analysis of Financial Conditions and Results of Operations", in particular, to our knowledge, there are no known trends or uncertainties that have or had or expected to have any material adverse impact on revenues or income of our Company from continuing operations.

Future Relationship Between Cost and Income

There is no future relationship between cost and income that will have a material adverse impact on the operations and finances of our Company.

New Products or Business Segment

To our knowledge, there are no new products or business segments, which are planned by our Company.

Competitive Conditions

Refer to the sections titled "Our Business" and "Risk Factors" regarding competition on pages 82 and xiii respectively of this Red Herring Prospectus.

OUTSTANDING LITIGATION AND MATERIAL DEVELOPMENTS

Except as described below, there are no outstanding litigation, suits or criminal or civil prosecutions, proceedings or tax liabilities against our Company, our Directors and our subsidiaries that would have a material adverse effect on our business and there are no defaults, non-payment or overdue of statutory dues, institutional/ bank dues and dues payable to holders of any debentures, bonds and fixed deposits that would have a material adverse effect on our business other than unclaimed liabilities against our Company or Directors or our subsidiaries.

I LITIGATION AGAINST OUR COMPANY

A. Contingent liabilities not provided for as of June 30, 2005

(Rs. in million)

Particulars	31.3.2001	31.3.2002	31.3.2003	31.3.2004	31.3.2005	30.6.2005
Liability for Bill of Exchange/Cheque discounted	6.03	Nil	0.06	Nil	Nil	Nil
Guarantees given on behalf of Other parties and subsidiaries	4.77	4.87	4.87	4.87	4.87	4.87
Income Tax claim under dispute	79.99	39.26	38.19	13.00	9.40	11.04
Central Excise and Service Tax claim under dispute	16.79	2.45	3.42	33.15	59.08	59.87
Sales Tax claim under dispute	73.40	53.43	44.05	57.43	55.77	54.37
Other Claims not acknowledged as Debts	30.47	42.89	54.06	58.70	73.01	75.51
Outstanding Commitment for Capital Expenditure (Net of Advance)	5.55	1.26	4.29	360.98	898.48	919.52
In respect of levy price differential claim for 1973-74 including interest, Supreme Court has remanded the matter back to High Court of Delhi and restored the interim order.	Nil	Nil	Nil	11.93	12.42	12.71
On a writ Petition filed, the Hon'ble Delhi High Court passed an interim order on 28 th April, 1982 that the Company's Sugar factory at Khatauli be treated as if it was a new unit under the Incentive Scheme dated 15.11.1980 and directed the Sugar Directorate to issue release orders for free sale of sugar on that basis. Consequently, the Sugar Directorate allowed additional free sale sugar commencing from sugar season 1981-82 to 1986-87. Should the Writ petition not succeed, the difference between the additional sugar allowed on the basis of High Court's order and Company's entitlement as expanded Unit, will be adjusted on quantitative terms over same number of years from the free sale quota of the Company out of the future seasons of production. The total impact including difference in excise duty between levy and free sale sugar is unquantifiable at this stage. However, the Company has given undertakings on account of differential excise duty. (High Court has allowed Company's appeal)	11.00	11.00	11.00	11.00	Nil	Nil
Indeterminate liability arising from the claims/ counter claim in Arbitration cases, claims of some employees and in respect of service tax, if any, on certain activities of the Company which are being contested by the company						

B. PENDING LITIGATION AGAINST OUR COMPANY**1. Criminal Cases**

There are 13 criminal cases pending against us before various courts and authorities in India. An aggregate of Rs. 935,795 has been claimed against us in these cases. The details of these are as follows.

- (a) In order to establish the co-generation power project at our Deoband Sugar Unit, the ICICI Bank approved the Asian Development Bank (“ADB”) funded loan of Rs 250 million on August 4, 2003. Since the project was funded by ADB, we were entitled to purchase excisable goods manufactured in India without payment of central excise duty under notification no. 108/95 dated August 8, 1995 and import goods from outside India without payment of custom duty under notification no. 84/97-Cus dated November 11, 1997 on submission of a certificate issued by Project Implementing Authority (“PIA”) duly signed by its executive head and countersigned by an official not below the rank of Joint Secretary to the GoI in the concerned line ministry to be nominated by the MoF. ICICI bank was the PIA in our case and we followed the procedures as advised by ICICI Bank and at their recommendation, appointed a firm, Clean Energy Systems (“CES”) for the purpose of obtaining counter signatures on the exemption certificates from the MoF. CES duly provided us countersigned certificates from time to time along with a forwarding letters (on the letterhead of MoF) addressed to jurisdictional central excise/custom authorities. The certificates and the forwarding letter were sent to our suppliers for onward submission to their jurisdictional excise authorities for clearing the goods without payment of duty.

On August 9, 2004 we were summoned by Directorate of Revenue Intelligence, New Delhi (DRI) where in we were informed that the signature of the MoF officials on the certificate as wells as on the forwarding letters were fake and further, the line ministry in our case is Ministry of Urban Development & Poverty Alleviation, GoI (MUD) and not the MoF. The DRI officials communicated to us that MoF had communicated to ICICI Bank regarding the correct line ministry in our case but a copy was not marked to us.

Immediately thereafter, we were required to pay an amount of Rs. 28,525,000 equivalent to all the exemption availed by us in respect of excise and custom duty pursuant to such exemption certificates. We wrote a letter dated September 6, 2004 to The Chairman, Central Board of Excise & Customs seeking his assistance to remedy the position as our project met all the substantive conditions of exemptions notifications and the defect in countersignatures could only termed as a procedural lapse which is curable in view of various judicial decisions. The proprietor of CES vide our letter dated September 8, 2004 was asked to make good the losses incurred by us due to his negligence and/or act of forgery without prejudice to any other appropriate legal action, which we may initiate. We also filed FIR on September 8, 2004 requesting the police to investigate the matter and to take the action against the persons found to be guilty. Further a letter was also written to ICICI Bank on September 27, 2004 conveying to them that we had relied on the skill, expertise and experience of ICICI Bank, as PIA and the services of CES were availed on their recommendation only. We requested them to issue fresh certificates in lieu of the earlier certificates. The ICICI Bank then issued certified true copies of the earlier certificates issued by them and we submitted these to MUD for counter signatures. After some correspondence and inspite of ICICI Bank providing them requested clarifications, the MUD refused to accept the nomination as the line ministry and advised MoF to inform the ICICI Bank as well as us about the correct procedure to be followed. When repeated reminders and requests to MoF failed to evoke any response, we filed a writ petition before the High Court of Allahabad which through order dated April 6, 2005, finally disposed off the writ petition and directed that the MoF should nominate the line ministry and disclose its particulars to us so as to enable us to submit the certificates for the counter signatures. The MoF has complied with the order passed by the High Court by nominating the MUD as the line ministry and we have submitted the certified true copies of the certificates for countersignature with MUD. Such certificates have not been yet returned to us after countersignatures.

Separate show cause notices have been issued by the Director General Central Excise Intelligence, New

Delhi in respect of excise exemption and by the Additional Director, Department of Revenue Intelligence, New Delhi in respect of custom exemption. We have already provided interim replies before the Commissioner Central Excise (Adjudication) Delhi-1 who has been nominated to hear the matters related to Central Excise whereas for custom matter, we have moved an application before the Chairman Central Board of Excise and Customs requesting nomination of an adjudicating officer, which is pending.

On August 5, 2005 in compliance to summons dated July 20, 2005 of the Economic Offences Wing of Central Bureau of Investigation (CBI), Mumbai, certain documents related to the case were submitted and in compliance to summons dated August 5, 2005, all the documents of the case were submitted and the Company officials appeared before them on August 17 and August 18, 2005.

- b) A First Information Report was filed against a contractor engaged by the Company for alleged negligence in relation to the death of Islamuddin, an employee of the contractor. Subsequently, Mr. A.K. Varshney, an employee of the Company was included in the First Information Report. The matter is being heard by the Tis Hazari court.
- c) A criminal complaint has been filed by the Director of Factories (Case Number 1677 of 1994) under Section 92 of the Factories Act, 1948 against Mr. I. Saran, the then occupier and Mr. Mohan Vajpai, the then factory manager of the Naini factory before the Chief Judicial Magistrate, Allahabad for alleged negligence which caused the death of a contract labourer working on the factory premises. The matter is currently being heard by the trial court.
- d) The Cane Inspector filed a First Information Report against the weighment clerk and the then occupier of the factory at Khatauli alleging irregularities in the weighing of cane at the purchase centre. A charge sheet was filed in the matter. The Company has filed a discharge application. The case is presently being heard by the Additional Chief Judicial Magistrate at Muzaffarnagar. (Case Number 603 of 2004).
- e) The excise department has filed a criminal complaint before the Chief Judicial Magistrate, Muzaffarnagar (Case Number 43 of 1989) against the occupier of the factory at Khatauli and other officers of the Company for failure to deposit Rs. 935,795 in the molasses fund in violation of Section 10A of the Uttar Pradesh Sheera Adhiniyam. The Company filed a writ petition (Writ Petition Number 673 of 1990) in the Allahabad High Court against the said claim of recovery of the excise department, which High Court has, by order dated May 24, 1990 restrained the excise department from compelling the Company to deposit any sum, until further orders. The matter is being heard by the High Court.
- f) A First Information Report was lodged by the Cane Inspector cum Assistant Commissioner (Sugar), Muzaffarnagar against the officials of the Company in relation to irregularities in weighment of cane at the cane purchase centre. A summoning order has been issued to the officials. The Company has filed an application (Criminal Miscellaneous Application No. 2744 of 2004) for quashing of the proceedings. The matter is pending for hearing before the High Court and is yet to be listed.
- g) A complaint was filed in the court of the Chief Judicial Magistrate, Saharanpur (Case Number 3052 of 1992) under Section 92 of the Factories Act, 1948 against the then occupier of the Deoband factory, Mr. S.P. Nanda and the then factory manager, Mr. M.R. Gupta, alleging that the death of a workman was caused due to the negligence of the management. A writ petition (Criminal Writ Petition Number 3259 of 1992) has been filed by the accused in the Allahabad High Court to quash the proceedings. The High Court has stayed the proceedings before the trial court, and the matter is pending.
- h) The Additional Director of Factories filed a complaint (Criminal Case Number 3724 of 1994) under Section 92 of the Factories Act, 1948 against the then occupier of the Deoband factory, Mr. L. K. Anand and the then factory manager, Mr. M.R. Gupta in the court of the Chief Judicial Magistrate, Saharanpur alleging that Inderpal Singh, a workman employed in the factory died on July 6, 1994 during the course of employment due to the negligence of the management. The complaint is currently pending before the Chief Judicial Magistrate for appearance of the accused.

- i) The Additional Director of Factories filed a complaint (Criminal Case Number 3725 of 1994) under Section 92 of the Factories Act, 1948 against the then occupier of the Deoband factory, Mr. L. K. Anand and the factory manager, Mr. P.R. Chopra in the court of the Chief Judicial Magistrate, Saharanpur alleging that Parvez, a workman employed in the factory died on July 16, 1994 during the course of employment due to the negligence of the management. The complaint is currently pending before the Chief Judicial Magistrate for appearance of the accused.
- j) The Additional Director of Factories filed a complaint (Criminal Case Number 2852 of 1997) under Section 92 of the Factories Act, 1948 against the then occupier and factory manager of the Deoband factory, Mr. V.K. Malik and Mr. D.N. Suri, Manager in the court of the Chief Judicial Magistrate, Saharanpur alleging that Krishan Pal Singh, a workman employed in the factory died on April 9, 1997 during the course of employment due to the negligence of the management. The complaint is pending before the Chief Judicial Magistrate for appearance of the accused.
- k) A complaint has been filed by Mrs. Deena Devi Prajapati against the Company under Section 133 of the Criminal Procedure Code, 1973 (Case Number 99 of 2004), regarding storage of effluent water on the factory premises. The matter is pending for hearing before the District Magistrate, Hata.
- l) A complaint (Case no. 3041/1992) was filed against Mr. R.C. Sharma ("Occupier") and Mr. A.K.Sharma (manager of the factory) by the Additional Director of Factories, Muzaffarnagar under section 92 of the Factories Act, 1948 for alleged violation of provisions of the Factories Act, 1948 and rules made thereunder in relation to the death of a contract labour. The Chief Judicial Magistrate of Muzaffarnagar had dismissed the case and acquitted the Occupier and the manager of the factory. The State of Uttar Pradesh has filed an appeal (no. 2431 of 1998) in the High Court of Allahabad where the matter is pending.
- m) A complaint (Case no. 5235/2003) was filed against Mr. R.C. Sharma ("Occupier") and Mr. B.S.Yadav (manager of the factory) by the Additional Director of Factories, Muzaffarnagar under section 92 of the Factories Act, 1948 for alleged violation of provisions of the Factories Act, 1948 and rules made thereunder in relation to the death of an employee. The Chief Judicial Magistrate of Muzaffarnagar has issued bailable warrants for appearance before him November 7, 2005. The matter is pending before the Chief Judicial Magistrate of Muzaffarnagar.

2. Winding Up Petition

Two winding up petitions have been filed against the Erstwhile Triveni Engineering Works Limited. The details of the same are as follows:

- (a) M/s. NEPC Paper and Board Limited ("NEPC") filed a petition (Company Petition Number 219 of 1997) on May 28, 1997 in the Delhi High Court against the Erstwhile Triveni Engineering Works Limited, seeking winding-up of the company on grounds on non-refund of advance amounting to Rs. 4,500,000, alongwith interest and damages aggregating to Rs. 7,693,150. TEWL had been merged with Triveni Oilfield Services Limited (whose name was subsequently changed to Triveni Engineering & Industries Limited) prior to filing of the winding up petition pursuant to a scheme of amalgamation and consequently stood dissolved vide order dated March 15, 1996 of the Delhi High Court. Thereafter, by order dated March 6, 2000, the Allahabad High Court sanctioned the merger of the Erstwhile Triveni Engineering & Industries Limited (earlier known as Triveni Oilfield Services Limited) with Gangeshwar Limited, and the name of Gangeshwar Limited was changed to Triveni Engineering & Industries Limited.

Pursuant to the above-mentioned amalgamations, NEPC filed an application before the Delhi High Court for amendment of the winding up petition to implead Gangeshwar Limited in place of the Erstwhile TEWL. The said amendment application is pending before the Delhi High Court.

By order dated May 12, 1998, the Delhi High Court restrained the Erstwhile TEWL from selling, alienating or parting with the possession of, or creating third party interests in its assets, except in the ordinary course

of business. The Company has filed an application before the Delhi High Court on May 22, 1998 contending that the winding up petition is infructuous as it has been filed against a company which is no longer in existence. The matter is pending before the Delhi High Court.

- (b) A winding-up petition has been filed against Gangeshwar Limited by M/s India Coal Traders (“ICT”), which was a supplier of coal to our sugar mills at Deoband. Due to certain disputes regarding the release of payment, ICT filed a winding-up petition in the High Court of Allahabad against Gangeshwar Limited, which vide its order dated December 8, 1999 directed us to pay a sum of Rs. 2.33 million to ICT. Further, we were directed to make a fixed deposit of Rs.1.26 million as interest with the Registrar of the High Court of Allahabad within two months from the date of the order. We have filed a special appeal against this order before the Divisional Bench of the High Court of Allahabad, which vide its order dated January 6, 2000 stayed the operation of the earlier order, subject to the condition that we deposit a sum of Rs.2.33 million with ICT within eight weeks. We have complied with this condition and the appeal is still pending before the High Court of Allahabad.

3. Excise Cases

There are 111 excise duty claims pending against us before various forums in India. The total claim against us in these cases amounts to approximately Rs. 216.97 million. The details of these are as follows.

- (a) Show cause notice number V/84/3/12/01 dated February 28, 2002 was issued to the Bangalore unit of the Company in relation to payment of excise duty amounting to Rs. 17,276,000 for the period February 2001 to September 2001 in relation to supply of turbines to various bio-mass power projects on the ground that turbines cannot be treated as bio mass waste conversion device producing energy and accordingly, central excise duty exemptions could not be availed of. The Deputy Commissioner (Appeals) granted the exemption in relation to the Malavalli power plant, which was objected to by the Commissioner, Central Excise. On an appeal filed, the Commissioner (Appeals) disallowed the exemption claimed, which decision was upheld by the order of the Tribunal (Order Number 1144 of 2003) dated June 25, 2004. A civil appeal (Case Number 6998 of 2004) has been filed against the same before the Supreme Court of India, which has been admitted and is pending disposal. In relation to the other projects, which were the subject matter of the show cause notice, the Commissioner (Appeals) has decided the case against the Company. The Company has filed an appeal with the Tribunal, which is pending.
- (b) Show cause notice number IV/9/72/2002 dated December 16, 2002 was issued to the Bangalore unit of the Company in relation to payment of excise duty amounting to Rs. 5,360,000 for the period March 2002 in relation to supply of turbines to various bio-mass power projects on the ground that turbines cannot be treated as bio mass waste conversion device producing energy and accordingly, excise duty exemptions could not be availed of. The Commissioner (Appeals) has decided the case against the Company. The Company has filed an appeal with the Tribunal, which is pending.
- (c) Show cause notice number IV/9/12/2003 dated May 26, 2003 was issued to the Bangalore unit of the Company in relation to payment of excise duty amounting to Rs. 10,906,000 for the period September 2002 to December 2002 in relation to supply of turbines to various bio-mass power projects on the ground that turbines cannot be treated as bio mass waste conversion device producing energy and accordingly, excise duty exemptions could not be availed of. The Commissioner (Appeals) has decided the case against the Company. The Company has filed an appeal with the Tribunal, which is pending.
- (d) Show cause notice number V/84/15/02/2004 dated January 20, 2004 was issued to the Bangalore unit of the Company in relation to payment of excise duty amounting to Rs. 12,820,000 for the period January 2003 to May 2003 in relation to supply of turbines to various bio-mass power projects on the ground that turbines cannot be treated as bio mass waste conversion device producing energy and accordingly, excise duty exemptions could not be availed of. The Commissioner (Appeals) has decided the case against the Company. The Company has filed an appeal with the Tribunal, which is pending.

- (e) Show cause notice number V/84/15/02/2004 dated January 20, 2004 was issued to the Bangalore unit of the Company in relation to payment of excise duty amounting to Rs. 10,389,000 for the period September 2003 in relation to supply of turbines to various bio-mass power projects on the ground turbines cannot be treated as bio mass waste conversion device producing energy and accordingly, excise duty exemptions could not be availed of. The Commissioner (Appeals) has decided the case against the Company. The Company has filed an appeal with the Tribunal, which is pending.
- (f) Show cause notice number V/84/15/52/2004 dated October 14, 2004 was issued to the Bangalore unit of the Company in relation to payment of excise duty amounting to Rs. 10,705,000 for the period March 2004 in relation to supply of turbines to various bio-mass power projects on the ground that turbines cannot be treated as bio mass waste conversion device producing energy and accordingly, excise duty exemptions could not be availed of. The Commissioner Central Excise has rejected the Company's appeal for exemption and the Company is filing an appeal with the Tribunal.
- (g) A show cause notice has been issued by the Assistant Commissioner, Central Excise demanding reversal of CENVAT credit of Rs. 182,312 on materials received for repairs. The Company will be filing its reply to the said show cause notice.
- (h) Pursuant to the assessment made for the year 1981-82, excise duty demand of Rs. 680 was made by the Assessing Officer on the ground of duty leviable on bought out goods. The Company filed an appeal with the Collector (Appeals) who remanded the case to the Assistant Commissioner by order dated May 24, 1998. The matter is currently pending before the Assistant Commissioner (Case Number 122 of 1981).
- (i) The Assessment Officer made a demand of Rs. 12,205 for the assessment year 1982-83 for the differential duty on equipment supplied. The Company filed an appeal with the Collector (Appeals) who remanded the case to the Assistant Commissioner by order dated May 24, 1998. The matter is currently pending before the Assistant Commissioner (Case Number 122 of 1981).
- (j) The Assessing Officer raised a demand for payment of duty amounting to Rs. 38,295 on ground of late submission of proof of shipment of sugar. The Company appealed against the same and the matter is currently pending before the Assistant Commissioner (Case Number 400 of 1984).
- (k) The Assessing Officer issued a show cause notice on April 30, 1996 relating to payment of Rs. 49,768,862 as duty payable on turbo generator sets. The Company replied to the said notice on September 28, 1996. The matter has been heard and a final order is awaited.
- (l) The Additional Commissioner Service Tax, Bangalore issued demand for payment of Rs. 285,534 as service tax on consulting engineers and Rs. 285,000 as penalty for non-payment of the same. Against the levy of such service tax, a writ petition has been filed before the Delhi High Court (CWP No. 2684/99). The payments have been made by the Company under protest but the High Court has passed an order to the effect that payment of such service tax demanded shall be without prejudice to the issues being considered by the High Court.
- (m) The Assistant Commissioner, Central Excise Division, Muzaffarnagar issued a show cause notice for the period November-December 1996 for Rs. 53,290.50 on the basis of MODVAT credit allegedly wrongly availed on certain equipment. The Assistant Commissioner, on the basis of the reply filed by the Company, only partially allowed the credit. The Company filed an appeal against the said order with the Commissioner (Appeal) Ghaziabad, who also partially allowed the appeal. A second appeal was filed in the CEGAT (Appeal No. E/2104/99) against the said order, which was dismissed. A review application has been filed with the CEGAT, which is pending.
- (n) Central excise officials visited the Khatauli factory and on verification found shortage of molasses, on the basis of which finding, the Deputy Commissioner issued a show cause notice dated March 8, 2000 demanding

payment of Rs. 455,216.50. The Company filed its reply, which was not accepted and the demand was confirmed. The Company has filed an appeal before the Commissioner Appeal, Ghaziabad against the said order on the ground that the shortage was less than 2%, which is permitted. The Commissioner rejected the Company's appeal. A further appeal was filed before the CESTAT (Appeal No. E/695/04 NB/SM), which issued a stay order on recovery and remanded the case back to the Commissioner for readjudication.

- (o) During the season 1998-1999, certain shortage of molasses was found, which being 1.21% of the total production, i.e., less than the permissible shortage of 2%, an application for condonation of duty on shortage of molasses was filed by the Company. The said application was rejected by the Commissioner, and duty of Rs. 392,455 was levied, against which the Company filed an appeal before the CEGAT. The CEGAT has remanded the matter back to the Commissioner on August 9, 2002. The Commissioner has, by order dated April 6, 2005, rejected the remission application. The Company has filed an appeal before CESTAT.
- (p) During the season 2001-2002, molasses shortage was identified, which being 0.68% of the total production, i.e., less than the permissible shortage of 2%, and application dated July 24, 2003 was filed for condonation of excise duty. The application was not allowed and a show cause notice dated May 19, 2003 was issued by the Assistant Commissioner, Central Excise, Muzaffarnagar. The Company's reply dated June 4, 2003 was rejected and demand for Rs. 332,038 was confirmed. The Company has filed an appeal with the Commissioner (Appeal) (Appeal No. 192-CE/APPL/M-I/04) and the appellate authority has confirmed the demand vide order dated June 15, 2005. We have filed an appeal against this order before the CESTAT.
- (q) The Company was issued with a show cause notice dated January 23, 1999 by the Deputy Commissioner, Central Excise Meerut alleging that the excise duty on sugar bag-handling system amount to Rs. 957,000 was not paid. On March 26, 1999, the Company replied to the same, but the reply was not accepted and a demand for payment of Rs. 1,914,000 was confirmed. The Company filed an appeal with the Commissioner (Appeal), who by order dated November 30, 1999 has remanded the matter to the Joint Commissioner, Central Excise, Meerut.
- (r) The Superintendent, Central Excise issued a show cause notice to the Company on the ground that MODVAT credit amounting to Rs. 259,208.10 was wrongly availed during February 1996 to March 1996 on certain materials. The Company replied to the notice on October 14, 1996. The Assistant Commissioner, Central Excise, Muzaffarnagar partly allowed MODVAT credit and confirmed demand of Rs. 68,085.70. The Company filed an appeal with the Commissioner (Appeal), which was disallowed. A second appeal was filed with the CEGAT, which remanded case to the Deputy Commissioner vide order dated January 7, 2000. The matter is pending before the Commissioner.
- (s) The Company claimed certain amounts as MODVAT credit on nuts, bolts etc., which was reversed on the basis of objections raised during audit and subsequently, the Company claimed refund of Rs. 157,045 for the same. The Assistant Commissioner, Central Excise Division, Muzaffarnagar rejected the Company's refund application, whereupon an appeal was filed before the Commissioner (Appeal). The Commissioner remanded the matter back to the Assistant Commissioner vide order dated August 5, 1999, who rejected the Company's case. The Company filed a second appeal, which was also rejected. The Company has filed appeal before the CESTAT (Appeal Number E/4179/04NB(SM)) against the said rejection of its claim. The CESTAT vide order dated July 11, 2005 has set aside the order passed by the adjudicating authority and remanded the matter for fresh adjudication.
- (t) The Company reversed certain MODVAT credit availed by it and filed an application for refund of Rs.76,444 with the Assistant Commissioner, who rejected the refund application. The Company filed an appeal before the Commissioner (Appeal), who remanded the matter back to the Assistant Commissioner vide order dated August 5, 1999. The Assistant Commissioner rejected the Company's case. The Company has filed appeal before the CESTAT (Appeal Number E/4179/04NB(SM)) against the said rejection of its claim. The CESTAT vide order dated July 11, 2005 has set aside the order passed by the adjudicating authority and remanded the matter for fresh adjudication.

- (u) The Company claimed certain amounts as MODVAT credit on nuts, bolts etc. and subsequently claimed refund of Rs. 111,594 for the same. The Assistant Commissioner, Central Excise Division, Muzaffarnagar rejected the Company's refund application, whereupon an appeal was filed before the Commissioner (Appeal). The Commissioner remanded the matter back to the Assistant Commissioner vide order dated August 5, 1999, who rejected the Company's case. The Company filed a second appeal, which was also rejected. The Company has filed appeal before the CESTAT (Appeal Number E/4179/04NB(SM)) against the said rejection of its claim. The CESTAT vide order dated July 11, 2005 has set aside the order passed by the adjudicating authority and remanded the matter for fresh adjudication.
- (v) The Assistant Commissioner, Central Excise, Muzaffarnagar issued a show cause notice on September 2, 1996 alleging that MODVAT credit had been wrongly availed during February 1996 and March 1996. The same was replied to on October 14, 1996, which was rejected and demand for Rs. 16,680 was confirmed. The Company filed an appeal with the Commissioner (Appeal), which was rejected. A second appeal was filed with CEGAT, which has remanded the matter to the Assistant Commissioner, Central Excise.
- (w) During the monthly assessment, the Excise Superintendent observed that the Company had wrongly availed MODVAT credit on electrodes to the tune of Rs. 74,142.11. The Company reversed the same under protest and filed refund claim on December 13, 2000. The matter is currently pending with the Assistant Commissioner, Central Excise.
- (x) The Superintendent, Central Excise issued a show cause notice dated February 22, 1996 demanding excise duty amounting to Rs. 214,830.70 on administrative charges paid to the state government for the period October 1995 to January 1996. The same was replied to on March 9, 1996 and the matter is pending before the Assistant Commissioner, Central Excise.
- (y) The Superintendent, Central Excise issued a show cause notice on April 27, 2000 alleging that the Company had wrongly availed MODVAT credit on nut, bolt, etc. during the months of October 1999 to December 1999. The Assistant Commissioner subsequently raised demand for Rs. 147,691 and penalty of Rs. 147, 691. The Company filed an appeal with the Commissioner (Appeals), which was only partly allowed. The Company filed a second appeal with the CESTAT (Appeal No. E/2709/04 NB/SM), which is currently pending. The larger bench of CESTAT vide order no. 21/M/216/05-IV dated June 27, 2005 has decided the matter against us. The Company is considering a challenge to the order before the High Court.
- (z) The Superintendent, Central Excise issued a show cause notice on September 29, 1999 alleging that the Company had wrongly availed MODVAT credit on continuous vacuum pan amounting to Rs. 515,926. The Company has replied to the same on October 21, 1999 and further orders are awaited.
- (aa) The Superintendent, Central Excise issued a show cause notice on August 17, 1999 alleging that the Company had wrongly availed MODVAT credit on continuous vacuum pan amounting to Rs. 733,671. The Company has replied to the same on October 13, 1999 and further orders are awaited.
- (bb) During the season 2000-2001 molasses shortage was found, which being 0.015% of the total production, i.e., less than the permissible 2% limit, an application was filed for condonation of excise duty. In the meanwhile, the excise department issued a show cause notice for the same, which was replied to on May 30, 2002. The reply was rejected and a demand for Rs. 7,705 was confirmed. The Company filed an appeal before the Commissioner (Appeals) (Appeal No. 190-CE/APPL/M-I/04) and the appellate authority has confirmed the demand vide order dated June 15, 2005. We have filed an appeal against this order before the CESTAT. The CESTAT, through order dated October 18, 2005 remanded the matter to the adjudicating authority for fresh adjudication.
- (cc) During the monthly assessment, the Superintendent, Central Excise observed that the Company had wrongly availed MODVAT credit amounting to Rs. 83,853 on electrodes, coil, etc. during April 2000 to March 2001.

The Company paid the same under protest, and filed a refund claim on May 24, 2001. Further orders are awaited.

- (dd) Molasses stored in the factory was burnt and reduced to ash. Accordingly, an application for remission of central excise duty was filed before the Commissioner. Meanwhile, the Commissioner issued a show cause notice demanding central excise duty on burnt molasses, which was replied to by the Company. The Commissioner rejected the Company's submissions and confirmed demand for Rs. 4,321,092.50 and a penalty of Rs. 1,000,000. The Company has appealed against the same, which is pending before the CESTAT (Appeal Numbers E/3374/03-NB(B) and E/ 416/04-NB(B)). Pending the disposal of the same, the Company has been served with a letter dated April 28, 2005 by the Superintendent (Central Excise) directing the Company to deposit the amount claimed on the ground that the stay granted by CESTAT gets vacated after 180 days. The Company moved an application before CESTAT against the said recovery notice and the CESTAT vide order dated September 19, 2005 has granted a stay on recovery.
- (ee) The Deputy Commissioner, Central Excise, issued a show cause notice on July 26, 2000 alleging that the Company had wrongly availed MODVAT credit on paint, thinner, etc. during July 2001 to March 2002 and demanding duty of Rs. 42,369. The Company replied to the same, but the reply was rejected and the Assistant Commissioner, Central Excise confirmed the demand for Rs. 42,369. The Company filed an appeal against the above order, which was rejected by the Commissioner (Appeals). A second appeal has been filed before the CESTAT (Appeal No. E/3867/04-NB/SM), which is currently pending. Pending the disposal of the same, the Company has been served with a letter dated April 28, 2005 by the Superintendent (Central Excise) directing the Company to deposit the amount claimed on the ground that the stay granted by CESTAT gets vacated after 180 days. The Company has moved an application before CESTAT against the said recovery notice.
- (ff) The Deputy Commissioner, Central Excise issued a show cause notice dated March 7, 2003 alleging that the Company had wrongly availed MODVAT credit on paint, thinner, etc. The Company replied to the same on April 7, 2003, which reply was rejected and demand for Rs. 50,584 was confirmed. The Company appealed against the demand, but the appeal was dismissed by the Commissioner (Appeals). A second appeal has been filed before the CESTAT (Appeal No. E/3868/04-NB/SM), which was dismissed in default and the Company is in the process of filing an application for restoration of the same.
- (gg) The Deputy Commissioner, Central Excise issued a show cause notice dated April 16, 2003 alleging that the Company had wrongly availed MODVAT credit on certain products the period April 2002 to December 2002. The Company replied to the same on April 25, 2003, which reply was rejected and demand for Rs. 4,218 was confirmed. The Company appealed against the demand, but the appeal was dismissed by the Commissioner (Appeals). A second appeal has been filed before the CESTAT (Appeal No. E/3866/04-NB/SM), which is pending. Pending the disposal of the same, the Company has been served with a letter dated April 28, 2005 by the Superintendent (Central Excise) directing the Company to deposit the amount claimed on the ground that the stay granted by CESTAT gets vacated after 180 days. The Company has moved an application before CESTAT against the said recovery notice.
- (hh) MODVAT credit amounting to Rs. 24,854.60 for the period 1998-1999 on nut, bolts and welding electrodes was allowed by the order of the Deputy Commissioner (Central Excise). The same was appealed against the by the Assistant Commissioner before the Commissioner (Appeals), who partly allowed the appeal. The Company has filed a second appeal before the CESTAT (Appeal No. E/1157/04), which is pending.
- (ii) MODVAT credit amounting to Rs. 71,657 for the period 1998-1999 on nut, bolts and welding electrodes was allowed by the order of the Deputy Commissioner (Central Excise). The same was appealed against the by the Assistant Commissioner before the Commissioner (Appeals), who partly allowed the appeal. The Company has filed an appeal before the CESTAT (Appeal No. E/1156/04 NB(SM)), which is pending.

- (jj) The Commissioner, Central Excise issued a show cause notice dated November 24, 2003 demanding excise duty amounting to Rs. 9,231,145 on sale of bagasse for last five years. The same has been replied to and further orders of the Commissioner are awaited.
- (kk) The Assistant Commissioner issued a show cause notice dated January 15, 2004 demanding duty of Rs. 141,996 for the period 2002-2003 on the sale of old and discarded parts of capital goods on which CENVAT credit was claimed. The Company replied to the same, which reply was partly accepted and a demand of Rs. 115,079 was confirmed. The Company has filed an appeal before the Commissioner (Appeals) (Appeal No. 193-CE/APPL/04) and the appellate authority has confirmed the demand vide order dated June 18, 2005. We have filed an appeal against this order before the CESTAT.
- (ll) The Assistant Commissioner issued a show cause notice proposing to demand central excise duty of Rs. 463,182 on the ground that CENVAT credit had been wrongly availed on certain items. The Company replied to the same, which reply was rejected and the demand was confirmed. The Company has filed an appeal before the Commissioner (Appeals) (Appeal No. 213-CE/APPL/MRT-I/04), which is pending.
- (mm) During the season 2002-2003 molasses shortage was found. The central excise department issued show cause notice for the same for an amount of Rs. 4,818. The Company filed its reply, which was rejected, and the Assistant Commissioner, Central Excise confirmed the demand. The Company has filed an appeal with the Commissioner (Appeals) (Appeal No. 191-CE/APPL/M-I/04) and the appellate authority has confirmed the demand vide order dated June 15, 2005. We have filed an appeal against this order before the CESTAT.
- (nn) The Assistant Commissioner issued a show cause notice for Rs. 471,569 on the ground that CENVAT credit had been wrongly availed on certain items. The Company replied to the same, which reply was rejected and the demand was confirmed. The Company has filed an appeal before the Commissioner (Appeals) (Appeal No. 214-CE/APPL/MRT-I/04), which is pending.
- (oo) During the season 2003-2004 molasses shortage of 0.36% was found, which being less than 2% of the total production, an application for remission of excise duty was filed before the Assistant Commissioner who forwarded the same to the Commissioner (Central Excise), Meerut. The Commissioner has rejected the application and directed the Company to pay duty on shortage of molasses for 2003-2004. The Company is in the process of filing an appeal before CESTAT.
- (pp) The Assistant Commissioner issued a show cause notice for Rs. 445,130 on the ground that CENVAT credit had been wrongly availed on certain items. The Company replied to the same, which reply was rejected and the demand was confirmed. The Company has filed an appeal before the Commissioner (Appeals) (Appeal No. 212-CE/APPL/MRT-I/04), which is pending.
- (qq) The Assistant Commissioner issued a show cause notice dated April 12, 2004 for the period 2003-2004 on the ground that old and discarded parts of capital goods had been sold without payment of appropriate excise duty and CENVAT credit claimed on the same. The Company replied to the same, which reply was partly accepted and the demand of for Rs. 89,647 was confirmed. The Company has filed an appeal before the Commissioner (Appeals) (Appeal No. 189-CE/APPL/M-I/04) and the appellate authority has confirmed the demand vide order dated June 14, 2005. We have filed an appeal against this order before the CESTAT.
- (rr) The Commissioner, Central Excise issued a show cause notice dated November 23, 2004 demanding excise duty of Rs. 4,921,642 on sale of bagasse from September 2003 to June 2004. The same has been replied to and is pending for further orders by the Commissioner.
- (ss) The Assistant Commissioner issued a show cause notice dated October 28, 2004 on sale of old and discarded parts of capital goods without payment of appropriate excise duty for the period December 2003 to June 2004 for Rs. 162,996 and a penalty of Rs. 162,996 on the ground that CENVAT credit had been wrongly availed on of the said capital goods. The Company has replied to the same and the Assistant Commissioner

- has confirmed the demand vide order dated June 30, 2005. The Company has filed an appeal against the said order.
- (tt) The Assistant Commissioner issued a show cause notice dated November 8, 2004 for Rs. 1,641,488 on the ground that CENVAT credit had been wrongly availed on certain items. The Company replied to the same, and the matter is pending before the Assistant Commissioner.
 - (uu) The Assistant Commissioner, Central Excise, Muzaffarnagar issued a show cause notice dated April 5, 2005 alleging that the unit was not entitled to claim CENVAT credit of Rs. 276,803 on parts of the machinery purchased as capital goods during the period July 2004 to September 2004. The Company will be filing its reply to the same.
 - (vv) The Assistant Commissioner Central Excise, Muzaffarnagar issued show cause notice dated April 28, 2005 alleging that the unit was not entitled to claim CENVAT credit of Rs. 35,558 on parts of the machinery purchased as capital goods during the period October 2004 to December 2004. The Company will be filing its reply to the same.
 - (ww) MODVAT credit claimed on capital goods and other inputs for the period December 1995 to January 1996 was disallowed by the Assistant Commissioner, Central Excise and a demand for Rs. 402,606.50 was confirmed. The Company preferred an appeal before the Commissioner (Appeals), which was disallowed whereupon a second appeal was filed with the CEGAT. The CEGAT, vide order dated July 18, 2001, has remanded the matter back to the Commissioner (Appeal) (Appeal Number 7-RKL/96), which is pending.
 - (xx) MODVAT credit claimed on inputs for the period December 1995 to April 1996 was denied on the ground of late filing of declaration as also the application for condonation of delay, and a demand for Rs. 58,450 was raised. Appeals were filed before the Commissioner (Appeals) and the CEGAT (Appeal No.E/671/98), both of which were dismissed. An application dated May 22, 2002 has been filed for restoration of the appeal before CEGAT (Application Number 19-RKL/96), which is pending. In the interim, the Company has, under protest, reversed the MODVAT credit claimed by it.
 - (yy) MODVAT credit claimed on inputs for the period August to September 1996 was denied, and a demand for Rs. 109,211 was raised. Appeals were filed before the Commissioner (Appeals) and the CEGAT (Appeal No.E/441/98), both of which were dismissed. An application dated October 29, 2002 has been filed for restoration of the appeal before CEGAT (Application Number 2-RKL/97), which is pending. In the interim, the Company has, under protest, reversed the MODVAT credit claimed by it.
 - (zz) During inspection by excise officials, excess quantities of molasses were identified and a demand for Rs. 60,000 was raised. The Company has preferred an appeal before the Commissioner (Appeals) (Appeal Number 2-DKP/DIV/98) and the appellate authority has confirmed the demand vide order dated June 4, 2005. We have filed an appeal against this order before the CESTAT, which is pending.
 - (aaa) The Additional Commissioner issued a notice dated February 19, 2002 relating to imposition of duty amounting to Rs. 173,858 on presumed sales from 1997 onwards. The Company has filed its reply to the said notice on June 20, 2002 and further proceedings are pending.
 - (bbb) Sugar identified as levy sugar during the period October to November 1997 and sold to the government was later converted to free sale sugar, whereupon notice dated September 5, 2001 was issued relating to payment of differential rate of duty amounting to Rs. 511,797. The Company filed an appeal before the Commissioner (Appeals) on the ground that the differential duty has already been deposited. The appeal was disallowed and the Company filed a second appeal before CEGAT (Appeal Number E-1146/05-NB(B)).
 - (ccc) The Company submitted a claim for remission of central excise duty on the ground of loss of sugar due to spontaneous combustion. By notice dated October 21, the claim for remission was rejected and duty of Rs. 1,864,796.75 was demanded. The Company filed an appeal before the Commissioner (Appeal), which was

rejected. A second appeal was filed before the CEGAT, which by order dated February 20, 2002 allowed the appeal and granted remission of duty. The central excise department has filed a reference application before the Allahabad High Court challenging the CEGAT order, which is pending.

- (ddd) A show cause notice dated April 30, 1998 was issued demanding payment of Rs. 121,538.11 as central excise duty on administration charges levied on dispatch of molasses. The Company replied to the same on May 29, 1998, and the matter is pending adjudication.
- (eee) A show cause notice dated February 26, 2004 was issued demanding payment of duty amounting to Rs. 421,339 on bagasse sales for the period April 1, 1999 to January 31, 2004. The notice was replied to on April 12, 2004 and personal hearing concluded on May 20, 2004 before the Additional Commissioner. The matter is pending adjudication.
- (fff) A show cause notice dated September 20, 2004 was issued demanding payment of duty amounting to Rs. 48,602 on bagasse sales for the period April 1, 2000 to December 31, 2002. The notice was replied to on October 18, 2004 and personal hearing concluded on November 17, 2004 before the Additional Commissioner. Order of the Additional Commissioner is awaited.
- (ggg) Show cause notice dated January 19, 2005 was issued by the Assistant Commissioner, Central Excise demanding duty of Rs. 73,095 on sale of waste and scrap of capital goods and other inputs on which MODVAT credit was claimed. The notice was replied to on March 30, 2005 and the Assistant Commissioner has confirmed the demand vide order dated June 15, 2005. The Company has filed an appeal against this order before the Commissioner of Customs, Central Excise & Service Tax (Appeals), Allahabad, on July 21, 2005. The Commissioner of Customs, Central Excise & Service Tax (Appeals), Allahabad, through order dated October 20, 2005 allowed the appeal of the Company and has quashed the demand. The Central Excise department has 90 days to file an appeal against the same.
- (hhh) A show cause notice dated February 2, 2005 was issued demanding payment of duty amounting to Rs. 49,108 on bagasse sales for the period February 1, 2004 to December 31, 2004. The notice was replied to on March 10, 2005 and personal hearing concluded before the Assistant Commissioner. Order of the Commissioner is awaited.
- (iii) Show cause notice dated October 4, 1994 was issued by the excise department for in relation to central excise duty claims of Rs. 124,954 on ground of alleged under billing of molasses for the assessment year 1993-1994. The demand was confirmed by the Additional Commissioner (Meerut) and the Company filed an appeal before the Commissioner (Appeal), who, by order dated December 11, 1996 directed the Additional Commissioner to readjudicate the matter. The matter is currently pending before the Additional Commissioner for further orders.
- (iii) A demand dated April 27, 2001 for payment of duty amounting to Rs. 1,661,825 and penalty of Rs. 1,661,825 on scrap arising from dismantling, repair and maintenance of machinery was raised on the ground that MODVAT credit had been availed on such machinery for the period April 1996 to March 2001. The Company has filed its appeal against the said demand, which is pending.
- (kkk) Show cause notice dated November 8, 2001 was issued proposing to demand duty amounting to Rs. 371,572 on scrap arising from dismantling, repair and maintenance of machinery was raised on the ground that MODVAT credit on such machinery had been availed for the period August 2000 to March 2001. The Company has replied to the same and further adjudication of the demand is waited.
- (III) Show cause notice dated April 11, 2002 was issued proposing demand of central excise duty amounting to Rs. 153,388 on scrap arising from dismantling, repair and maintenance of machinery was raised on the ground that MODVAT credit on such machinery had been availed for the period April to October 2001. The Company has replied to the same and further adjudication of the demand is waited.

- (mmm) Show cause notice dated August 18, 2004 was issued proposing demand of duty amounting to Rs. 414,425 on sale of scrap for the period October 2003 to March 2004. The demand of Rs. 414,425 was confirmed by order of the Additional Commissioner (Central Excise) and penalty of Rs. 414,425 imposed. The Company has filed an appeal against the said demand.
- (nnn) Show cause notice dated April 13, 2004 was issued proposing demand of duty amounting to Rs. 137,879 on sale of scrap for the period April to September 2003. The Company has filed its reply to the said notice, the matter has been heard and further orders are awaited.
- (ooo) Show cause notice dated October 29, 2003 was issued proposing demand of duty amounting to Rs. 60,791 on sale of scrap for the period November 2001 to July 2002. The Company has filed its reply to the said notice, the matter has been heard and further orders are awaited.
- (ppp) Show cause notice dated October 29, 2003 was issued proposing demand of duty amounting to Rs. 107,951 on sale of scrap for the period October 2002 to March 2003. The Company has filed its reply to the said notice, the matter has been heard and further orders are awaited.
- (qqq) Show cause notice dated March 9, 2005 was issued for payment of duty amounting to Rs. 191,140 on sale of scrap. The demand was confirmed by order of the Additional Commissioner (Central Excise) and the Company has filed an appeal against the said demand.
- (rrr) Show cause notice dated December 23, 2003 was issued proposing demand of duty amounting to Rs. 2,462,980 on sale of bagasse for the period January 2003 to September 2003. The Company replied to the same on January 16, 2004, and is awaiting further orders of the Additional Commissioner, Meerut.
- (sss) Show cause notice dated October 1, 2004 was issued proposing demand of duty amounting to Rs. 934,464 on sale of bagasse for the period October 2003 to March 2004. The Company replied to the same on October 20, 2004, and is awaiting further orders of the Additional Commissioner, Meerut.
- (ttt) Show cause notice dated July 1, 2002 was issued proposing demand of duty amounting to Rs. 1,446,710 on sale of bagasse. The Company replied to the same on July 4, 2002, and is awaiting further orders of the Additional Commissioner, Meerut.
- (uuu) Show cause notice dated January 31, 2005 was issued proposing demand of duty amounting to Rs. 127,093 on sale of bagasse for the period April to August 2004. The Company replied to the same on February 14, 2005, and is awaiting further orders of the Assistant Commissioner, Saharanpur.
- (vvv) For the assessment year 1977-1978, a demand for payment of Rs. 853,946 was raised on ground of excess rebate allegedly claimed by the Company. The appeal filed by the Company against the said demand was rejected, whereupon a writ petition was filed by the Company in the High Court of Allahabad (Writ Petition Number 43 of 1983). The High Court has remanded the matter to the Additional Commissioner, Meerut for re-adjudication.
- (www) A show cause notice dated February 4, 2005 was issued to the Company proposing denial of CENVAT credit amounting to Rs. 4,868,455 claimed by the Company in relation to capital goods used in the co-generation plant for the period January to July 2004. The Company filed its reply to the same on March 19, 2005 and is awaiting further orders of the Additional Commissioner, Meerut.
- (xxx) By notice dated June 26, 2003 issued by the excise department, Rs. 5,760 was demanded on quantities of molasses shown as storage loss for the period July to August 2002. The Company replied to the notice on July 14, 2003 and is awaiting further orders of the Assistant Commissioner, Saharanpur.
- (yyy) A show cause notice was issued for payment of Rs. 444,566 for the period December 2003 to March 2004 proposing denial of MODVAT credit claimed by the Company on MS plates and electrodes. The Company replied to the same on September 18, 2004, but the reply was rejected and the demand was confirmed. The Company has filed an appeal against the said demand.

- (zzz) MODVAT credit claimed by the Company on rods and bars was disallowed by the assessing authority and a demand for Rs. 9,750 raised. The Company filed an appeal (Appeal Number 464 of 2004) against the said demand, before the Commissioner (Appeals). The Commissioner (Appeal) has remanded the matter back to the Assistant Commissioner, Saharanpur and further orders are awaited.
- (aaaa) MODVAT credit claimed by the Company on inputs for the period October 1996 to February 1997 was disallowed and show cause notice was issued for Rs. 156,623. The department has claimed that required endorsements by dealers are not present on the invoices. The Company filed an appeal before the Commissioner (Appeal), who remanded the matter back to the Assistant Commissioner, Central Excise, Saharanpur. The Assistant Commissioner, Saharanpur through order dated September 30, 2005 allowed a MODVAT credit of Rs. 118,662.50 out of the Rs. 156,623 in question. The remaining amount has not been allowed and the Company is considering filing an appeal against the same.
- (bbbb) Show cause notice dated November 24, 2004 was issued by the excise department in relation to the denial of CENVAT credit on MS plates, channels, angles, welding electrodes etc. for the period April to June 2004 amounting to Rs. 377,619. The Company replied to the same on December 7, 2004. The Assistant Commissioner, Central Excise, vide order dated April 29, 2005 confirmed the demand and imposed a penalty of Rs. 377,619. The Company has filed an appeal before the Commissioner (Appeals) Central Excise.
- (cccc) A show cause notice dated November 17, 2004 was issued by the excise department for Rs. 84,933 in relation to storage loss of molasses claimed by the Company for the year 2003-04, which was less than the 2% permissible storage loss. The Company replied to the same on December 28, 2004 and the matter is currently pending before the Assistant Commissioner, Saharanpur.
- (dddd) CENVAT credit of Rs. 239,748 claimed on MS plates, channels etc. was disallowed for the period July to September 2004 and a show cause notice dated January 28, 2005 was issued. The Company replied to the same on February 14, 2005 and the matter is currently pending before the Assistant Commissioner, Saharanpur.
- (eeee) A show cause notice was issued on March 10, 2004 in relation to claims of duty amounting to Rs. 716,498 for the period March to November 2003. The Company replied to the same on April 5, 2004, which reply was rejected and the demand was confirmed on November 29, 2004. The Company filed an appeal against the same on January 27, 2005 before the Commissioner (Appeal), which is currently pending.
- (ffff) A show cause notice was issued on March 12, 2004 in relation to claims of duty amounting to Rs. 708,466 for the period March to November 2003. The Company replied to the same on April 5, 2004, which reply was rejected and the demand was confirmed on November 29, 2004. The Company filed an appeal against the same on January 27, 2005 before the Commissioner (Appeal), which is pending.
- (gggg) A show cause notice was issued on July 13, 2004 in relation to claims of duty amounting to Rs. 55,330 for the period December 2003 to March 2004. The Company replied to the same on July 30, 2004, which reply was rejected and the demand was confirmed on January 28, 2005. The Company filed an appeal against the same on March 10, 2005 before the Commissioner (Appeal), which has dismissed. The Company has filed an appeal before the CESTAT.
- (hhhh) Show cause notices were issued to the Company proposing denial of CENVAT of Rs. 710,767 in relation to the period November 1998 to May 2001 on welding electrodes on ground that CENVAT credit had been wrongly claimed by the Company. The Company's reply to the said notices was rejected and the demand confirmed by order dated November 25, 2003. The Company has filed an appeal before CEGAT (Appeal Number 816 of 2004), which is pending.
- (iiii) A show cause notice dated March 26, 1998 was issued proposing to deny MODVAT credit amounting to Rs. 86,110 allegedly wrongfully claimed on carrier chains and other items for the period 1997-98. The Company replied to the same on April 15, 1998, but the demand was confirmed on November 16, 2000. The Company has filed an appeal before CEGAT (Appeal Number 2796 of 2004), which is currently pending.

- (iii) A show cause notice dated March 25, 1998 was issued to the Company proposing to demand duty amounting to Rs. 292,385 payable on molasses on account of storage loss during the period 1997-98. The Company's reply to the show cause notice was rejected and demand for the same was confirmed on December 31, 2001. The Company has filed an appeal against the same before CEGAT (Appeal Number 4623 of 2004), which is pending.
- (kkkk) A show cause notice dated April 30, 1997 was issued proposing to deny MODVAT credit amounting to Rs. 261,781 claimed on certain inputs and capital goods for the period 1995-96. The Company's reply to the show cause notice was rejected and the demand was confirmed on July 31, 2002. The first appeal filed before the Commissioner (Appeal) was allowed only in part. The Company filed a second appeal before CEGAT (Appeal Number 4863 of 2004), which is pending.
- (llll) A show cause notice dated April 19, 2002 was issued for Rs. 456,900 on alleged excess stock of molasses. The Company's reply dated May 7, 2002 was rejected and the demand was confirmed on July 19, 2002. The appeal filed by the Company before the Commissioner (Appeal) was partly allowed. The Company has filed an appeal before CEGAT for further relief (Appeal Number 4374 of 2004), which is pending.
- (mmmm) CENVAT credit claim by the Company on electrodes was disallowed and demand for Rs. 341,833 was made for the period July 2002 to February 2003. The Company filed an appeal before the Commissioner (Appeal), which was rejected. The Company filed a second appeal before CEGAT (appeal Number 5034 of 2004), which was dismissed in default. The Company had filed an application the restoration before the CESTAT. The CESTAT has dismissed the restoration application of the Company through order dated October 25, 2005. The Company is in the process of considering an appeal against the said order in the High Court of Allahabad.
- (nnnn) The Company was issued a show cause notice proposing denial of MODVAT credit, allegedly wrongfully claimed on electrodes. The Company's reply was partly accepted and a reduced demand for Rs. 117,496 was made for the period October 1996 to February 1997. The department filed an appeal before the Commissioner (Appeal), which was disallowed and the reduced demand confirmed. The Company has appealed before the CEGAT (Appeal Number 5033 of 2004), which was dismissed in default. The Company has filed an application the restoration before the CESTAT.
- (oooo) CENVAT credit claim by the Company on MS plates, angles, channels etc. was disallowed for the period September 2002 to March 2003 and demand for Rs. 189,966 was made. The Company filed an appeal before the Commissioner (Appeal), which was rejected. The Company has filed a second appeal before CEGAT (appeal Number 5395 of 2004), which is pending.
- (pppp) The Company has filed an appeal before the Commissioner (Appeal) for refund of service tax amounting to Rs. 961,280 paid on transport services, which was rejected. The Company has filed a second appeal before CEGAT (Appeal Number ST-24 of 2004), which is currently pending.
- (qqqq) A show cause notice dated March 16, 2001 was issued to the Company for payment of Rs. 5,222,528 on account of differential levy sugar price paid by the central government. The Company replied to the notice, which was rejected and the demand was confirmed on November 21, 2001. The Company filed an appeal before CEGAT on March 18, 2002, which was allowed vide order dated July 10, 2002. The department has appealed to the Supreme Court against the said order, which is pending.
- (rrrr) The Director General, Central Excise Intelligence, New Delhi (DGCEI) has, in respect of central excise duty exemptions claimed issued 54 show cause notices alleging irregular availment of exemption on the strength of invalid certificates. These show cause notices are being adjudicated by the Commissioner Central Excise (Adjudication), Delhi. The Company has filed its replies and orders are awaited. Pending disposal of the matter, Rs. 26,600,000 equivalent to the value of the impugned exemptions towards central excise duty and consequent to summons received from the Department of Revenue Intelligence, New Delhi, (DRI) a sum of

- Rs. 1,925,000 equivalent to the impugned customs duty exemption have been paid by us under protest. For further details of this case and the criminal matter in this regard, see the section titled “Outstanding Litigation and Material Developments—Criminal cases” on page 263 of this Red Herring Prospectus.
- (ssss) A show cause notice dated May 2, 2005 was issued by the central excise department proposing to deny CENVAT credit on MS Plates, channel, angels and welding electrodes for the period October 2004 to November 2004 amounting to Rs. 228,224 and levy a penalty of Rs. 228,224. The Company has filed its reply to the said show cause notice.
 - (tttt) A show cause notice dated May 2, 2005 was issued by the central excise department proposing to deny CENVAT credit on MS Plates, channel, angels and welding electrodes for the month of December 2004 amounting to Rs. 482,057 and levy a penalty of Rs. 482,057. The Company has filed its reply to the said show cause notice.
 - (uuuu) A show cause notice dated May 2, 2005 was issued by the central excise department proposing to deny CENVAT credit on MS Plates, channel, angels and welding electrodes for the period January 2005 to March 2005 amounting to Rs. 354,446 and levy a penalty of Rs. 354,446. The Company has filed its reply to the said show cause notice.
 - (vvvv) The Assistant Commissioner CE Muzafarnagar has issued a show cause notice No. V(30) Dem/35/MZ1/05/2650 dated June 10, 2005 proposing to recover education cess amounting to Rs. 31,580 on sale of scrap during the period July 2004 to December 2004 with interest. The Company shall reply to the said notice.
 - (wwwv) The Commissioner, Central Excise, in a remand case by CESTAT has rejected the Company’s claim for remission of duty of Rs. 19,952.00 on storage loss of molasses less than 2% vide order dated May 24, 2005. The Company has filed an appeal before the CESTAT.
 - (xxxx) The Assistant Commissioner, Central Excise has issued a show cause notice No. 56 dated July 1, 2005 proposing to deny CENVAT amounting to Rs. 167,351 on use of welding rods from October 2002 to December, 2004 as capital goods. The Company shall file its reply to the notice.
 - (yyyy) The Assistant Commissioner (Customs), Kandla has raised a demand amounting to Rs.31,865.00 towards short levy of education cess on import of raw sugar vide notice dated July 5, 2005 under the DFRC scheme. The Company shall contest this demand.
 - (zzzz) A show cause notice dated September 9, 2005 for the period August 2004 has been issued proposing denial of CENVAT credit for Rs. 3,286,666 on capital goods used in the co-generation plant by Joint Commissioner, Meerut. The matter is pending for hearing.
 - (aaaaa) A show cause notice dated October 4, 2005 for the period September to December 2004 has been issued proposing denial of CENVAT credit for Rs. 1,862,043 on capital goods used in the cogeneration plant by Joint Commissioner, Meerut. The matter is pending for hearing.
 - (bbbbb) A remission application for Rs. 21,658 for the year 1993-1994 on storage loss of 1,092.90 qtls of molasses was rejected by the Commissioner, Meerut vide order dated August 9, 2005. The Company has filed an appeal before the CESTAT against the abovementioned order.
 - (ccccc) A show cause notice dated September 6, 2005 demanding excise duty on m.s scrap for the period September 2004 to March 2005 amounting to Rs. 170,032 has been issued by Assistant Commissioner, Saharanpur. The matter is pending for hearing.
 - (ddddd) A show cause notice dated August 30, 2005 proposing penalty for the alleged contravention of the provision of central excise rules for storing duty paid sugar inside Godown No. 2 which was sold to TOFSL.
 - (eeee) A show cause notice dated September 9, 2005 for the period July to September 2004 has been issued proposing denial of CENVAT credit for Rs. 8,503 on welding electrodes. The matter is pending for hearing.

- (fffff) The Additional Commissioner (Central Excise), Meerut has issued a show cause notice demanding central excise duty and education cess amounting to Rs 4,317,845 on sale of bagasse by our Khatauli unit from October 2004 to March 2005. We have replied to the show cause notice on September 21, 2005 stating that no excise duty is payable on bagasse. The matter is pending with the Additional Commissioner (Central Excise), Meerut.
- ggggg) The Superintendent Central Excise vide letter no. C.No. 20-E/Demand/TEIL/KHT/04/839 dated October 20, 2005 has sought for details of removal of discarded parts of capital goods without payment of central excise duty during the period January 2005 to June 2005.

4. Sales Tax Cases

There are 69 sales tax claims pending against us before various forums in India. The total claim against us in these cases amounts to approximately Rs.91.27 million. The details of these are as follows.

- (a) The sales tax authorities have raised claims for Rs. 531,331 in relation to entry tax payable under the Karnataka Tax on Entry of Goods Act, 1979 for assessment years 1997-1998 to 2000-2001. An appeal has been filed with the Karnataka Appellate Tribunal against the said assessment. The matter is yet to be heard.
- (b) The Trade Tax Officer, Kushinagar made an assessment of Rs. 466,898.45 payable as trade tax for the assessment years 1990-1991 and 1991-1992 and observed that only Rs. 445,018.96 was deposited by the Company. Consequently, a demand was raised for payment of Rs. 21,879 alongwith interests of Rs. 22,656. The Company has contended that the entire amount assessed was deposited by it, and mistakenly the same has not been reflected in the assessment order. The matter is pending before the Trade Tax Officer, Kushinagar for further orders.
- (c) The Trade Tax Officer, Kushinagar made an assessment of Rs. 1,075 payable as central sales tax for the assessment year 1992-1993, which was allegedly not paid by the Company. The Company has contended that the entire amount assessed was deposited by it, and mistakenly the same has not been reflected in the assessment order. The matter is pending before the Trade Tax Officer, Kushinagar for further orders.
- (d) The Company made an application to the Trade Tax Officer, Padrauna for refund of Rs. 4,055,000 erroneously paid as trade tax in the assessment year 1992-1993. The Trade Tax Tribunal, vide order dated May 23, 2003 directed the Trade Tax Officer, Padrauna to refund the said amount. However, the Trade Tax Officer rejected the claim for refund. The Company has filed an appeal before the Joint Commissioner (Appeal) Gorakhpur (Case Number 572/1996), which is pending.
- (e) The Trade Tax Officer while passing the assesment order for the year 1993-1994 enhanced the sale price of molasses by comparing the rate of molasses charged by neighbouring factories. Further, a higher rate of tax was imposed on sale of machinery and scrap and the sale value of iron scrap increased. Pursuant to such assessment, additional demand of Rs. 969,460.34 was claimed. The Company appealed to the Deputy Commissioner (Appeal), who rejected the Company's claim. At present the Company has filed an appeal before the Trade Tax Tribunal, Gorakhpur (Case Number 573/1998), which is pending disposal.
- (f) The sale value of molasses was enhanced by the Trade Tax Officer at the time of assessment during the assessment year 1994-95. Further, Form 3B submitted in relation to purchase of goods at concessional rates was not accepted by the Officer, and an amount of Rs. 275,756.06 was claimed by the Officer. The Deputy Commissioner (Appeal) rejected the Company's appeal as did the Trade Tax Tribunal. The Company has filed a petition before the Allahabad High Court (Writ Petition 114 of 2005) against the order of the tribunal dismissing its appeal, which is being heard.
- (g) The Trade Tax Officer, while passing the assesment order for the year 1995-1996 did not accept the Form 3B issued by certain purchasers and levied 12.5% excess tax on the sales of molasses, amounting to Rs. 128,287.95. The Company's appeal against the said assessment was rejected by the Deputy Commissioner

- (Appeal), whereupon the Company filed an appeal before the Trade Tax Tribunal, Gorakhpur, which is pending (Case Number 798/1999).
- (h) The Trade Tax Officer, during assessment made for the year 1996-1997, enhanced the sale value of molasses and levied a higher rate of tax on old and discarded stores and scrap, amounting to Rs. 103,285 and imposed a penalty of Rs. 21,000. The Company's appeal against the said assessment order was rejected by the Deputy Commissioner (Appeal) and a second appeal was filed by the Company before the Trade Tax Tribunal (Case Number 1172 of 1999). The Tribunal rejected the Company's appeal against which a revision petition has been filed before the Allahabad High Court (Revision Petition Number 57 of 2005), which is currently pending.
 - (i) The sales tax authorities imposed penalty of Rs. 191,736 vide notice dated March 24, 1992 on the Company for alleged misuse of Form C during assessment year 1983-1984. The Company filed an appeal with the Assistant Commissioner (Appeals), who waived the penalty. The sales tax department has filed a second appeal before the Tribunal (Appeal Number 422 of 1990), which was allowed vide order dated August 17, 1992. The Company has filed a revision against the said order before the Allahabad High Court (Petition Number 114 of 2000), which is pending.
 - (j) The sales tax authorities imposed penalty of Rs. 57,934 on the Company for alleged misuse of Form C during assessment year 1984-1985. The Company filed an appeal with the Assistant Commissioner (Appeals), who waived the penalty. The sales tax department has filed a second appeal before the Tribunal (Appeal Number 425 of 1990), which was allowed vide order dated August 17, 1992. The Company has filed a revision against the said order before the Allahabad High Court (Petition Number 115 of 2000), which is pending.
 - (k) The Assessing Officer levied a penalty of Rs. 293,000 for late payment of tax for assessment year 1994-1995. The Company filed an appeal with the Deputy Commissioner (Appeal Number 227 of 1997), which rejected the Company's claim. A second appeal was filed with the Tribunal (Appeal Number 302 of 1998), which allowed the appeal by order dated January 27, 2001. The sales tax department has filed a revision petition (Petition Number 442 of 2001) before the Allahabad High Court against the said decision, which is pending.
 - (l) The Assessment Officer assessed tax of Rs. 24,250 payable by the Company as differential tax on the sale of generator sets for assessment year 1994-1995. The Company filed an appeal with the Deputy Commissioner (Appeal Number 227 of 1997), which rejected the Company's claim. A second appeal was filed with the Tribunal (Appeal Number 302 of 1998), which allowed the appeal by order dated January 27, 2001. The sales tax department has filed a revision petition (Petition Number 445 of 2001) before the Allahabad High Court against the said decision, which is pending.
 - (m) Additional tax of Rs. 63,991 was levied on the Company on sale of discarded material for assessment year 1991-1992. The Company appealed against the assessment with the Deputy Commissioner (Appeal) (Appeal Number 243 of 1996), who, by order dated November 26, 1996 allowed the appeal. The sales tax department appealed to the Tribunal, which dismissed the appeal by order dated December 26, 2000. The sales tax department has filed a revision petition (Petition Number 455 of 2001) before the Allahabad High Court.
 - (n) Tax amounting to Rs. 18,850 was levied on molasses sold during the assessment year 1989-1990. The Company appealed against the same to the Deputy Commissioner (Appeal Number 240 of 1996), who, by order dated November 26, 1996 allowed the appeal. The sales tax department appealed to the Tribunal (Appeal Number 44 of 1997), which, by order dated December 26, 2000, rejected the appeal. The sales tax department has filed a revision petition (Petition Number 456 of 2000) before the Allahabad High Court, which is pending.
 - (o) Tax amounting to Rs. 1,467,166 was imposed by the assessing authority for assessment year 1993-1994 vide notice dated January 28, 2000 on the ground of alleged under billing of molasses. The Company appealed to the Deputy Commissioner (Appeal), which rejected the appeal vide order dated October 31, 2000. A second appeal was filed by the Company with the Tribunal on January 25, 2001 (Appeal Number 33 of 2001), which is pending.

- (p) The Assessing Officer issued a show cause notice dated August 13, 2002 for assessment year 1999-2000 for differential amount of tax, amounting to Rs. 139,762 on the purchase of electrodes and paints on the ground that the Company was not entitled to a concessional rate of tax. The Company replied to the same on September 29, 2002, which reply was not accepted, and a demand was issued by the department for the impugned amount. The Company appealed to the Deputy Commissioner (Appeal), (Appeal Number 1380) who disallowed the appeal vide order dated January 8, 2003. A second appeal has been filed with the Tribunal (Appeal Number 71 of 2003), which is pending.
- (q) A show cause notice dated August 13, 2002 was issued in relation to payment of Rs. 4,920 on purchase of welding electrodes for the period 1999-2000. The same was replied to by the Company, which reply was not accepted and demand was confirmed on November 11, 2002. The Company filed an appeal before the Deputy Commissioner (Appeal), which was rejected and a second appeal has been filed before the Tribunal (Appeal Number 1381 of 2002), which is pending.
- (r) The Company has been issued with a demand for payment of Rs. 14,196 in relation to purchases made from unregistered dealers. An appeal has been filed with the Tribunal at Muzaffarnagar, which is currently pending.
- (s) The Company has applied for refund of trade tax paid for the assessment years 1993-1994, 1994-1995 and 1995-1996 amounting to Rs. 213,246. The matter is pending with the Assistant Commissioner, Trade Tax, Saharanpur.
- (t) Sales tax on outward freight payable by the Company for assessment year 1975-1976 was assessed at Rs. 70,545. The Company appealed against the assessment to the Deputy Commissioner (Appeals) (Appeal Number 176 of 1992), which allowed the appeal. The sales tax department filed an appeal against the said order with the Tribunal (Appeal Number 457 of 1993), which allowed the appeal and set aside the order of the Deputy Commissioner. The Company has filed a revision petition against this order before the Allahabad High Court (Revision Petition Number 180 of 2005), which is pending.
- (u) The Assessing Officer imposed interest amounting to Rs. 629,560 for non-submission of forms for the assessment year 1975-1976, which was challenged by the Company in an appeal filed before the Deputy Commissioner (Appeals) (Appeal Number 77 of 1992). The appeal was disallowed and a second appeal was filed with the Tribunal (Appeal Number 515 of 1993), which was also disallowed. The Company has filed a revision petition against the rejection of its appeals before the High Court of Allahabad (Revision Petition Number 43 of 1999).
- (v) Sales tax on outward freight payable by the Company for assessment year 1976-1977 was assessed at Rs. 246,536. The Company appealed against the assessment to the Deputy Commissioner (Appeals) (Appeal Number 178 of 1992), which allowed the appeal. The sales tax department filed an appeal against the said order with the Tribunal (Appeal Number 434 of 1993), which allowed the appeal and set aside the order of the Deputy Commissioner. The Company has filed a revision petition against this order before the Allahabad High Court (Revision Petition Number 131 of 2004), which is pending.
- (w) The Assessing Officer levied demand of tax amounting to Rs. 141,600 on turbine sales for the assessment year 1977-1978 on the ground that the same constituted sale of electrical equipment. An appeal was filed by the Company with the Deputy Commissioner (Appeals) (Appeal Number 99 of 1983), which was disallowed. The Company filed a second appeal before the Tribunal (Appeal Number 274 of 1984), which ordered that the Deputy Commissioner (Appeals) readjudicate the matter. The matter is currently pending before the Deputy Commissioner (Appeals).
- (x) The Assessing Officer raised demand for payment of Rs. 59,440 for assessment year 1977-1978 by treating certain transactions as intra-state transactions. The Company appealed against the same to the Deputy Commissioner (Appeals) (Appeal Number 96 of 1983), which was disallowed. The Company filed a second appeal before the Tribunal (Appeal Number 274 of 1984), which ordered that the Deputy Commissioner (Appeals) readjudicate the matter. The matter is currently pending before the Deputy Commissioner (Appeals).

- (y) Sales tax on outward freight payable by the Company for assessment year 1979-1980 was assessed at Rs. 37,716. The Company appealed against the assessment to the Deputy Commissioner (Appeals) (Appeal Number 176 of 1992), which allowed the appeal. The sales tax department filed an appeal against the said order with the Tribunal (Appeal Number 457 of 1993), which allowed the appeal and set aside the order of the Deputy Commissioner. The Company has filed a revision petition against this order before the Allahabad High Court (Revision Petition Number 180 of 2005), which is pending.
- (z) An assessment order was passed for the year 1980-1981 rejecting the books of accounts filed by the Company and raising demand for payment of Rs. 532,990. The Company appealed to the Deputy Commissioner (Appeals) (Appeal Number 13 of 1987), which allowed the appeal and ordered refund of tax. The sales tax department appealed to the Tribunal (Appeal Number 161 of 1988), which rejected the appeal. The department has filed a revision petition before the Allahabad High Court (Revision Petition Number 8 of 2003), which is pending.
- (aa) An assessment order was passed for the year 1980-1981 rejecting the books of accounts filed by the Company and raising demand for payment of Rs. 25,675. The Company appealed to the Deputy Commissioner (Appeals) (Appeal Number 12 of 1987), which allowed the appeal and ordered refund of tax. The sales tax department appealed to the Tribunal (Appeal Number 159 of 1988), which rejected the appeal. The department has filed a revision petition before the Allahabad High Court (Revision Petition Number 8 of 2003), which is pending.
- (bb) The Assessing Officer imposed tax of Rs. 473,874 for assessment year 1986-1987 on ground of non-receipt of forms. An appeal was filed by the Company before the Deputy Commissioner (Appeals) (Appeal Number 17 of 1991), who partly rejected the Company's claim. A further appeal was filed by the Company before the Tribunal (Appeal Number 316 of 1993), which was disallowed. The Company has preferred a revision petition before the Allahabad High Court (Revision Petition Number 835 of 2003), which is pending.
- (cc) Additional tax amounting to Rs. 182,278 was imposed by the Assessing Officer for the assessment year 1993-1994 on molasses and bagasse sales. The Company filed an appeal before the Deputy Commissioner (Appeals) (Appeal Number 144 of 1998), which was dismissed. A second appeal was filed before the Tribunal (Appeal Number 575 of 1999), which is currently pending.
- (dd) For the assessment year 1993-1994, additional tax of Rs. 579,315 was imposed on account of defective Forms C. The Company filed an appeal before the Deputy Commissioner (Appeals) (Appeal Number 8 of 1999), which was disallowed. The Company filed a second appeal before the Tribunal (Appeal Number 399 of 1999), which is pending.
- (ee) Additional tax of Rs. 3,391,889 was imposed for the assessment year 1994-1995 on inter-state purchases of goods used in works contract. The Company filed an appeal before the Deputy Commissioner (Appeals) (Appeal Number 432 of 1998), which was disallowed. The Company filed a second appeal before the Tribunal (Appeal Number 291 of 1999), which is pending.
- (ff) Additional tax of Rs. 1,412,952 was imposed for the assessment year 1995-1996 on the ground of non-receipt of forms. The Company filed an appeal before the Deputy Commissioner (Appeals) (Appeal Number 585 of 2002), which was disallowed. The Company filed a second appeal before the Tribunal (Appeal Number 10 of 2003), which is pending.
- (gg) Additional tax of Rs. 475,218 was imposed for the assessment year 1995-1996 on the ground of non-receipt of forms. The Company filed an appeal before the Deputy Commissioner (Appeals) (Appeal Number 586 of 2002), which was disallowed. The Company filed a second appeal before the Tribunal (Appeal Number 11 of 2003), which is pending.
- (hh) Additional tax of Rs. 2,512,015 was imposed for the assessment year 1996-1997 on the ground of non-receipt of forms. The Company filed an appeal before the Deputy Commissioner (Appeals) (Appeal Number 867 of

- 2001), which was disallowed. The Company filed a second appeal before the Tribunal (Appeal Number 83 of 2004), which is pending.
- (ii) Additional tax of Rs. 897,203 was imposed for the assessment year 1996-1997 on the ground of non-receipt of forms. The Company filed an appeal before the Deputy Commissioner (Appeals) (Appeal Number 866 of 2001), which was disallowed. The Company filed a second appeal before the Tribunal (Appeal Number 83 of 2004), which is pending.
- (jj) For the assessment year 1996-1997, the Assessment Order issued penalty of Rs. 66,670 for misuse of form. The Company filed an appeal before the Deputy Commissioner (Appeals) (Appeal Number 848 of 2001), which was disallowed. The Company filed a second appeal before the Tribunal (Appeal Number 99 of 2003), which was also disallowed. The Company has presently filed a revision petition before the High Court of Allahabad, which is pending.
- (kk) The Deputy Commissioner Trade Tax (Assessment), Allahabad had filed an application under Section 22 of the U.P. Trade Tax Act before the Joint Commissioner (Appeal) seeking a rectification in the assessment order for the year 1995-96 stating that the relief on account of lease rentals has been wrongly granted to the assessee. The Joint Commissioner (Appeal) has vide order dated July 26, 2005 allowed the application directing the assessing authority to recover an amount of Rs. 259,210 along with interest from the Company. The Company filed an appeal before the Trade Tax Tribunal, which has stayed the demand upon payment of 10% of the tax in dispute.
- (ll) The Deputy Commissioner Trade Tax (Assessment), Allahabad had filed an application under Section 22 of the U.P. Trade Tax Act before the Joint Commissioner (Appeal) seeking a rectification in the assessment order for the year 1996-1997 stating that the relief on account of lease rentals has been wrongly granted to the assessee. The Joint Commissioner (Appeal) has vide order dated July 26, 2005 allowed the application directing the assessing authority to recover an amount of Rs. 152,517 along with interest from the Company. The Company filed an appeal before the Trade Tax Tribunal, which has stayed the demand upon payment of 10% of the tax in dispute.
- (mm) Pursuant to the assessment made for the year 1992-1993, tax of Rs. 4,311,000 was imposed due to non-submission of forms entitling the Company to a concessional rate of tax. The Company filed an appeal with the Additional Commissioner, who remanded the matter to the Sales Tax Officer vide order dated February 25, 2003. The Company also filed a second appeal before the Tribunal (Appeal Number 600 of 2003), which passed an interim order giving the Company time for filing of the forms. The matter is currently pending with the Tribunal.
- (nn) Pursuant to the assessment made for the year 1993-1994, tax of Rs. 867,593 was imposed due to non-submission of forms entitling the Company to a concessional rate of tax. The Company filed an appeal with the Additional Commissioner, who remanded the matter to the Sales Tax Officer. The demand has also been stayed by the Commissioner, vide order dated March 6, 1998. The matter is currently pending before the Additional Commissioner.
- (oo) Pursuant to the assessment made for the year 1993-1994, tax of Rs. 614,000 was imposed due to non-submission of forms entitling the Company to a concessional rate of tax. The Company filed an appeal with the Additional Commissioner, who remanded the matter to the Sales Tax Officer. The demand has also been stayed by the Commissioner, vide order dated March 6, 1998. The matter is currently pending before the Additional Commissioner.
- (pp) Pursuant to the assessment made for the year 1994-1995, tax of Rs. 9,008,000 was imposed due to non-submission of forms entitling the Company to a concessional rate of tax. The Company filed an appeal with the Additional Commissioner, who by order dated May 10, 1999, stayed the demand. The matter is currently pending before the Additional Commissioner.

- (qq) Pursuant to the assessment made for the year 1995-1996, tax of Rs. 3,157,000 was imposed due to non-submission of forms entitling the Company to a concessional rate of tax. The Company filed an appeal with the Additional Commissioner, who by order dated May 26, 2000, stayed the demand. The matter is currently pending before the Additional Commissioner.
- (rr) Pursuant to the assessment made for the year 1997-1998, tax of Rs. 6,690,000 was imposed due to non-submission of forms entitling the Company to a concessional rate of tax. The Company filed an appeal with the Additional Commissioner, who by order dated March 9, 2001, stayed the demand. The matter is currently pending before the Additional Commissioner.
- (ss) Pursuant to the assessment made for the year 1998-1999, tax of Rs. 2,025,000 was imposed due to non-submission of forms entitling the Company to a concessional rate of tax. The Company filed an appeal with the Additional Commissioner, who by order dated March 8, 2002, stayed the demand. The matter is currently pending before the Additional Commissioner.
- (tt) Pursuant to the assessment made for the year 2001-2002, tax of Rs. 1,773,373 was imposed due to non-submission of forms entitling the Company to a concessional rate of tax. The Company filed an appeal with the Additional Commissioner, who, by order dated September 8, 2003, stayed the demand. The matter is currently pending before the Additional Commissioner.
- (uu) Pursuant to the assessment made for the year 2002-2003, tax of Rs. 1,246,000 was imposed due to non-submission of forms entitling the Company to a concessional rate of tax. The Company filed an appeal with the Additional Commissioner, who by order dated September 14, 2004 stayed the demand and remanded the matter to the Sales Tax Officer.
- (vv) Concessional rate of taxation availed on equipment purchased for drilling was disallowed on the ground that drilling and mining activity does not constitute manufacture and penalty of Rs.693,000 was imposed. An appeal was filed before the Deputy Commissioner (Appeals) who granted relief of the penalty imposed by the tax department. The department filed an appeal before the Rajasthan Tax Board against the said order, which is pending. Pending the proceedings in this matter, an application dated February 8, 1994 was filed for inclusion of "mining and manufacturing activity" in the Company's registration certificate. The same was rejected on the ground that drilling services are not included within mining activities. Further appeals were filed by the Company before the Deputy Commissioner (Appeals), the Rajasthan Tax Board, Ajmer and the Rajasthan Taxation Tribunal, which were dismissed. A revision petition filed before the High Court at Jaipur was partly allowed. A special leave petition has now been filed by the Department before the Supreme Court of India on the question of inclusion of drilling as a manufacturing activity. The petition has been admitted and the matter is to be listed.
- (ww) Pursuant to the assessment made for the year 1998-1999, additional tax of Rs.25,000 was imposed by the assessing authority due to non-submission of form F for Rs.250,000. The appeal is pending before the Tribunal.
- (xx) In relation to the assessment made for the year 1998-1999, penalty of Rs. 7,524.33 was imposed on the Company for purchase of high speed diesel at a concessional rate which was given to transporters for transportation of cane. The Company preferred an appeal before the Joint Commissioner (Appeals), which was dismissed. A second appeal was filed before the Tribunal, which only partly granted relief to the Company. The Company has filed a revision petition before the High Court of Allahabad claiming full waiver, which is currently pending.
- (yy) In relation to the assessment made for the year 1999-2000, penalty of Rs. 1,140,121.35 was imposed on the Company for purchase of high speed diesel at a concessional which was be given to transporters for transportation of cane. The Company preferred an appeal before the Joint Commissioner (Appeals), which was dismissed. A second appeal was filed before the Tribunal, which only partly granted relief to the

Company. The Company has filed a revision petition before the High Court of Allahabad claiming full waiver, which is currently pending.

- (zz) In relation to the assessment made for the year 2000-2001, penalty of Rs. 41,725.92 was imposed on the Company for purchase of high speed diesel at a concessional rate which was given to transporters for transportation of cane. The Company preferred an appeal before the Joint Commissioner (Appeals), which was dismissed. A second appeal was filed before the Tribunal, which only partly granted relief to the Company. The Company has filed a revision petition before the High Court of Allahabad claiming full waiver, which is currently pending.
- (aaa) In relation to the assessment made for the year 1999-2000, central trade tax of Rs. 3,737,500 was imposed on the Company for purchase of high speed diesel at a concessional rate which was given to transporters for transportation of cane. The Company preferred an appeal before the Joint Commissioner (Appeals), which was dismissed. A second appeal was filed before the Trade Tax Tribunal, which is currently pending.
- (bbb) In relation to the assessment order made for the year 1999-2000, penalty of Rs. 176,004 and Rs. 146,642 was imposed by local authorities on purchase of welding material and paint on the ground that the same are not directly used in manufacturing of sugar. The Company preferred an appeal before the Joint Commissioner (Appeals), which was dismissed. A second appeal was filed before the Trade Tax Tribunal, which is currently pending.
- (ccc) In relation to the assessment made for the year 2000-2001, trade tax of Rs. 54,222 was imposed on the Company for purchase of high speed diesel at a concessional rate which was given to transporters for transportation of cane. The Company preferred an appeal before the Joint Commissioner (Appeals), which was dismissed. A second appeal was filed before the Trade Tax Tribunal, which is currently pending.
- (ddd) For the assessment year 1997-1998, demand was made for Rs. 231,691 due to non-submission of forms required to be submitted in order to avail of concessional rates of tax. The Company preferred an appeal before the Joint Commissioner (Appeals), which was dismissed. A second appeal was filed before the Trade Tax Tribunal, which is currently pending.
- (eee) Pursuant to the assessment made for the year 2003-2004, the Deputy Commissioner, Trade Tax imposed entry tax amounting to Rs. 2,999,997 and Rs. 4,999,996 on inter state sale of sugar in absence of appropriately stamped invoices. The Company has filed a petition before the Allahabad High Court on the ground that the seller is not liable to pay such tax, and further, such tax has been held to be ultra vires and struck down. The matter is currently pending before the Allahabad High Court, which court has ordered a stay on the initiation of recovery proceedings. The Deputy Commissioner Trade Tax, Khatauli vide assessment order dated March 31, 2005, had framed final assessment of the entry tax amounting to Rs.8.0 million which includes the amount of provisional demand of Rs. 2,999,997 and Rs. 4,999,996. The Company had filed an application under section 30 of the Uttar Pradesh Trade Tax Act, 1948 before the Deputy Commissioner for re-opening the assessment pursuant to which the Deputy Commissioner vide order dated May 26, 2005 has re-opened the assessment.
- (fff) Pursuant to the assessment made for the year 2001-2002, the Deputy Commissioner, Trade Tax imposed tax amounting to Rs. 27,134 on furniture and office equipment transferred to the Allahabad unit from the Naini unit. The Company has filed an appeal before the Joint Commissioner (Appeals), which is currently pending.
- (ggg) In relation to the assessment made for the year 1997-1998 a demand for Rs. 52,000 was made on the ground that the company was not entitled to a concessional rate of tax for purchase of treated timber and marine ply. The Company filed an appeal before the Joint Commissioner, which was disallowed. The Company has currently filed a second appeal before the Trade Tax Tribunal, which has stayed the demand of 65% of the tax in dispute.

- (hhh) In relation to the assessment year 1999-2000, Rs. 1,070,420 was imposed on inter state sales of gears made to job workers within the state of Uttar Pradesh. The Company appealed to the Additional Commissioner (Appeals), which disallowed the appeal. A second appeal has been filed before the Trade Tax Tribunal by the Company, which is currently pending.
- (iii) The Deputy Commissioner (Trade Tax), Khatauli, vide assessment order number dated March 30, 2005 raised a demand for payment of entry tax amounting to Rs. 3,252,000 on sales made by the unit in the month of December 2004. The unit has filed an appeal before the Joint Commissioner (Appeals) and the appellate authority has stayed the demand of 65% of the tax in dispute.
- (iii) The Deputy Commissioner (Trade Tax), Khatauli vide assessment order dated March 31, 2005 for the assessment year 2002-2002 has raised additional demand for payment of central sales tax of Rs. 22,551 which is being contested by the Company.
- (kkk) The Deputy Commissioner (Trade Tax), Khatauli vide assessment dated March 31, 2005 for the assessment year 2002-2003 has raised additional demand for payment of entry tax amounting to Rs. 27,414, which is being contested by the Company.
- (lll) The Deputy Commissioner (Trade Tax), Khatauli has issued notice dated May 9, 2005 for submitting the accounts for determination of liability for payment of entry tax for the year 2004-2005.
- (mmm) The Deputy Commissioner (Trade Tax), Khatauli vide dated May 9, 2005 raised a demand for payment of entry tax amounting to Rs. 3,116,354 on sales made by the unit in the month of March 2005 and directed the officials of the unit to appear before him on May 26, 2005. The Deputy Commissioner has confirmed the demand vide order dated June 2, 2005 and the Company has filed an appeal before the Joint Commissioner (Appeals), Trade Tax, which is pending.
- (nnn) The Sales Tax Officer pursuant to assessment for the year 1993-1994 and levied tax on sale and lease back transaction for Rs. 5,800,000. Further, penalty of Rs. 5,220,000 and interest of Rs. 7,224,000 was also imposed. The Company filed an appeal with the Assistant Commissioner (Appeal), which was dismissed and a further appeal was filed before the Tribunal. The Tribunal, vide order dated May 7, 2001 granted stay on the demand made by the Sales Tax Officer. The matter is pending with the Sales Tax Tribunal, Ahmedabad.
- (ooo) One consignment of rotary vacuum filter being despatched to Hyderabad via Jaipur was taken by the transporter through Mathura and was intercepted due to the absence of OC stamp affixed on the invoice. The Company had deposited an amount of Rs. 0.15 million as security deposit with the trade tax check post authorities. We are required to appear before the assessing authority in connection with this matter.
- (ppp) The assessment for the assessment year 2003-2004 has been completed and an additional demand of Rs. 500,525 has been created on account of non-submission of statutory forms for claiming concessional rate of tax.
- (qqq) The Deputy Commissioner Trade Tax, Khatauli has issued Show Cause notice no. 424 dated September 16, 2005 received on October 24, 2005 under Section 15A-1(O) proposing to levy a penalty of Rs. 42,276 on account of transportation of goods in the state of Uttar Pradesh from outside the state without statutory declaration forms and directed us to appear before him on October 28, 2005.

5. Income Tax Cases

There are disputes relating to the income tax assessment of our Company, Gangeshwar Limited, the erstwhile Triveni Engineering & Industries Limited, the erstwhile Triveni Oilfields Services Limited and the erstwhile Triveni Engineering Works Limited for which our Company is liable. The total amount of assessable income disputed in appeals filed by our Company, relating to the income tax assessment of these entities for various assessment years is Rs. 672.89 million. Penalty of Rs. 0.48 million has been imposed by the department in assessment year 1996-1997, which has

been appealed against by our Company. Additionally, a tax demand of Rs. 1.64 million has been raised against our Company in respect of assessment year 2004-2005 against which our Company has filed a rectification application. Our Company has however, in respect of all the aforesaid cases, provided for the entire tax liability except to the extent of Rs. 11.04 million and there are no demands outstanding against the Company except to the extent of Rs. 2.12 million. Further, the total amount of assessable income disputed in appeals filed against our Company by the revenue department, relating to the income tax assessment of the aforementioned entities for various assessment years is Rs. 159.48 million and a tax of Rs.059 million has been disputed in Allahabad High Court. In the event all such cases are decided against our Company, the tax liability which may further devolve upon our Company would be Rs. 64.81 million (including Rs. 11.04 million being the shortfall in tax provisions mentioned above). The disputes relating to each of these entities have been discussed separately in the following paragraphs.

Appeals relating to Triveni Engineering & Industries Limited and Gangeshwar Limited.

There are tax disputes relating to the income tax assessment of our Company and Gangeshwar Limited. We have filed appeals before the Commissioner of Income Tax (Appeals) (“CIT”) against the assessment orders relating to the assessment years 2002-2003 and 2001-2002, and before the Income Tax Appellate Tribunal (“ITAT”) against the orders of the CIT relating to assessment years 2000-2001, 1999-2000, 1998-1999, 1997-1998, 1996-1997, 1995-1996 and 1994-1995. The total amount of assessable income in dispute in our appeals is Rs. 193.04 million. In view of losses assessed in all these years, there was no liability of tax apart from liability under section 115-J/115-JA/115-JB in certain years, which is the minimum tax payable on book profits.

The Revenue Department has also filed appeals in relation to income tax assessments of our Company and Gangeshwar Ltd, before the ITAT, relating to financial year 1994-1995 and before the High Court of Delhi relating to assessment years 1984-1985, 1985-1986, 1988-1989, 1989-1990 and 1990-1991. The total amount of claims involved in these appeals is Rs. 14.27 million.

In view of losses assessed in all these years, there was no liability of tax apart from liability under section 115-J in certain years, which is the minimum tax payable on book profits. Our Company has met all tax demands for the above-mentioned assessment years. Therefore there is no outstanding liability against our Company in relation to income tax assessments in these years. The outcome of the appeals will not result in any addition or reduction of tax liabilities already assessed, but would have an impact on the losses that we may carry forward to subsequent assessment years.

The primary issues, which form the principal points of dispute between our Company and the Revenue Department have been described below.

Disallowance of Interest Payable to Sugar Development Fund (“SDF”)

Our Company has claimed deduction for interest payable on loans received from the SDF. The Revenue Department has however determined that since these loans are disbursed by the SDF through a designated financial institution it would fall under the purview of section 43-B of the Income Tax Act. Section 43-B disallows claims for deduction of interest payable, but which have not actually been paid, when the lender is a financial institution. We contest this stand on the ground that the loans are not provided by a financial institution but only routed through a financial institution and that such interest had not fallen due for payment as per the terms of the loan agreement.

Disallowance of Provision Made for Cost to Completion of Projects Executed

Our Company has debited certain amounts in its profit and loss account as provision for cost to completion of jobs in accordance with Accounting Standard for Construction Contracts (AS-7) issued by the Institute of Chartered Accountants of India (“I.C.A.I.”), as per which, any foreseeable loss or expenditure on contracts of long duration may be immediately provided for against the revenue related to the contract on substantial completion of such contract. The Revenue Department has determined that such foreseeable loss or expenditure cannot be provided for in the year when the contract is substantially completed since actual expenditure on account of these losses have not been

incurred by our Company in these financial years. Instead, the amounts can be considered for allowance only in the years when the expenses are actually incurred. Our Company has contested this stand on the grounds that contrary to the view of the Revenue Department these expenses are not contingent in nature and do not reflect an unascertained liability, due to which they must be allowed in the financial year when the related contract is substantially complete and accounted for in the profit and loss account.

Expenses Incurred on Enterprise Resource Planning (“ERP”) and Software & Design Development

Our Company has claimed certain deductions on account of expenses incurred on ERP and Software & Design Development on the grounds that these expenses amount to revenue expenditure, since they were made for effecting improvements in the day to day running of our business. The Revenue Department has however disallowed these claims holding that expenses incurred on the above should be treated as incurred on capital assets since the benefits derived from incurring the expenditure is enduring in nature and not limited to a particular financial year.

Disallowance of Interest on Account of Loans Made for Non-Business Purposes

Gangeshwar Limited had in financial year 1993-1994, given certain advances to its subsidiary Carvanserai Limited at low rates of interest for the purchase of shares of the erstwhile Triveni Engineering Works Limited (later merged with the erstwhile Triveni Engineering & Industries Limited), which has been held by the Revenue Department to have been advanced for non-business purposes, resulting in the disallowance of interest expenses incurred by Gangeshwar Limited in borrowing from banks, financial institution and others, proportionate to the amount advanced to M/s Carvanserai Limited. The Revenue Department has made this decision based on its finding that the loan was made from funds borrowed from the erstwhile Triveni Engineering Works Limited and has on this basis continued to disallow interest at prevailing market rates in each subsequent year. Gangeshwar Limited has contested this stand taken by the Revenue Department on the ground that the loan given to Carvanserai Limited was paid out of interest free funds as opposed to borrowed funds.

In any event, the CIT has held vide order dated January 30, 2004 that with respect to financial year 1997-1998 disallowance is to be made only for six months and no disallowance is to be made in any further financial year. This is a result of the merger of the erstwhile Triveni Engineering & Industries Limited with Gangeshwar Ltd, due to which with effect from the appointed date of merger on October 1, 1997 the funds originally advanced by the Triveni Engineering & Industries Limited to Gangeshwar Limited would belong to the latter and could no longer constitute borrowed funds. The disallowances made from the financial years 1994-1995 to 1997-1998 are still disputed by our Company. The Revenue Department has however continued to disallow interest even after the merger and these disallowances along with the disallowances sustained by the CIT till the merger are contested by our Company.

Disallowance of Commission paid to Agents

Our Company has claimed commission expenses incurred for procurement of orders. We have submitted in each case details of commission along with copy of the bills, agreements, etc. The Revenue Department has however disallowed some of the claims on account of non-submission of the agents’ confirmation letters or lack of evidence of an agreement to pay commission, due to which, it is alleged that, the genuineness of the payment of commission and its business connection cannot be verified.

The Revenue Department and the CIT has imposed liability on our Company primarily on the above-mentioned issues, which we have appealed against. The following paragraphs shall contain a year-by-year review of income tax cases initiated by our Company or Gangeshwar Limited.

(i) For Assessment Year 2002-2003

The total amount of assessable income in dispute is Rs. 43.21 million, and is based on the above-mentioned issues. We have appealed against the Assessment Order dated March 23, 2005 before the CIT where the matter is still to be taken up.

(ii) For Assessment Year 2001-2002

The total amount of assessable income in dispute is Rs. 29.40 million and is based on the above-mentioned issues. We have appealed against the Assessment Order dated March 19, 2004 before the CIT where the matter is still to be taken up.

(iii) For Assessment Year 2000-2001

The total amount of the assessable income in dispute is Rs. 62.89 million. In addition to being based on the disputes mentioned above liability has also been imposed on account of certain other disallowances explained below. Our Company filed an appeal against the Assessment Order before the CIT. The CIT while only partly allowing our appeal dismissed most of our Company's contentions vide its order dated March 31, 2004, against which we have preferred a further appeal before the ITAT, where the matter is yet to be taken up.

The Revenue Department has disallowed claims in respect of certain bad debts written off by our Company on the grounds that these have been written off by debiting a Reserve Account and not the Profit and Loss Account, holding that this does not amount to a write off at all under section 36(1)(vii) of the Income Tax Act. This disallowance has been upheld by the CIT.

The Revenue Department has also disallowed our claim with respect to contributions made to an approved gratuity fund, on the grounds that our Company had not made this payment before the due date of filing of our Return of Income. This decision has been upheld by the CIT.

(iv) For Assessment Year 1999-2000

The total amount of the assessable income in dispute is 17.06 million. Our Company filed an appeal against the Assessment Order before the CIT challenging the disallowance of our claims relating to commission expenses, interest expenses disallowed in the current year in respect of amounts advanced to Carvanserai Limited in earlier years and provisions made for contribution to an approved gratuity fund. The CIT while setting aside the disallowance of interest expenses for the reasons mentioned above, vide order dated March 29, 2004, affirmed the Assessment Order with respect to the other grounds, against which we have preferred an appeal before the ITAT. The matter is yet to be taken up.

(v) For Assessment Year 1998-1999

The total amount of the assessable income in dispute is Rs. 12.41 million. Our Company filed an appeal against the Assessment Order before the CIT, and we have preferred a further appeal before the ITAT against the order of the CIT dated January 30, 2004. We have challenged the disallowance of our claims relating to commission expenses for procurement orders and interest disallowances in respect of amounts advanced to Carvanserai Limited. Additionally, we have challenged the disallowance of expenses of previous years, which have crystallized in the current year. The matter is yet to be taken up.

(vi) For Assessment Year 1997-1998

The total amount of the assessable income in dispute is Rs. 6.96 million arising from the income tax assessment of Gangeshwar Limited. Our company filed an appeal against the Assessment Order before the CIT, and we have preferred a further appeal before the ITAT against the order of the CIT dated January 8, 2004 challenging the disallowances of interest expenses in respect of amounts advanced to Carvanserai Limited and previous years expenses. The matter is yet to be taken up.

(vii) For Assessment Year 1996-1997

The total amount of the assessable income in dispute is Rs. 4.12 million arising from the income tax assessment of Gangeshwar Limited. Our Company filed an appeal against the Assessment Order before the CIT, and we have preferred a further appeal before the ITAT against the order of the CIT dated November 4, 2002. We have

challenged the disallowance of interest expenses in respect of amounts advanced to M/s Carvanserai Limited. Additionally, we have challenged the disallowance of administrative expenses incurred by our Company related to the expansion of our business, which we claim to be in the nature of revenue expenditure deductible for the purposes of income tax assessment, but which the Revenue Department and the CIT have held to be of enduring nature, thereby amounting to a capital expenditure. The matter is yet to be taken up.

(viii) For Assessment Year 1995-1996

The total amount of the assessable income in dispute is Rs. 11.22 million arising from the income tax assessment of Gangeshwar Limited. Our Company filed an appeal against the Assessment Order before the CIT, and we have preferred a further appeal before the ITAT against the order of the CIT dated September 30, 2002. We have contested the disallowance of interest expenses in respect of amounts advanced to M/s Carvanserai Limited and disallowance of administrative expenses on account of expansion of business. The matter is yet to be taken up.

(ix) For Assessment Year 1994-1995

The total amount of the assessable income in dispute is Rs. 5.76 million arising from the income tax assessment of Gangeshwar Limited. Our Company filed an appeal against the Assessment Order before the CIT, and we have preferred a further appeal before the ITAT against the order of the CIT dated September 30, 2002. We have challenged the disallowance of interest expenses in respect of amounts advanced to M/s Carvanserai Limited and disallowance of administrative expenses on account of expansion of business. We have further challenged the disallowance of irrecoverable trade advances, sustained on the grounds that these amounts were not written off in our books of account. The matter is yet to be taken up.

The appeals filed by the Revenue Department are enumerated below.

Appeals filed by Revenue Department

(i) For the Assessment Year 1994-1995

The total amount of the assessable income in dispute is Rs. 3.76 million. The Revenue Department has preferred an appeal before the ITAT against the order of the CIT dated September 30, 2002, challenging the decision to cancel the disallowances made by the Assessing Officer in respect of gifts presented by our Company to its customers. The Revenue Department contends that expenditure on account of these gifts should be disallowed under Rule 6B of the Income Tax Rules. The CIT had upheld our contention that the gifts did not have any advertisement value and hence should be allowed as business expenditure. Additionally, the Revenue Department has challenged the relief allowed by the CIT in respect of interest on borrowed funds used for the expansion of our business holding it to be a revenue deduction. The matter is yet to be taken up.

(ii) For the Assessment Year 1991-1992

The total amount of the assessable income in dispute is Rs. 0.93 million. The Revenue Department has preferred an appeal before the High Court of Delhi against the order of the ITAT with respect to the income tax assessment of Gangeshwar Limited. The issue before the High Court is whether the ITAT and CIT have erred in deleting the addition made in assessment on account of the amount collected towards the Molasses Storage Fund. This fund is required to be maintained by our Company under the Molasses Control Order for the construction of additional storage capacity. The contention of the Revenue Department is that this amount has been received by our Company as proceeds from sales and that any income from trade even if under the controls and restrictions established by the government with respect to the manner of their use still remains taxable business income. Our contention, in line with the decisions of several High Courts in the country is that the amount collected towards the Molasses Storage Fund is non-taxable since there is a diversion of income by over-riding title.

The Revenue Department has also challenged the decision of the ITAT allowing a deduction to our Company for accrued interest liability on excess levy sugar price realized by our Company pending the decision of the Allahabad High Court relating to the adequacy of levy prices fixed by the government. The Revenue Department contends that since the decision of the Allahabad High Court, which found levy prices by the government to be suitable, thus creating a liability against our Company to pay the excess levy price along with accrued interest, has been appealed against, and the matter is pending before the Supreme Court, our Company is not entitled to deduct the accrued interest payable to the government till such matter is pending.

- (iii) For the Assessment Years 1990-1991, 1989-1990, 1988-1989, 1985-1986, 1984-1985

The Revenue Department has preferred appeals before the High Court of Delhi against the orders of the ITAT with respect to the income tax assessment of Gangeshwar Ltd for the above mentioned assessment years in relation to amount collected by our Company under the Molasses Storage Fund.

The total amount of the assessable income in dispute in relation to this issue is Rs. 1.83 million. The matters have been admitted but are yet to be disposed off.

- (iv) For the Assessment Year 1990-1991

In addition to the above-mentioned point of dispute, the Revenue Department has preferred an appeal before the High Court of Delhi against the order of the ITAT dated January 10, 2002. The Revenue Department has contested the decision to allow our Company a deduction with respect to accrued interest liability on excess levy sugar price realized in previous years. Additionally, the Revenue Department has challenged the deletion of additions made by the Assessing Officer on account of an alleged lower valuation of sugar manufactured by our Company due to the change in our method of valuation of free sale sugar and levy sugar. The ITAT has held that the new method of valuing each of these types of sugar separately, as opposed to the composite method used earlier, is justified since the distinction between the two is being observed from the time of production until the time of sale and is also recognized by government agencies including the excise department. The total amount of the assessable income in dispute is Rs. 7.66 million.

The matter has been admitted but is yet to be disposed off.

In addition, the Income Tax Department has filed appeals filed before the Allahabad High Court against the decision of the Income Tax Appellate Tribunal, New Delhi in ITA Nos. 3136/Del/2000 relating to financial year 1996-1997 and ITA Nos. 2264 /2265 /2102 /2103 /Del /2000 relating to financial years 1993-1994, 1994-1995, 1995-1996 and 1996-1997 respectively. The department has disputed the decision of the ITAT, which had dismissed the department's appeals and upheld the decision of the Commissioner of Income-tax (Appeals) on the issue of alleged short deduction of tax and interest thereon on salaries paid by the us in Khatauli in the aforementioned years as well as on the issue of levy of penalty for such alleged short deduction in financial year 1996-1997. The income tax department had earlier raised and recovered tax demands aggregating to Rs.0.47 million for the financial years 1993-1994 to 1996-1997 alleging short deduction of tax at source on salaries and had also imposed and recovered a penalty of Rs.0.12 million for financial year 1996-1997 for such alleged short deduction of tax. On appeal preferred by the Company, the CIT(A) had allowed substantial relief towards the short deduction of tax, thereby reducing the demand and had also deleted the penalty in its entirety.

The matter has been listed for admission by the High Court on March 26, 2006 and the appeal shall be admitted for hearing in due course, if the High Court decides that a substantial question of law is involved.

Appeals Relating to Erstwhile Triveni Engineering & Industries Limited (prior to its merger with the erstwhile Gangeshwar Limited) and the erstwhile Triveni Oilfield Services Limited

There are disputes relating to income tax assessments of the erstwhile Triveni Engineering & Industries Limited and the erstwhile Triveni Oilfield Services Limited. We have filed appeals before the ITAT against the orders of the CIT relating to income tax assessment for the assessment years 1998-1999, 1997-1998, 1996-1997, 1995-1996, 1994-1995, 1993-1994 and 1992-1993. The total amount of assessable income in dispute in relation to these appeals is Rs. 274.64 million.

Additionally, the Revenue Department has filed appeals before the ITAT against the orders of the CIT relating to income tax assessment for the assessment years 1994-1995 and 1993-1994, and against the order of the ITAT, before the High Court of Delhi with respect to assessment year 1991-1992. The total amount of assessable income in dispute in relation to these appeals is Rs. 7.23 million.

Our Company shall incur the liability with respect to any amounts claimed against these companies. However there is no outstanding liability against our Company.

Many of the issues in dispute are identical to those described in the preceding paragraphs including inter alia disputes arising from the disallowance of our claims with respect to commission expenses, provisions made for contributions to an approved gratuity fund, previous year expenses, gifts presented to customers, interest payable to the SDF, and administrative expenses incurred on expansion of business.

Appeals Filed by the erstwhile Triveni Engineering & Industries Limited and the Erstwhile Triveni Oilfield Services Limited.

The following paragraphs shall contain a year by year review of income tax cases initiated by the Erstwhile Triveni Engineering & Industries Limited and the erstwhile Triveni Oilfield Services Limited.

(i) For Assessment Year 1998-1999

The total amount of the assessable income in dispute is Rs. 6.13 million arising from the income tax assessment of erstwhile Triveni Engineering & Industries Limited. Our Company filed an appeal against the Assessment Order before the CIT, and we have preferred a further appeal before the ITAT against the order of the CIT dated February 27, 2003. We have challenged the disallowance of our claims relating to selling commission to agents and provision made for contribution to an approved gratuity fund. Additionally, we have contested the disallowance of amounts relating to earlier years, including the claims of employees and outside parties on the grounds that they had crystallized in the current year and are therefore liable for deduction in the current year. The matter is yet to be taken up.

(ii) For Assessment Year 1997-1998

The total amount of the assessable income in dispute is Rs. 80.62 million arising from the income tax assessment of Erstwhile Triveni Engineering & Industries Limited. Our Company filed an appeal against the Assessment Order before the CIT, and we have preferred a further appeal before the ITAT against the order of the CIT dated August 17, 2001. We have challenged the disallowance of our claims relating to provision made for contribution payable to an approved gratuity fund, previous year expenses, selling commissions, and provision made for cost to completion of a contract with U.P. Jal Board Nigam Limited. Additionally, we have challenged the disallowance of expenses relating to maintenance of a guest house and the disallowance of deduction claimed on account of provisioning for doubtful debts and advances. We have also challenged the decision of the CIT disallowing expenditure on gifts and presents, which do not carry any advertising value, holding that the total expenses incurred on them are unreasonably high compared to previous years. Finally, we have contested the disallowance of provisions for warranty claims, disallowed on the basis that such liability being contingent in nature has not actually arisen and the disallowance of our claim for deduction with respect to retention money withheld by our customers until the satisfactory performance of the plant and machinery sold by our Company. The appeal has been taken up for hearing.

(iii) For Assessment Year 1996-1997

The total amount of the assessable income in dispute is Rs. 88.11 million arising from the income tax assessment of erstwhile Triveni Engineering & Industries Limited. Our Company filed an appeal against the Assessment Order before the CIT, and we have preferred a further appeal before the ITAT against the order of the CIT dated March 26, 2004. We have challenged the disallowance of our claims relating to expenditure on gifts presented to customers, provision made for contribution payable to an approved gratuity fund, previous year

expenses, expenditure in relation to a guest house, commission expenses and provision made in respect of warranty claims. Additionally, we have contested the disallowance of bonus paid to employees, disallowed on the basis that evidence for payment of the same has not been furnished by our Company. We have also contested the disallowance in respect of expenditure on repair of our office premises made on the basis that these premises were taken on lease by one of the sister concerns, Gangeshwar Limited and therefore there was no business nexus for claiming the deduction. We have further challenged the decision of the CIT disallowing our claim with respect to front end fee paid to IFCI for the purposes of private placement of non-convertible debentures issued by our Company, holding that the entire expenditure was not relatable to the year under consideration. The matter is yet to be taken up.

Further, we have preferred an appeal before the CIT against a Penalty Order issued by the Assistant Commissioner of Income Tax dated March 30, 2005 against the erstwhile Triveni Engineering & Industries Limited imposing a penalty of Rs.48 million under section 271(1)(c) of the Income Tax Act in respect of expenditure incurred in relation to a guest house which were disallowed in the quantum assessment.

(iv) For Assessment Year 1995-1996

The total amount of the assessable income in dispute is Rs. 53.70 million arising from the income tax assessment of erstwhile Triveni Engineering & Industries Limited. Our Company filed an appeal against the Assessment Order before the CIT, and we have preferred a further appeal before the ITAT against the order of the CIT dated August 10, 2001. We have challenged the disallowances of our claims relating to, interest payable to the SDF, commission expenses, entertainment expenses, previous years expenses which had crystallized in the current year, provisions made for contribution to an approved gratuity fund, deductions claimed for interest payable on the excess levy sugar price realized from the government, administrative expenses incurred in the expansion of the business and provision made for contribution payable to an approved gratuity fund. Additionally, we have challenged the short allowance of depreciation sustained by the CIT. In claiming depreciation for the year in respect of assets taken over on amalgamation, we had considered the actual cost of such assets in accordance with Explanation 2(b) to section 43(6) of the Income Tax Act. However the Revenue Department has allowed depreciation on such assets on the written down value on the date of amalgamation. We have also challenged the disallowance of part of the deductions, claimed by our Company under Rule 6D of the Income Tax Rules, on account of traveling expenses. This disallowance has been made on the basis that the Revenue Department has not accepted a previous judgment of the ITAT regarding the valuation of such expenses and in accordance with which we have valued the expenses for some of our units, but without appreciating that the prescribed valuation method under the Income Tax Rules has been used for some of our other units. The appeal has been taken up for hearing.

(v) For Assessment Year 1994-1995

The total amount of the assessable income in dispute is Rs. 11.60 million arising from the income tax assessment of erstwhile Triveni Oilfield Services Limited. Our Company filed an appeal against the Assessment Order before the CIT, and we have preferred a further appeal before the ITAT against the order of the CIT dated June 23, 1997, challenging the disallowance of interest liability accrued during the year in respect of credit facilities availed from the Bank of Credit & Commerce International ("BCCI") as well as disallowance of expenditure incurred on gifts presented to customers without advertisement value.

The appeal has been taken up for hearing.

(vi) For Assessment Year 1993-1994

The total amount of the assessable income in dispute is Rs. 10.59 million arising from the income tax assessment of erstwhile Triveni Oilfield Services Limited. Our Company filed an appeal against the Assessment Order before the CIT, and we have preferred a further appeal before the ITAT against the order of the CIT dated January 21, 1997, challenging the disallowance of our claims relating to expenditure on gifts presented to

customers, expenditure on repairs and maintenance for failure to produce documentary evidence of such expenses and on account of sub-contract charges for non-furnishing of evidence of deposit of tax deduction at source. The evidence in this connection could not be furnished due to destruction of certain records due to an occurrence of fire at the office premises. Additionally, we have challenged the disallowance of deduction claimed with respect to our liability due to a contractual default towards ONGC, which had already invoked the bank guarantee furnished by our Company. This disallowance has been made on the basis that the liability is still disputed.

We have also challenged the disallowance of our claims relating to accrued interest payable to BCCI, filing fee paid to Registrar of Companies and the provision for premium payable on redemption of debentures.

The appeal has been taken up for hearing.

(vii) For Assessment Year 1992-1993

The total amount of the assessable income in dispute is Rs. 22.96 million arising from the income tax assessment of erstwhile Triveni Oilfield Services Limited. Our Company filed an appeal against the Assessment Order before the CIT, and we have preferred a further appeal before the ITAT against the order of the CIT dated December 31, 1996. We have challenged the disallowance of our claims with respect to accrued interest liability relating to the current year payable to BCCI, traveling expenses and administrative expenses incurred in the course of expansion of the business. The appeal has been taken up for hearing.

The appeals filed by the Revenue Department in matters relating to the income tax assessment of the Erstwhile Triveni Engineering & Industries Limited and the erstwhile Triveni Oilfield Services Limited are discussed below.

Appeals filed by the Revenue Department

(i) For Assessment Year 1994-1995

The total amount of the assessable income in dispute is Rs. 1.86 million. The Revenue Department has preferred an appeal before the ITAT against the order of the CIT dated June 23, 1997 with respect to the income tax assessment of the erstwhile Triveni Oilfield Services Limited. The Revenue Department has challenged the partial deletion made by the CIT with respect to expenditure incurred on gifts on the ground that the same have not been incurred by our Company for the purposes of our business as mandated by section 37(1) of the Income Tax Act. The Revenue Department has additionally contested the decision of the CIT to allow deduction of certain expenses pertaining to the current year but accounted for in the subsequent year, on the grounds that the same had not been entered in the books of accounts of the current year. The appeal has been taken up for hearing.

(ii) For Assessment Year 1993-1994

The total amount of the assessable income in dispute is Rs. 1.49 million. The Revenue Department has preferred an appeal before the ITAT against the order of the CIT dated January 31, 1997 with respect to the income tax assessment of the erstwhile Triveni Oilfield Services Limited. The Revenue Department has challenged the deletion of additions made by the Assessing Officer on account of machinery and other maintenance expenses and with respect to expenditure incurred for share registration, fees paid to stock exchanges and stamp duty on convertible debentures as revenue deductions. Additionally, the Revenue Department has contested the partial allowance of expenses made on gifts to customers in view that they were not made for advertisement purposes. The appeal has been taken up for hearing.

(iii) For Assessment Year 1991-1992

The total amount of the assessable income in dispute is Rs. 3.89 million. The Revenue Department has preferred an appeal before the High Court of Delhi against the order of the ITAT with respect to the income tax assessment of the erstwhile Triveni Oilfield Limited. The Revenue Department has challenged the decision of the ITAT allowing us deduction of expenses incurred in salaries of the employees as revenue deduction on the

ground that these expenditures have been capitalized in the books of accounts and therefore must be treated as capital expenditure. The ITAT has based its decision on the ground that expenses could not be classified as capital or revenue expenditure merely on the basis of the entries in the books, but it must be decided in light of the true nature of the expenditure. The appeal has been admitted and shall come up for hearing in due course.

Appeals Relating to the erstwhile Triveni Engineering Works Limited

There are disputes relating to income tax assessments of the erstwhile Triveni Engineering Works Limited. Our Company shall incur the liability with respect to any amounts claimed against this company. In respect of appeals filed by our Company all tax demands have been met. The outcome of the appeals could however result in further tax liability of our Company.

We have filed appeals before the ITAT against the orders of the CIT relating to income tax assessment for the assessment years 1994-1995, 1993-1994, 1992-1993, 1991-1992, and 1990-1991. We have also preferred an appeal in the High Court of Delhi against the order of the ITAT relating to income tax assessment for the assessment year 1991-1992. The total amount of assessable income in dispute is 205.69 million. Additionally, the Revenue Department has filed appeals before the ITAT against the orders of the CIT relating to income tax assessment for the assessment years 1993-1994 and 1992-1993, and against the order of the ITAT, before the High Court of Delhi with respect to assessment year 1988-1989, 1987-1988, 1986-1987 and 1984-1985. The total amount of assessable income in dispute is 137.98 million.

Some of the issues in dispute are identical to those described in the preceding paragraphs including inter alia the disallowance of our claims relating to our new method of valuation of our stock of sugar, provisions made for contributions to an approved gratuity fund, retention money withheld by customers, interest payable to the SDF, administrative expenses incurred on expansion of business and interest payable on excess levy sugar price realized from the government in earlier years.

Appeals filed by the Erstwhile Triveni Engineering Works Limited

The following paragraphs shall contain a year-by-year review of appeals filed by the erstwhile Triveni Engineering Works Limited.

(i) For Assessment Year 1994-1995

The total amount of the assessable income in dispute is Rs. 46.68 million. An appeal had been filed against the Assessment Order before the CIT, and we have preferred a further appeal before the ITAT against the order of the CIT dated September 21, 1998, challenging the disallowance of claims relating to accrued interest payable on the excess levy sugar price realized from the government in previous years, interest payable to the SDF and retention money withheld by customers. Additionally, we have challenged the disallowances of revenue expenditure claimed relating to issue of debentures and corporate campaign, disallowed as revenue on the ground that these amounts would only qualify for amortisation over ten years. We contend that these constitute revenue expenditure liable for full deduction in assessing our income tax liability. We have also challenged the disallowances of our claims relating to payments in excess of Rs. 10, 000 made in cash, bad debts and payment of royalties, on the ground of the lack of evidence to verify the genuineness of these expenses.

(ii) For Assessment Year 1993-1994

The total amount of the assessable income in dispute is Rs. 32.22 million. An appeal had been filed against the Assessment Order before the CIT, and we have preferred a further appeal before the ITAT against the order of the CIT dated July 1, 1998, challenging the disallowance of our claims relating to expansion of our existing undertaking, interest payable to the SDF, interest payable on excess levy sugar prices realized, provision made for contribution to an approved gratuity fund, expenses incurred in issuing debentures and provision for bad debts. Additionally, we have contested the disallowance of provision for liquidated damages under the head

“After Sale Expense” estimated at the rate of two per cent of the contract, disallowed on the basis that this liability is contingent in nature. We contend that this is an accrued liability liable to deduction in the current year. We have also contested the disallowance of deduction claimed under section 80-M of the Income Tax Act in respect of dividend income. This deduction was claimed since our Company had declared dividend on November 30, 1993, but has been disallowed on the ground that the same was yet to be distributed.

(iii) For Assessment Year 1992-1993

The total amount of the assessable income in dispute is Rs. 79.32 million. An appeal had been filed against the Assessment Order before the CIT, and we have preferred a further appeal before the ITAT against the order of the CIT dated December 8, 1995, challenging the disallowances of our claims relating to administrative expenses incurred in the expansion of existing undertakings, retention money withheld by customers, interest payable to SDF, interest payable on excess levy sugar price realized, provision for liquidated damages with respect to contracts completed, provision made for bad debt and provision made for expenses incurred in cash.

(iv) For Assessment Year 1991-1992

The total amount of the assessable income in dispute is Rs 21.10 million. We have filed an appeal in the High Court of Delhi [ITA 410/2004] against the order of the ITAT. Our Company has contested this order with respect to the disallowance of our claims relating interest payable to the SDF as well as the interest payable on account of excess levy sugar price recovered in earlier years. We have further challenged the order on the grounds of the failure of the ITAT to accept the change adopted in the method of valuation of our stock of sugar thus resulting in additions to our income tax liability.

(v) For Assessment Year 1990-1991

The total amount of the assessable income in dispute is Rs. 26.37 million. An appeal had been filed against the Assessment Order before the CIT, and we have preferred a further appeal before the ITAT against the order of the CIT dated June 8, 1999. Our Company has challenged the disallowance of our claims relating to interest payable to SDF, interest payable on excess levy sugar price realized, provision for bad debt and payment of royalties. Additionally, we have challenged the disallowance of diwali expenditures on the grounds that these being customary in nature, are not required to be considered as entertainment expenses.

Appeals filed by the Revenue Department

The appeals filed by the Revenue Department in matters relating to the income tax assessment of the erstwhile Triveni Engineering Works Limited are discussed below.

(i) For Assessment Year 1993-1994

The total amount of the assessable income in dispute is Rs. 50.35 million. The Revenue Department has preferred an appeal before the ITAT against the order of the CIT dated July 1, 1998. The Revenue Department has challenged the CIT's deletion of certain expenditure incurred in the expansion of our units, holding it to be revenue expenditure in view of the High Court of Delhi's refusal to admit a reference on the same question on an earlier application. Additionally, the Revenue Department has contested the allowance of our claims with respect to retention money withheld by customers made on the grounds that such amounts were yet to accrue. The Revenue Department has also contested the allowance on account of gifts presented to customers, ordered on the grounds that these could not be treated as hospitality or entertainment expenditure. Further, the Revenue Department has challenged the deletion of additions made by the Assessing Officer to the valuation of the closing stock of sugar on account of excise duty, ordered on the basis that the duty is payable only when the goods leave the factory premises and cannot be included for the purpose of valuation of the closing stock.

(ii) For Assessment Year 1992-1993

The total amount of the assessable income in dispute is Rs. 16.46 million. The Revenue Department has preferred an appeal before the ITAT against the order of the CIT dated December 8, 1995. The Revenue Department has challenged the order for allowance of trial run expenditure as a revenue deduction and for the

allowance of interest expenditure on borrowings related to the expansion of units as a revenue deduction. Additionally, the Revenue department has contested the deletion of additions made on account of bagasse and fuel and on account of certain hospitality expenses.

- (ii) For Assessment Years 1988-1989, 1987-1988, 1986-1987 & 1984-1985

The Revenue Department has preferred an appeal before the High Court of Delhi against the order of the ITAT with respect to the benefits accruing to our company under the Sampath Incentive Scheme. The Sampath Incentive Scheme, devised by the government to encourage an increase in the production of sugar, allowed sugar manufacturers to expand their capacity or set up a new sugar plant in consideration for which the manufacturers would be entitled to sell a higher ratio of free sale sugar to levy sugar than previously permitted resulting in such units making higher profits due to the difference in the prices of free sale sugar and levy sugar. The High Court shall adjudicate upon whether the ITAT was correct in law in upholding our contention that the benefits attributable to our Company under the Sampath Incentive Scheme is a capital receipt not liable to be taxed under the Income Tax Act. The matter has been admitted and is pending before the High Court. The total amount of the assessable income in dispute is Rs. 71.17 million.

6. Cases Relating to Other Statutory Charges

Claims by the Employees State Insurance Corporation

The Employees State Insurance Corporation has made a claim against us for approximately Rs. 857,753.50. The details of this are as follows.

- (a) Letter bearing number SAKA/NIRI/21-4388 dated August 30, 1999 was issued by the Deputy Regional Director of the Employees State Insurance Corporation, Kanpur for recovery of Rs. 857,753.50 allegedly owed by the Naini unit of the Company for the period 1968 to 1986. Subsequently, a letter of demand was issued to the Company by the Recovery Officer of the Employees State Insurance Corporation, Kanpur. The Company filed a writ petition (Writ Petition Number 33900 of 2000) in the Allahabad High Court challenging the said notices of demand. The High Court has issued a stay on the recovery proceedings and the matter is pending disposal.

Claims by Local Development Authorities

Local development authorities have made 5 claims against us for approximately Rs. 941,608. The details of these are as follows.

- (a) The Muzaffarnagar Development Authority issued a notice dated May 19, 1999 levying an amount of Rs. 941,608 on account of various charges like betterment charges, supervision charges and compounding charges and waste disposal charges payable by the Company in relation to a godown constructed by the Khatauli unit. The Company has filed its objections to the said notice and has also filed a writ petition in the Allahabad High Court (Writ Petition No. 50982 of 1999) challenging the demand of the Muzaffarnagar Development Authority. The Allahabad High Court vide order dated December 14, 1999 has stayed the recovery and the proceedings pending before the Muzaffarnagar Development Authority.
- (b) The Muzaffarnagar Development Authority issued a show cause notice dated February 13, 1999 to the Khatauli unit of the Company for alleged illegal construction of residential quarters in the factory premises. The Company has filed a writ petition (Writ Petition Number 50982 of 1999) in the Allahabad High Court against the said show cause notice. The High Court, by order dated December 14, 1999, has stayed the operation of the notice.
- (c) The Muzaffarnagar Development Authority issued a notice to the Khatauli unit of the Company to stop construction of a research laboratory within the factory premises, failing which penalty of Rs. 2,500 per day will be imposed. The Company has filed its reply to the same and the matter is being heard.
- (d) The Muzaffarnagar Development Authority issued a notice to the Khatauli unit of the Company to stop construction relating to raising the height of a sugar godown, failing which penalty of Rs. 2,500 per day will be imposed. The Company has filed its reply to the same and the matter is being heard.

- (e) The Muzaffarnagar Development Authority has issued three notices to the Company regarding the construction of the cogeneration power plant at Khatauli. Show cause notice number 12/2005 has been issued to stop the construction work. Show cause notice number 13/2005 has been issued requiring the Company to show cause as to why the alleged construction should not be demolished and criminal proceedings be initiated with regards to this matter. Show cause notice number 18/2005 has been issued with regards to the construction of pillars for bagasse carrier in the co-generation plant. The Company has filed its replies to the aforementioned notices.

Claims by the Additional District Magistrate (Finance)

The District Magistrate has issued a show cause notice to us. The details of the same are as follows:

The Additional District Magistrate (Finance) has issued notice to the Khatauli unit of the Company (Case Number 162 of 2004) in relation to payment of inadequate stamp duty by the Company for purchase of land for setting up an agri-business centre and has asked the Company to show cause why additional stamp duty should not be levied. The Company has filed its reply and is awaiting further orders of the Additional District Magistrate (Finance).

Claims by the Town Area Committee, Ramkola

The Town Area Committee, Ramkola, has issued a notice against the Company claiming Rs. 160,000. The details of the same are as follows:

The Town Area Committee, Ramkola issued a recovery notice to the Company claiming Rs. 160,000 as water tax. The Company has filed a writ petition in the Allahabad High Court (Writ Petition Number 703 of 1989) challenging the same. The High Court has issued a stay against recovery of the said amount and further proceedings are pending.

Claims by the Collector for payment of purchase tax

The Collector, Bettiah has filed a claim against the Company for Rs. 285,531 in relation to purchase tax payable by the Company. The details of the same are as follows:

Remission of purchase tax claimed by the Company was denied and the Collector, Bettiah has filed a claim for recovery of Rs. 285,531 on account of purchase tax payable by the Company for the assessment year 1982-83. The matter is currently pending before the Patna High Court (Case Number 8/92-93).

Claims by the Regional Transport Office, Muzaffarnagar

The Taxation Officer, Muzaffarnagar has issued a demand for Rs. 35,348 against our Company. The details of the same are as follows:

The Taxation Officer, Muzaffarnagar passed an order against the Khatauli unit of the Company (Case Number 103 of 2004) for payment of Rs. 27,111 as passenger tax, Rs. 1,233 as contribution to the Accident Relief Fund and penalty of Rs. 7,004. The Company challenged the said assessment order before the Deputy Transport Commissioner, who set aside the assessment order and remanded the matter to the Taxation Officer, with an order that the Company be heard and appropriate orders passed. The Company has filed its reply with the Taxation Officer and is awaiting further orders.

7. Labour Disputes

There are 237 cases and claims relating to labour and service matters, which have been filed by trade unions, employees of our Company and contract labourers employed by contractors for carrying out works in our Company. In addition to the above a settlement has been filed before the Industrial Tribunal, Meerut under section 4(k) of the Industrial Disputes Act, 1947 in relation to termination of services of certain employees in the Khatauli unit. The publication of the award is awaited. The total amount of claims in cases where financial claims have been made aggregates to approximately Rs. 14.45 million. In these cases, claims have been raised for inter alia, damages, compensation, reinstatement in service with payment of back wages, etc. The material cases in this regard are as below:

- (a) The Deputy Labour Commissioner, Allahabad issued a show cause notice to the Naini unit in relation to engagement of contract labour in the unit in alleged violation of a notification dated April 24, 1990 issued by Government of Uttar Pradesh banning engagement of contract labour in certain trades. The High Court of Allahabad, in a petition filed by the Eastern Uttar Pradesh Chamber of Commerce and Industry, has issued a stay on the operation of the impugned notification. The matter is currently pending disposal before the High Court.
- (b) The Chini Mill Mazdoor Union has filed cases (Case Numbers 44 of 1986, 195 of 1986, 73 of 1986, 78 of 1986 and 77 of 1987) against the Ramkola unit of the Company for appointment of the legal heirs of retired and deceased employees of the Company based on an agreement entered into between the Company and the union. The matter is pending disposal before the Labour Court, Gorakhpur.
- (c) The Deputy Labour Commissioner at Meerut has issued a notice dated January 5, 1990 to the Khatauli unit of the Company for employment of legal heirs of workers in accordance with notifications of the Government of Uttar Pradesh dated July 15, 1982 and November 21, 1989. The Company has filed a writ petition (Writ Petition Number 1728 of 1990) in the Allahabad High Court challenging the validity of the said government notifications. The High Court, by order dated January 12, 1990, has stayed the operation of the said government notifications. The matter is fixed for final hearing before the High Court.
- (d) The Company reinstated ten workmen in compliance of an award passed by the Labour Court and paid them back wages as per their last drawn salary. However, the workers raised a dispute that they are entitled to receive wages as per the order of the Wage Board and filed a claim before the Deputy Labour Commissioner, Saharanpur alleging that the Company was paying less wages in violation of the Industrial Disputes Act, 1947. The Deputy Labour Commissioner issued a certificate dated June 30, 2003 to the Company for recovery of Rs. 302,950 against which the Company has filed a writ petition in the Allahabad High Court (Writ Petition Number 30502 of 2002). The High Court vide order dated July 21, 2003 has stayed the recovery proceedings. The case is pending for final hearing and yet to be listed.

8. Civil Cases

There are 25 civil suits pending against us. The aggregate of claims in these cases is approximately Rs. 50,771,623.77.

9. Arbitration

The following 5 arbitration claims and appeals are pending against us. The total amounts claimed against us in these matters amounts to approximately Rs. 566,728,704.

- (a) The Ramganesha Gadkari Sahakari Sakhar Karkhana had entered into an agreement with our Company to set up a sugar factory. In the course of the transaction, certain disputes arose between the parties, and a claim of Rs. 353,800,000 was filed with the arbitrators by the Ramganesha Gadkari Sahakari Sakhar Karkhana. The Company has lodged a counter-claim for Rs. 162,800,000. Both parties have denied the claims made by the other party. The case is at the stage of final arguments before the arbitral tribunal.
- (b) Nahar Sugar & Allied Industries Limited entered into a contract with the Company for designing, manufacturing, supplying, erection and commissioning of a sugar plant. They subsequently filed for arbitration alleging contravention of the terms of the contract by the Company. Nahar has also alleged that the Company failed to commission the plant within the stipulated period and also short supplied machinery and parts. They have filed a claim for Rs. 16,491,879 as damages. The Company has denied all their claims and made counter-claim for Rs. 689,570.54. Evidence of both the parties has been concluded and now the case is at the stage of final arguments.
- (c) An agreement was executed between the erstwhile Triveni Engineering Works Limited and Indo Berolina Industries Limited ("IBIL") on November 11, 1994 by which IBIL agreed to procure, manufacture, supply and transport the complete machinery and equipment to establish and commercially operate an acetaldehyde/acetic acid plant. Under the terms of the agreement, TEWL closed the work and called upon IBI to refund the advance. Disputes

arose between the parties and the same were referred to arbitration. Our Company filed a claim for Rs. 96,521,792 before the arbitral tribunal. IBIL has filed counterclaims for Rs. 38,936,825 and Rs. 110,000,000. The case is now at the stage of taking evidence of IBIL.

- (d) An agreement was executed between the erstwhile Triveni Engineering Works Limited and IBI Chematur (“IBI”) on November 11, 1994 by which IBI agreed to supply know-how, basic engineering and detailed engineering, undertake supervision of erection and commissioning and testing and provide related services and technical assistance needed to establish and make an acetaldehyde/acetic acid plant, which was to be set up by TEWL. Under the terms of the agreement, TEWL closed the work and called upon IBI to refund the advance. A claim for Rs. 21,238,496 was filed by our Company before the arbitral tribunal. IBI has filed counterclaims for Rs. 47,500,000.
- (e) Our Company had executed an agreement for the sale of sugar to M/s State Trading Corporation of India. Certain disputes had arisen in relation to the agreement which were referred to arbitration. The arbitrator gave an award in our favour amounting to Rs.629,969.17, against which an appeal has been filed by the STC in the Delhi High Court. The High Court subsequently ordered the said corporation to deposit the amount with the court and our Company has been permitted to withdraw this amount subject to furnishing and periodically renewing a bank guarantee of the said amount, till the disposal of the appeal. The appeal is still pending in the High Court.

10. Miscellaneous

- A. The High Court of Allahabad has passed an order dated August 24, 2005 quashing press note dated August 31, 1998 and notification SO 808(E) dated September 11, 1998 issued by the Central Government which provided for the delicensing of the sugar industry by omitting the requirement to obtain a license under the Industrial (Development and Regulation) Act, 1951 for setting up new sugar units or engaging in the substantial expansion of existing sugar units. This order of the High Court of Allahabad has been challenged by M/s. Bajaj Hindusthan in the Supreme Court as a special leave petition (18586/2005). The Supreme Court has stayed the operation of the said judgement of the High Court of Allahabad vide its order dated September 19, 2005. We had filed an application for impleadment as a party to the special leave petition which was allowed by the Supreme Court vide order dated September 19, 2005. Without prejudice to the outcome of this litigation, we have also filed an application for grant of a license under Industrial (Development and Regulation) Act, 1951 for our unit located at Sabitgarh,. For further details relating to the application for license see section titled “Government and Other Approvals” on page 326 of this Red Herring Prospectus.
- B. The Registrar of Companies, Kanpur (ROC) vide their letter dated August 18, 2005 while asking for various information for the purpose of conducting technical scrutiny of the Balance Sheet of the Company as at March 31, 2004, also intimated that certain violations/defaults under the provisions of the Companies Act have been noticed and sought explanations/ clarifications therefore.

All the detailed information as asked for by the ROC was submitted vide Company’s letter dated August 26, 2005. It was also clarified in the said letter that there has been no violation/ default on the part of Company and/or its directors and officers as alleged and that the accounts of the Company are in order.

The ROC has issued a letter No.ROC-KNP/TS/STA/T/ 2713 dated August 31, 2005 stating that no violation/ default has been found on the part of the Company and its directors/officers and accounts of the Company appear to be in order. He also mentioned that detailed information furnished by the Company will be looked into in due course.

- C. Apart from the cases mentioned above, there are 64 other cases pending against us. An aggregate amount of Rs.386,361,632.19 has been claimed in these cases. Most of these cases pertain to claims made by Cane Societies against us for payment of sugarcane price and allotment of cane areas. The details of the material cases in this regard are as follows:

-
- (a) The Sahakari Ganna Vikas Samiti, Deoband raised a demand vide letter dated September 1, 1986 for payment of Rs. 18,948,671.66 towards arrear of sugarcane price and interest thereon for the years 1970–1971 to 1985–1986. The Cane Commissioner appointed the Deputy Cane Commissioner, Saharanpur as sole arbitrator to decide the matter. The Company has filed its objections denying the claims of the Samiti, and the order of the arbitrator is awaited.
- (b) The Sahakari Ganna Vikas Samiti, Deoband raised a demand vide letter dated July 17, 1991 for payment of Rs. 34,153,170.45 towards arrear of sugarcane price and interest thereon for the years 1988–1989 to 1990–1991. The Cane Commissioner appointed the Deputy Cane Commissioner as sole arbitrator to decide the matter. The Company has filed its objections denying the claims of the Samiti, and the order of the arbitrator is awaited.
- (c) The Deputy Commissioner of Cane, by award dated March 10, 1993 awarded Rs. 91,726,636.55 as interest on delayed payment of cane price for the season 1991–1992 to the Saharanpur Society. The Company appealed to the Cane Commissioner against the said award, which was dismissed on June 22, 1998. The Company has filed a writ petition before the Allahabad High Court on July 19, 1998 (Writ Petition No. 22329 of 1998), which High Court has, vide order dated July 21, 1998 stayed the operation of the award passed by the Deputy Cane Commissioner as well the order of the Cane Commissioner.
- (d) The Cane Society, Deoband filed a claim petition before the sole arbitrator at Lucknow claiming payment for left over cane for the season 1995-1996. The arbitrator, vide its order dated August 27, 1997 awarded an amount of Rs. 170,000,000 to be paid by the Company to Cane Society. The Company filed an appeal before the Divisional Commissioner, Saharanpur who set aside the impugned award and directed the Company to pay an amount of Rs. 5,600,000. The Company has filed a writ petition in the Allahabad High Court (Writ Petition Number 1735 of 1999) against the said order, which is pending for final hearing. Pending disposal of the petition, the High Court has stayed the operation of the order passed by the Divisional Commissioner. The Cane Society has filed a writ petition in the Allahabad High Court (Writ Petition Number 6113 of 1999) against the said order, which is pending for final hearing.
- (e) A public interest litigation (W.P. No. 32692/2005) has been filed by eight co-operative cane development societies before the Allahabad High Court alleging that several sugar mills of Uttar Pradesh have not paid the entire cane price for sugarcane supplied by them during the seasons 2002-2003 and 2004-2005. 122 sugar mills including our Company have been impleaded as a party to the said litigation pursuant to the order of the Allahabad High Court dated May 2, 2005.
- (f) Three separate special leave petitions (SLP No. 13912, 14717 and 18846 of 2005) have been filed before the Supreme Court by certain sugar mills located in the state of Uttaranchal against the order of the High Court of Allahabad holding that the Cane Commissioner, Uttar Pradesh did not have the power to reserve or assign any Cane Area within the territorial limits of Uttar Pradesh in favour of any sugar mill located in the State of Uttaranchal. Our Company has been made a respondent in the said special leave petition.
- (g) A trade union by the name Chini Mill Mazdoor Sangh was de-registered by the Trade Union Registrar, Uttar Pradesh, Kanpur on the ground of non compliance with the provisions of the Trade Union Act, 1926. The union has filed a writ petition in the High Court (Writ Petition No. 38961 of 2004) challenging the said order of Registrar. The Company has been impleaded as a pro forma respondent.
- (h) A contempt petition (Number 1017 of 1999) has been filed by Mr. Gada Nath against Mr. R.C. Jha, an ex-officer of the Company for alleged non-compliance with the order of the High Court of Allahabad dated February 10, 1999. The High Court had ordered that Mr. Gada Nath not be asked to vacate the official premises occupied by him. Subsequently, he was transferred by the Company. He has claimed that such transfer, and the consequent vacation of the premises constitutes violation of the order of the High Court.
- (i) The Mahanagar Telephone Nigam Limited (“MTNL”) issued two telephone bills to the Company for payment of Rs. 195,000 and Rs. 419,000. The Company has filed a writ petition against the said claim in the Delhi High

Court (Writ Petition Number 1469 of 1994) contending that the telephone in respect of which the bills were issued was misused as the STD dynamic lock was non-functional and MTNL did not repair the said defect. The High Court vide order dated April 5, 1994 has stayed the demand and appointed a committee to investigate the matter. The enquiry has been completed and the matter is pending for further orders.

- (j) Certificates for recovery dated July 28, 2000 and July 31, 2000 for Rs. 14,000,000 for the year 1984-1985 was issued by the Cane Commissioner to the Company for alleged non repayment of a loan. The Company has filed a petition before the High Court of Delhi (Miscellaneous Application Number 6561 of 2000 in Writ Petition Number 2585/86) against the recovery, which court, by its order dated August 3, 2000, has issued an injunction restraining recovery of the impugned amount by the Cane Commissioner. The writ petition was dismissed for non appearance on April 7, 2005 and an application for restoration has been filed and is pending.
- k) A vehicle owned by the Company met with an accident resulting in the death of a girl. In this regard a claim has been filed before the Motor Accidents Claims Tribunal (Case Number 289 of 2003) against the insurance company and the Company, which is pending.
- l) In 1973-1974, the levy sugar price fixed by the GoI was challenged by us in the Delhi High Court. The Delhi High Court, as an interim order allowed us to charge the levy sugar price demanded by us and directed us to keep the differential levy sugar price in fixed deposits. The Union of India challenged the order dated July 25, 1997 of the Delhi High Court in writ petition no. 773/1974 in respect of levy price differential claim for 1973-1974 including interest. The Supreme Court through order dated May 6, 2004 has remanded the matter back to the Delhi High Court and restored the interim order of the High Court.
- m) A contempt petition (No.1041/2005) has been filed by Shriram Daurala Sugar Works Limited before the High Court of Allahabad against two officials of the Company alleging that they have committed contempt of the order dated March 23, 2005 passed by the High Court in Writ Petition No. 12302/2005. The matter is pending.

II. LITIGATION AGAINST OUR DIRECTORS

Our Directors, except Mr. Dhruv Sawhney, have no outstanding litigation towards tax liabilities, criminal/civil prosecution for any offences (irrespective of whether they are specified under paragraph (i) of Part 1 of Schedule XIII of the Companies Act), disputes, defaults, non payment of statutory dues, proceedings initiated for economic offences, in their individual capacity or in connection with our Company and other companies with which the Directors are associated.

III. LITIGATION AGAINST OUR SUBSIDIARIES

I. Triveni SRI Limited

- A. Contingent liabilities not provided for as of March 31, 2005: Disputes sales tax demand of Rs. 211,200, which is on account of non-production of required declaration form, which the company is in process of collecting from customers.
- B. Litigation against Triveni SRI as on date: The sales tax authorities have raised a demand for payment of Rs. 211,200 for the assessment year 2003-2004, which is disputed by Triveni SRI and an appeal has been filed before the Joint Commissioner.

IV. LITIGATION AGAINST OUR PROMOTERS

I. Mr. Dhruv M. Sawhney

A. Litigation against Mr. Dhruv M. Sawhney, as of date is as follows:

Mr Dhruv M Sawhney and Mrs. Rati Sawhney have received a letter dated September 23, 2005 from Mrs Anjali Birla Sawhney and Ms Shreya Sawhney. The said letter has invoked arbitration in respect of differences between Mr. Dhruv M Sawhney and Mrs. Rati Sawhney on the one hand and Mrs. Anjali Birla Sawhney and Ms. Shreya

Sawhney on the other. The letter seeks to invoke arbitration in relation to the dispute relating to property located at 1, South End Road, New Delhi. Mrs Anjali Birla Sawhney had nominated Mr. O.P. Khaitan as the arbitrator. However, on protest by Mr. Dhruv M. Sawhney, the nominated arbitrator of Mrs Anjali Birla Sawhney is now Mr. Ram Jethmalani, Senior Advocate. Mr Dhruv M. Sawhney has nominated Mr. Justice S. P. Goyal (Retd) as his arbitrator subject to the notice of arbitration given by Mrs. Anjali Birla Sawhney and Ms. Shreya Sawhney being found valid by a competent court. The arbitration proceedings or any other proceedings before courts have not commenced.

2. Mrs. Rati Sawhney

A. Litigation against Mrs. Rati Sawhney, as of date are as follows:

- (a) Mrs. Rati Sawhney has received a letter no.CFD/DCR/NM/TO/45406/05 dated July 21, 2005 from SEBI regarding the acquisition of 20,448 shares from a family friend as a gift as a result of which the total promoter group shareholding increased from 90.48% to 90.73%. The same was intimated by us to the Stock Exchanges as a filing dated September 10, 2004 under Regulation 8(1) and 8(3) of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 ("Takeover Code"). SEBI has sought details in this regard from Mrs. Rati Sawhney.

Mrs. Rati Sawhney, through her letter dated July 22, 2005 to SEBI stated that she had received a gift of 20,448 equity shares from Mrs Manjula Patankar (the "Donor"), who is a family friend of hers. She has stated that on July 26, 2004, the Donor handed over to her a copy of a Gift Deed alongwith a duly filled in and signed transfer deed and the share certificates mentioned therein and requested her to accept a gift of 20,448 equity shares of the Company. Mrs. Sawhney has represented that the Donor insisted that she was gifting these shares out of natural love and affection to her and without any consideration whatsoever and the same should be accepted by Mrs. Sawhney. In these circumstances Mrs. Sawhney decided that she would accept the shares only if such acceptance of shares would not violate any laws and would not trigger any provisions of applicable regulations. Hence, she requested the Company to examine the same legally. The Company, on receipt of such a request from Mrs. Sawhney examined the issues and sought the legal opinion of Mr U.K. Choudhary, Senior Advocate, Supreme Court of India on whether the acceptance of the gift of 20,448 shares by her would trigger the Takeover Code. Mr. U. K. Chaudhary, Senior Advocate in his opinion dated August 17, 2004 opined that the gift of shares is similar to the acquisition of shares by inheritance or succession as there is no contribution or concerted efforts by the acquirer for the acquisition of shares. Gift is a voluntary act on the part of the Donor and the donee has no role in the matter of acquisition of shares. He, therefore, took a view that Mrs. Sawhney can take exemption under Regulation 3(1)(g) of the Takeover Code as the acquisition of shares by way of gift which is similar to acquisition of shares by transmission as gift is made unilaterally by the Donor to the donee. On the basis of the legal opinion, the Company informed Mrs. Sawhney that the acceptance of the gift by me would not trigger the Takeover Code. Based on this legal opinion of Mr U.K. Chaudhary, Senior Advocate, Mrs. Sawhney decided to accept the gift and requested the Company to record her as the owner of the equity shares which were gifted by the Donor. The acceptance of this gift of these Equity Shares by Mrs. Sawhney resulted in the total promoters group holding increasing to 90.73% from 90.48% of the pre-Issue.

- (b) Mr Dhruv M Sawhney and Mrs. Rati Sawhney have received a letter dated September 23, 2005 from Mrs Anjali Birla Sawhney and Ms Shreya Sawhney. The said letter has invoked arbitration in respect of differences between Mr Dhruv M Sawhney and Mrs. Rati Sawhney on the one hand and Mrs. Anjali Birla Sawhney and Miss. Shreya Sawhney on the other. The letter seeks to invoke arbitration in relation to the dispute relating to property located at 1, South End Road, New Delhi. Mrs Anjali Birla Sawhney had nominated Mr. O.P. Khaitan as the arbitrator. However, on protest by Mr. Dhruv M. Sawhney, the nominated arbitrator of Mrs. Anjali Birla Sawhney is now Mr Ram Jethmalani, Senior Advocate. Mr Dhruv M. Sawhney has nominated Mr. Justice S. P. Goyal (Retd.) as his arbitrator subject to the notice of arbitration given by Mrs. Anjali Birla Sawhney and Ms. Shreya Sawhney being found valid by a competent court. The arbitration proceedings or any other proceedings before courts have not commenced.

- (c) A suit, R.S. No. 743/2001 has been filed by Mr. Anees Khan in the court of Additional Civil Judge, Lucknow with respect to the sale of a land at village Kakori in Uttar Pradesh. The plaintiff has prayed for the declaration of title in his favour and for annulment of a sale deed dated September 13, 2000. The matter is pending and the next date of hearing is November 9, 2005.

3. *Triveni Entertainment Limited ("TEL")*

Contingent liabilities not provided for as of March 31, 2005 are as follows: Rs.0.83 million.

The details of the litigations against TEL are as follows:

- (a) The Income Tax Department has preferred an appeal before the High Court of Delhi, against the order dated March 6, 2003 passed by the Income Tax Appellate Tribunal, New Delhi ("ITAT") in ITA No. 4702/Del/1998. The Income Tax Department has appealed against the decision of the ITAT in allowing the claim of TEL for being eligible for deduction under section 80-I of the Income Tax Act, 1961, whereby TEL became eligible for a refund of tax already paid of Rs.0.19 million along with interest.
- (b) TEL has also preferred appeals before ITAT in relation to assessment year 2001-2002 against disallowance of service charges paid to Triveni Engineering & Industries Limited, thereby creating a tax demand of Rs.0.14 million. Penalty of Rs.0.11 million was also imposed by the assessing officer in respect of the service charges disallowed in assessment year 2001-02, holding the same to be concealment of income. TEL has filed its appeal against the penalty imposed, before the Commissioner of Income-tax Appeals. Further, TEL has filed an appeal before the Commissioner of Income-tax Appeals in relation to assessment year 2002-03, against the disallowance of similar service charges made by the assessing officer. TEL has already deposited the tax demand of Rs.0.12 million raised against it consequent to such disallowance.
- (c) The Income Tax Department, in relation to assessment year 1993-1994, has disallowed TEL's claim under section 80 I A of the Income Tax Act, 1961. TEL filed appeal against the same before the Commissioner of Income Tax (Appeals), who passed an order requiring that the Income Tax Department pass a reasoned order for the disallowance. This reasoned order has not been passed as of date. A tax demand of Rs.0.28 million is outstanding in this respect, which is disputed by TEL.

4. *The Engineering & Technical Services Ltd. ("ETS")*

The contingent liabilities not provided for as of March 31, 2005 is as follows: NIL.

The details of the litigation pending against ETS is as follows:

Ramganesb Gadkari Sahakari Sakhar Karkhana Ltd. ("RGL") has filed a claim against Engineering & Technical Services Ltd. in the arbitral tribunal. The brief facts of the case as alleged by RGL in the statement of claims against ETS are as under:

An agreement dated August 21, 1995 was executed between RGL and ETS for the purpose of erection and commissioning of a sugar plant of RGL at Taluka Saoner, District Nagpur, Maharashtra in accordance with the specifications agreed between the parties. The price of the contract was Rs.6.0 million and the erection of the plant was to be completed by April 30, 1996. It was alleged by RGL that ETS failed to adhere to the terms and conditions of the agreement and could not complete its work within the stipulated period. It has further been alleged that due to the delay and defaults by ETS in erection of the plant within the stipulated period, RGL suffered losses. The following claims have been lodged by RGL against ETS :

Particulars of Claims	Amount (Rs.)
Claim on balance advance	1,097,000
Debit note raised by the RGL	590,000
Extra cost incurred by the RGL	1,790,000
Claim on liquidated damages equal to 5% of the contract price	300,000
Claim on litigation and arbitration charges	200,000
Total	3,977,000

ETS denied all the allegations levelled by RGL and took a stand that there was no delay and default of any kind whatsoever on behalf of ETS. ETS has further alleged that it was the RGL who could not adhere to the terms and conditions of the agreement and ETS also filed counter claims for an amount of Rs.5.10 million against RGL. The arbitration proceedings are pending before the arbitral tribunal at Nagpur. The next date of hearing of the case has not been fixed as yet.

5. *United Shippers & Dredgers Limited (“USD”)*

The contingent liabilities not provided for as of March 31, 2005 for the litigation mentioned below:

The details of the litigation pending against USD is as follows:

In June 1982, United Shippers & Dredgers Limited had entered into a contract for the dry & wet excavation of container berth, removal of sheet pile wall, reclamation and dredging in container berth. In 1986, certain disputes arose and Madras Port Trust (MPT) claimed a sum of Rs.1,853,757. USD disputed the claim. MPT invoked arbitration clause and appointed their nominee arbitrator. MPT filed their claims and USD also filed its claim for Rs.4,184,776. The arbitrators initially conducted the proceedings but no proceedings have been held since 1991.

V. MATERIAL DEVELOPMENTS

Except as stated elsewhere in this Red Herring Prospectus, including the section titled “Management’s Discussion and Analysis of Financial Statements and Results of Operations” on page 232 of this Red Herring Prospectus and our financial statements included herein, no material developments have taken place after March 31, 2005, the date of the latest balance sheet, that would materially adversely affect the performance or prospects of our Company and its subsidiaries taken as a whole.



COMPLAINTS RECEIVED BY OUR COMPANY

A number of complaints have been received by our Company from the date of filing the Draft Red Herring Prospectus with SEBI till November 5, 2005. The details of the same are as follows:

Nature of complaint	Number of complaints received	Number of complaints responded to	Number of complaints outstanding
Allegations relating to the scheme of arrangement under Section 391 of the Companies Act pursuant to which equity shares were converted into Preference Shares.	404	404	Nil
Allegations relating to the scheme for amalgamation under Section 391/394 of the Companies Act of Triveni Engineering Works Limited (TEWL) with Triveni Oil Field Services Limited (TOFSL) resulting in the formation of the Erstwhile Triveni Engineering & Industries Limited and scheme for amalgamation of Erstwhile Triveni Engineering & Industries Limited with Gangeshwar Limited resulting in the formation of our Company.	11	11	Nil
Allegations relating to historical actions	5	5	Nil
Other General Complaints	13	13	Nil
Other Queries Received through SEBI	5	5	Nil

Notes:

- The 404 allegations relating to the scheme of arrangement under Section 391 of the Companies Act, pursuant to which equity shares were converted into Preference Shares includes 237 complaints of a general corporate nature related to the scheme of arrangement but does not include one complaint which has been withdrawn.
- All complaints from shareholders whose equity shares were converted into Preference Shares have been considered as related to the scheme of arrangement under Section 391 of the Companies Act, whether directly or indirectly.
- The number of complaints received by us have been categorised according to the nature of the complaint and in the event the complainant has complained on multiple issues, then he has been accounted for in all the categories for which he had complained. In case a complainant has sent multiple letters on the same issues, then all such letters have been treated as a single complaint.
- The names of the complainant and the dates of the complaint, the dates of the receipt of the complaint by our Company and the dates of our response to these complaints have been provided in detail in Tables A1, A2, B, C and D beginning on pages 311, 317, 323, 324 and 325 of this Red Herring Prospectus. Further, the list of complaints received by the Company after the filing of the Draft Red Herring Prospectus and the letters of the complainants and the responses of the Company to such letters as of November 5, 2005 have been listed as Material Documents and are available for inspection.

All complaints received by us from the date of filing of the Draft Red Herring Prospectus till November 5, 2005 have been suitably responded to by us.

The material points covered in the complaints received from the date of filing the Draft Red Herring Prospectus with SEBI till November 5, 2005 and our responses thereto have been summarized below:

1. Allegations relating to the scheme of arrangement under Section 391 of the Companies Act pursuant to which equity shares were converted into Preference Shares ("Scheme")

Our Company has received 404 complaints in relation to the Scheme from the date of filing of the Draft Red Herring Prospectus with SEBI till November 5, 2005. The principal issues raised in these complaints and our response thereto are as follows:

A. Non-intimation of the Scheme under Section 391 of the Companies Act to the shareholders of our Company specially in the light of negative consent mechanism under the Scheme, which resulted in conversion of equity shares into Preference Shares.

Nature of the allegations

We have received complaints that the conversion of equity shares into Preference Shares under the Scheme was done without due notice to the erstwhile equity shareholders. The allegations state that there was no notice of the record date. Further allegations have been made that the public notice given by the Company was in newspapers which did not have a wide circulation. These complaints have contended that the lack of notice to the shareholders of the Scheme, coupled with the 'negative consent' provision under the Scheme had resulted in the conversion of their equity shares into Preference Shares without their actual consent and knowledge. The allegations have questioned the legal and ethical validity of such a clause in the Scheme on the grounds that the same is harmful for the interests of the small investors.

Our Response

Our Company has replied to such complaints stating that due notice for the court-convened meeting for approving the Scheme was sent to all shareholders in accordance with the orders of the Allahabad High Court. Proof of such sending of notice were provided to complainants who had alleged that they had not been notified about the Scheme and complainants were also invited to inspect the copies of the same. The conversion of equity shares into Preference Shares pursuant to the Scheme was optional. As per the Scheme, those shareholders who wanted to retain their equity shares and did not want to get them converted into Preference Shares needed to notify the Company of their intention in writing before a specified date. The equity shares of all those shareholders who opted to retain their equity shares were not converted into Preference Shares. Our Company has further stated that it has published the said notice as well as notice of the record date for the Scheme in two newspapers, Amar Ujala (Hindi) and The Statesman (English), as directed by the Allahabad High Court. Further, we had issued notice of record date to all the stock exchanges in India.

B. The Scheme under Section 391 of the Companies Act is in violation of the provisions of the Companies Act, 1956, Listing Agreement and SEBI regulations.

Nature of Allegation

We have received complaints that the Scheme under Section 391 of the Companies Act was in violation of the provisions of the Companies Act, 1956, the Listing Agreement entered into with the stock exchanges and SEBI regulations. In particular, some of these complaints have alleged that the 'negative consent' for the conversion of equity shares into Preference Shares under the Scheme resulted in forceful conversion and was therefore contrary to law.

Our Response

The Company has replied that the Scheme under Section 391 of the Companies Act has been approved by the shareholders and duly sanctioned by the Allahabad High Court through order dated March 27, 2003. The Scheme under Section 391 of the Companies Act was also examined by the Regional Director, Department of Company Affairs, Government of India, who filed an affidavit in the Allahabad High Court conveying no objection to the Scheme. In addition, the stock exchanges were also intimated about the same through letters dated December 31, 2002, January 9, 2003, January 27, 2003, April 4, 2003 and May 8, 2003. The Scheme under Section 391 of the Companies Act had been sanctioned by the Allahabad High court and all applicable laws had been followed. Therefore, there has not been any violation of the provisions of the Companies Act or any other applicable laws.

C. The Promoters have taken undue advantage of the small shareholders of the Company by not participating in the Scheme under Section 391 of the Companies Act

Nature of Allegation

We have received complaints alleging that the Promoters have taken undue advantage of the small investors in the Company by not converting their own equity shares under the Scheme under Section 391 of the Companies Act.

Our Response

The approvals of the lenders for the Scheme was conditional on the Promoters not participating in the Scheme. Further, the Scheme was devised to enable the small investors in the Company to get a value greater than the value of the shares at the relevant time. The Promoters were not enabled to avail the same facility as the small shareholders.

- D. The Scheme under Section 391 of the Companies Act was devised by our Promoters to defraud small investors in light of subsequent decisions of the Company such as to sub divided the equity share of Rs. 10 into Equity Shares of Re. 1 each and issue Bonus Shares, which would have enabled the shareholders to gain a larger number of shares.**

Nature of Allegation

We have received complaints alleging that the Scheme under Section 391 of the Companies Act was devised to defraud small investors in light of the subsequent events such as the stock split, issue of bonus shares, delisting of equity shares from the stock exchanges and decision to make the Issue at a high premium. Certain complainants have alleged that the decision to make the Issue at a high premium was known to the Promoters prior to the Scheme under Section 391 of the Companies Act, due to which they did not participate in the Scheme.

Our Response

The Company has replied stating that the decision of conversion of equity shares to Preference Shares at a price of Rs.42 was taken at a time when the weighted average price of the equity shares during the three months ended December 2002 of Rs. 27.52 per Equity Share on NSE and Rs. 26.95 per Equity Share on BSE. The Scheme under Section 391 of the Companies Act was devised in order to provide small shareholders a chance to exit the Company due to the low liquidity of equity shares and the limited exit opportunity from our Company available to these shareholders. Under the Scheme pursuant to Section 391 of the Companies Act, the shareholders were given the opportunity to retain their equity shares by intimating the Company of their intention to not convert. The dividend was duly paid in accordance with the Scheme. The split of shares was for providing better liquidity to shareholders and their interests were not harmed. The decision regarding the bonus issue was taken by the Board in order to bring the paid-up share capital to a level commensurate with the total capital employed in the Company. The Company's Equity Shares have not been delisted. Further, the Company was required to make the Issue pursuant to the letter dated March 16, 2005 received from the BSE advising the Company to raise the non-Promoter holding in the Company to at least 25% of the total share capital within six months for the purpose of continuous listing in the stock exchange. The Issue is being made under the SEBI regulations in accordance with the book building method and the price is yet to be discovered. Therefore, it is not possible to comment on the pricing of the Issue at this stage.

- E. The redemption price for Preference Shares converted from equity shares under the Scheme pursuant to Section 391 of the Companies Act was too low.**

Nature of Allegation

We have received complaints in which the rational of the conversion price at Rs.42 per Equity Share under the Scheme pursuant to Section 391 of the Companies Act has been questioned.

Our Response

Our Company has replied to these complaints by stating that the Preference Shares were redeemed at a price of Rs.42 whereas the weighted average price of the equity shares during the three months ended December 2002 of Rs. 27.52 per Equity Share on NSE and Rs. 26.95 per Equity Share on BSE and that such Scheme under Section 391 of the Companies Act was passed by the shareholders, creditors and the Allahabad High Court.

- F. Demands for Restoration of equity shares and Additional Information from our Company.**

Nature of Allegation

We have received certain complaints demanding that the equity shares converted pursuant to the Scheme should be restored to the shareholders. Certain investors have also sought to return the amounts paid to them for redemption of the Preference Shares.

Our Response

Our Company has replied stating that the restoration of equity shares is not possible. The Preference Shares have been fully redeemed and thus extinguished, discharged and cancelled as per the terms of the Scheme sanctioned by the Allahabad High Court. Further, certain complainants have demanded additional information pertaining to the Scheme and its rationale. The Company has replied to such complaints.

G Demands for exchange of share certificate of erstwhile TEWL/TOFSL/erstwhile TEIL for share certificates of our Company.

Nature of Allegations

Certain investors have sent us their equity share certificates of erstwhile TEWL/TOFSL/Erstwhile TEIL demanding issuance of share certificate of our Company in exchange for the same. Further, certain investors have sent us their share certificates of our Company for equity shares held prior to the Scheme and Preference Shares demanding issuance of sub-divided/ bonus Equity Share certificate of our Company in exchange for the same.

Our Response

Our Company has replied that such share certificates of erstwhile TEWL/TOFSL/Erstwhile TEIL and our Company are invalid and non-tradable securities as the same stand discharged/redeemed pursuant to the schemes of amalgamations referred above and the Scheme.

For the details of the complainants and the complaints relating to the above issues related to the Scheme, see Table A1 on page 311 of this Red Herring Prospectus.

H General complaints.

We have received 237 complaints relating to corporate matters in relation to the Scheme under Section 391 of the Companies Act from the date of filing of the Draft Red Herring Prospectus till November 5, 2005. All complaints from shareholders whose equity shares were converted into Preference Shares have been considered as related to the scheme, whether directly or indirectly. The allegations have been primarily relating to:

- a) Non receipt of dividend.
- b) Non receipt of redemption money in respect of the Preference Shares.
- c) Non receipt of annual reports for the year and notice of general meeting.
- d) Non receipt of share certificates and rejection of dematerialized certificates.
- e) Non receipt of bonus shares.

For details of the complainants in this regard, see Table A2 on page 317 of this Red Herring Prospectus.

2. Allegations relating to the scheme for amalgamation of Triveni Engineering Works Limited (TEWL) with Triveni Oil Field Services Limited (TOFSL) resulting in the formation of the Erstwhile Triveni Engineering & Industries Limited ("TEIL Scheme") and scheme for amalgamation of Erstwhile Triveni Engineering & Industries Limited with Gangeshwar Limited resulting in the formation of our Company ("Gangeshwar Scheme").

Nature of Allegation

We have received 11 complaints with regard to the TEIL Scheme, which primarily pertain to the question of the merger ratio and the subsequent reduction of capital of TOFSL. We have also received complaints alleging that the Gangeshwar Scheme was entered into for the benefit of majority shareholders at the cost of minority shareholders.

Our Response

Our Company has replied to the complaints and stated that the same was based on an independent valuation by M/s. Bansi S. Mehta & Co. The TEIL Scheme was sanctioned by the Delhi High Court, in the due process of law. The Gangeshwar Scheme was sanctioned by the High Court of Allahabad in the due process of law.

Certain of these complaints have raised issues which are interlinked with issues relating to the Scheme as detailed hereinabove. These details of the complaints have been accounted for under the table of complaints for each of these categories.

The details of the complainants relating to the TEIL Scheme and the Gangeshwar are listed in Table B on page 323 of this Red Herring Prospectus.

3. Allegations relating to historical actions

We have received 5 complaints relating to certain historical actions taken by the Company. The main issues raised in these complaints and are response thereto are as follows:

A. Certain properties were dishonestly transferred for providing undue benefit to the Chairman of our Company

Nature of the allegation

The Company has received certain complaints alleging that the Chairman of our Company has dishonestly transferred two valuable properties owned by group companies under his control for the benefit of himself and his relatives. The complaints have further alleged that the merger and de merger of various companies was for the sole objective of benefiting the Chairman's family and were not done transparently.

Our Response

Our Company has replied stating that these issues have already been contested before financial institutions/banks and various authorities including the Department of Company Affairs, Deputy Commissioner of Police, Economic Offences Wing, New Delhi and as of date, our Company has not been found guilty of any wrong doing.

B. Complaints relating to the declaration of the notifications of the Government delicensing the sugar industry as illegal by the Allahabad High Court.

We have received some complaint stating that The High Court of Allahabad has passed an order dated August 24, 2005 quashing GoI notifications that provided for the delicensing of the sugar industry by omitting the requirement to obtain a license under the Industries (Development and Regulation) Act, 1951 for setting up new sugar mills or engaging in the substantial expansion of existing sugar mills and hence, the projects for which funds are being raised through the Issue is defeated.

Our Company has responded that the order of the High Court of Allahabad has been challenged by M/s. Bajaj Hindusthan Limited in the Supreme Court. The Supreme Court has stayed the operation of the said judgement of the High Court of Allahabad vide its order dated September 19, 2005 till further orders. Upon application by us, we have been impleaded as a party to this special leave petition. The GoI and the GoUP have also been made parties to this special leave petition. For further details of the special leave petition, see the section titled "Outstanding Litigation and Material Developments—Miscellaneous" on page 262 of this Red Herring Prospectus.

C. Others

We have received certain other complaints that primarily raised issues about the schemes of arrangement, also made allegations about other historical actions of the Company such as various public offers, mergers and de-mergers and lack of transparency in its various actions. Our Company has replied to these complaints based on the facts of the issues raised.

The details of the complainants are detailed in Table C on page 324 of this Red Herring Prospectus as follows:

4. Other General Complaints

Our Company has received 13 complaints relating to routine corporate matters in the Company from the date of filing of the Draft Red Herring Prospectus till November 5, 2005. The allegations have been primarily relating to:

- (a) Non transfer of one Equity Share by us for technical reasons;
- (b) Reservation for the existing shareholders in the Issue;
- (c) Non receipt of interest; and
- (d) Non receipt of bonus shares.

We have replied to all these complaints. The details of the complainants are reflected in Table D on page 325 of this Red Herring Prospectus:

5. Other Queries Received through SEBI

Our Company has received 4 queries from SEBI with relation to the following matters:

A. Allegations made in certain newspaper items

Nature of Allegation

SEBI forwarded two newspaper items to our Company through letters dated June 14, 2005 and July 5, 2005 as detailed below:

- (a) an article in The Economic Times on February 20, 1999, relating to the statutory auditors alleging that there are certain financial irregularities in Gangeshwar Limited since 1993.
- (b) an article in a website called “sugarindia.org” on August 2, 2004 relating to sale of sugar through a fake court order.

Our Response

The Company replied to SEBI vide letters dated July 5, 2005 and July 7, 2005 stating the following with regard to the two articles as follows, respectively:

- (i) when the management of Gangeshwar Limited came to Mr. Dhruv Sawhney’s control, certain financial irregularities came to the management’s notice. The Board appointed internal auditors to look into this issue and appointed an audit committee to review their report. The audit committee gave its final report and accordingly various adjustments were carried out in the audited accounts. The statutory auditors’ report to the shareholders dated February 19, 1998 also stated that the necessary adjustments had been made in the accounts in this regard. Therefore, the issue stood resolved to that extent. For further details on subsequent events in this regard, see the section titled “History & Certain Corporate Matters” on page 114 of this Red Herring Prospectus.
- (ii) the matter was investigated by Uttar Pradesh police and CBCID, Uttar Pradesh, who reported that the Company had neither been a party to the forging of the order nor was it aware that the order was forged. The Additional Chief Judicial Magistrate accepted the aforesaid reports. The investigation reports of the police and CBCID and acceptance thereof by the Additional Chief Judicial Magistrate were filed in the Allahabad High Court, who disposed of the case in terms thereof vide order dated October 29, 2004. No appeal has been filed against this order and there is no pending litigation or show cause notice against us in this regard.

B. SEBI letter regarding an FIR against our Company

Nature of Allegation

SEBI, through letter dated July 7, 2005 sent us copies of FIRs filed against several parties including our Company by the Directorate of Revenue Intelligence, New Delhi and the Director General of Central Excise, New Delhi. Further, SEBI, through letter dated July 15, 2005 forwarded the complaint dated July 2, 2005 of Mr. Naresh Aggarwal on the same issue.

Our Response

Our Company replied to SEBI, through letter dated July 9, 2005 and August 9, 2005 and to Mr. Naresh Aggarwal through letter dated July 22, 2005 stating that this case relating to excise and customs duty which was suitably disclosed in the Red Herring Prospectus. For further details on this case, see the section titled “Outstanding Litigation and Material Developments” on page 262 of this Red Herring Prospectus. We had no knowledge of these FIRs and no notice to this effect was received by our Company, at any time prior to the SEBI letter. For further details, see the section titled “Outstanding Litigation and Material Developments” on page 262 of this Red Herring Prospectus.

Table A1: Allegations relating to the scheme of arrangement pursuant to which equity shares were converted into Preference Shares (other than general corporate complaints related directly or indirectly to the Scheme).

Sr. No.	Name of Complainant	Date of Complaint	Date of Receipt by the Company	Date of Response/ Despatch by the Company
1	Saroj Gupta	04.06.2005	04.06.2005	18.06.2005
2	Suneeta Pinto	30.05.2005	06.06.2005	15.06.2005
		02.07.2005	07.07.2005	13.07.2005
3	Shashi Kala Damani	31.05.2005	07.06.2005	17.06.2005
		02.05.2005	07.07.2005	13.07.2005
		02.07.2005	07.07.2005	15.07.2005
		09.06.2005	13.08.2005	17.08.2005
		16.06.2005	17.08.2005	18.08.2005
4	Rajendra Kumar Daga	31.05.2005	08.06.2005	15.06.2005
5	Ansuya Devi /Pankaj Goyal/ Prakash Goyal / K.R.Gupta	09.06.2005	09.06.2005	24.06.2005
		04.07.2005	04.07.2005	11.07.2005
		06.07.2005	06.07.2005	11.07.2005
		08.07.2005	08.07.2005	11.07.2005
		14.07.2005	19.07.2005	26.07.2005
		14.07.2005	23.07.2005	26.07.2005
		02.08.2005	02.08.2005	09.08.2005
		08.08.2005	08.08.2005	09.08.2005
6	Bonanza Stock Brokers Ltd.	15.06.2005	16.06.2005	23.06.2005
7	Randev Yadav	09.06.2005	17.06.2005	20.06.2005
		17.06.2005	17.06.2005	20.06.2005
8	Chanda Devi Saraf	30.05.2005	17.06.2005	18.06.2005
		29.06.2005	11.07.2005	14.07.2005
		23.07.2005	28.07.2005	09.08.2005
		14.08.2005	12.09.2005	20.09.2005
		19.09.2005	30.09.2005	01.10.2005
		15.09.2005	01.10.2005	13.10.2005
		25.10.2005	25.10.2005	27.10.2005
		31.10.2005	05.11.2005	05.11.2005
9	Ashok Jatia/Rekha Jatia	20.06.2005	20.06.2005	23.06.2005
		27.06.2005	29.06.2005	29.06.2005
		02.07.2005	07.07.2005	12.07.2005
		05.07.2005	09.07.2005	09.07.2005
		08.07.2005	09.07.2005	09.07.2005
		12.07.2005	13.07.2005	16.07.2005
		12.07.2005	16.07.2005	18.07.2005
		14.07.2005	20.07.2005	25.07.2005
		21.07.2005	23.07.2005	25.07.2005
		01.08.2005	08.08.2005	16.08.2005
		31.08.2005	05.09.2005	07.09.2005

Sr. No.	Name of Complainant	Date of Complaint	Date of Receipt by the Company	Date of Response/ Despatch by the Company
10	V.R. N. Prasad	05.10.2005	08.10.2005	20.10.2005
11	Vipul Modi, Secy. Investors' Grievance Forum	16.06.2005	22.06.2005	22.06.2005
		17.06.2005	22.06.2005	22.06.2005
		28.06.2005	01.07.2005	09.07.2005
		08.07.2005	09.07.2005	09.07.2005
		04.07.2005	11.07.2005	11.07.2005
		18.07.2005	22.07.2005	25.07.2005
		25.07.2005	25.07.2005	25.07.2005
		26.08.2005	01.09.2005	07.09.2005
12	Rajinder Singh, President, Punjab and Chandigarh Shares Investor Grievances Association	Nil	24.06.2005	29.06.2005
13	Kapil Kumar	24.06.2005	25.06.2005	11.07.2005
		15.07.2005	19.07.2005	25.07.2005
		19.07.2005	20.07.2005	25.07.2005
		31.07.2005	31.07.2005	09.08.2005
		05.08.2005	09.08.2005	09.08.2005
		30.08.2005	15.09.2005	21.09.2005
14	Kirit Somaya	24.06.2005	27.06.2005	30.06.2005
		28.06.2005	07.07.2005	09.07.2005
		27.07.2005	10.08.2005	12.08.2005
		14.07.2005	26.07.2005	05.08.2005
		09.08.2005	10.08.2005	12.08.2005
		18.08.2005	19.08.2005	19.08.2005
		18.08.2005	26.08.2005	03.09.2005
		02.09.2005	12.09.2005	17.09.2005
15	Kamal Bansal	Nil	01.07.2005	05.07.2005
		25.06.2005	01.07.2005	08.07.2005
		08.10.2005	15.10.2005	20.10.2005
16	Hinesh Doshi, Investors' Grievance Forum	04.07.2005	05.07.2005	08.07.2005
17	Prof. M Ramadass, Member of Parliament	11.07.2005	12.07.2005	15.07.2005
		08.08.2005	10.08.2005	
		18.08.2005		
18	Ramdas Athawala, Member of Parliament	11.07.2005	12.07.2005	15.07.2005
		12.08.2005	16.08.2005	
		16.08.2005		
19	V Rangan	06.07.2005	13.07.2005	16.07.2005
		12.07.2005	13.07.2005	16.07.2005
		27.07.2005	27.07.2005	29.07.2005
		27.07.2005	26.08.2005	03.09.2005

Sr. No.	Name of Complainant	Date of Complaint	Date of Receipt by the Company	Date of Response/ Despatch by the Company
20	Stock Holding Corporation of India	24.08.2005	26.08.2005	03.09.2005
21	Dinesh Hassija/ Geeta Hassija	14.07.2005	15.07.2005	19.07.2005
		29.06.2005	16.07.2005	18.07.2005
		09.07.2005	16.07.2005	19.07.2005
		07.08.2005	10.08.2005	12.08.2005
22	Dipa Jayen Mehta/Jayen P Mehta	20.07.2005	20.07.2005	26.07.2005
23	Shashi Bhardwaj	20.07.2005	25.07.2005	25.07.2005
24	Ram Chand Kohli	25.07.2005	27.07.2005	27.07.2005
25	Mahendra G Wadhvani	19.07.2005	27.07.2005	27.07.2005
		25.07.2005	27.07.2005	27.07.2005
		08.08.2005	10.08.2005	10.08.2005
		06.08.2005	16.08.2005	17.08.2005
		12.08.2005	16.08.2005	17.08.2005
26	V N Shiva Shankar	27.07.2005	28.07.2005	30.07.2005
		05.08.2005	08.08.2005	12.08.2005
27	Ajay Yadav/ Raj Rani Yadav	23.07.2005	30.07.2005	30.07.2005
28	M S Gupta	22.07.2005	02.08.2005	09.08.2005
		16.08.2005	18.08.2005	18.08.2005
		28.08.2005	01.09.2005	07.09.2005
		03.10.2005	06.10.2005	13.10.2005
		01.10.2005	08.10.2005	20.10.2005
29	Bharat Sheth	20.07.2005	02.08.2005	09.08.2005
30	Asit C Mehta, Inv. Intermediates Limited	08.07.2005	02.08.2005	04.08.2005
31	Shoba S. Adani	26.07.2005	05.08.2005	11.08.2005
32	Rajendra Prasad	02.08.2005	06.08.2005	12.08.2005
33	Pragji J Pala	15.07.2005	07.08.2005	13.08.2005
34	Kalavati Parikh	03.08.2005	10.08.2005	13.08.2005
35	Alexander M	25.07.2005	11.08.2005	13.08.2005
36	Pankaj Kumar Guha	06.08.2005	11.08.2005	13.08.2005
37	Natvarlal Chotalal Koradia	26.07.2005	12.08.2005	17.08.2005
38	M Unnamalai	05.08.2005	13.08.2005	17.08.2005
39	Kanta Arya	08.08.2005	13.08.2005	17.08.2005
40	Chhote Lal	29.06.2005	13.08.2005	17.08.2005
41	Hira Lal Dhanraj and his Associates	09.08.2005	16.08.2005	17.08.2005
42	Satyasil Mukherjee	08.08.2005	16.08.2005	17.08.2005
43	H H Gigwani	14.08.2005	16.08.2005	17.08.2005
44	Hitesh J Shah	01.08.2005	17.08.2005	18.08.2005
45	Shobha Advani	13.08.2005	17.08.2005	20.08.2005
46	Prashant M Vyas	08.08.2005	17.08.2005	20.08.2005
47	Smita Vijay Asthana	05.08.2005	18.08.2005	20.08.2005

Sr. No.	Name of Complainant	Date of Complaint	Date of Receipt by the Company	Date of Response/ Despatch by the Company
48	Ravindra Kumar Kanoi	Nil	18.08.2005	20.08.2005
49	Bhupender Manilal Varia	09.08.2005	20.08.2005	20.08.2005
50	Gagan Chhabra	11.08.2005	20.08.2005	22.08.2005
51	Ratna Pal	11.08.2005	20.08.2005	22.08.2005
		11.08.2005	20.08.2005	22.08.2005
52	Atul Gadia	21.07.2005	20.08.2005	23.08.2005
53	J P Awasthi	15.08.2005	22.08.2005	23.08.2005
54	Ravi Gupta	18.08.2005	23.08.2005	23.08.2005
55	Bipin J Jagda	17.08.2005	23.08.2005	23.08.2005
56	V R N Prasad	19.08.2005	24.08.2005	24.08.2005
57	Ashit Arvindraj Vashi	18.08.2005	24.08.2005	24.08.2005
58	Hansaraj B Kapadia	16.08.2005	24.08.2005	24.08.2005
59	Vijai Lal	22.08.2005	26.08.2005	03.09.2005
60	Shibu Soren, Member of Parliament, Lok Shaba	16.08.2005	26.08.2005	03.09.2005
		24.08.2005	26.08.2005	03.09.2005
61	Suresh Bhardwaj, Member of Parliament, Rajya Sabha	23.08.2005	26.08.2005	03.09.2005
62	M Ramesh, Business Line	22.08.2005	26.08.2005	03.09.2005
63	Stock Holding Corpn. of India Ltd	25.08.2005	27.08.2005	30.08.2005
64	Vimladevi S	05.08.2005	29.08.2005	30.08.2005
65	Mukesh M Pathak	22.08.2005	29.08.2005	30.08.2005
66	Ajay Kumar Daga	16.08.2005	29.08.2005	30.08.2005
67	Jagdish Chander Gulati	21.08.2005	29.08.2005	30.08.2005
68	Bhagywanthi	27.08.2005	31.08.2005	01.09.2005
69	D H Jogi	24.08.2005	31.08.2005	01.09.2005
70	Mohan Kumar Gupta	16.08.2005	31.08.2005	02.09.2005
71	Mahavir Kumar C Jain	27.07.2005	29.08.2005	02.09.2005
72	Lakhvinder Chaudhary	Nil	31.08.2005	02.09.2005
73	Anuj Kumar Kanodia	01.09.2005	01.09.2005	03.09.2005
74	Bhawna B Shah	30.08.2005	02.09.2005	03.09.2005
75	Smita Murlidharan	13.08.2005	03.09.2005	07.09.2005
76	Raj Kumar Goyal	03.09.2005	03.09.2005	12.09.2005
77	Ashok Kumar	30.08.2005	03.09.2005	08.09.2005
78	Puran Prasad Morarka	26.08.2005	03.09.2005	07.09.2005
		22.09.2005	03.10.2005	13.10.2005
		01.10.2005	08.10.2005	20.10.2005
79	Bababhai A Patel	30.04.2005	05.09.2005	07.09.2005
80	Sunanda P Shah	31.08.2005	07.09.2005	09.09.2005
81	Vimla Devi Khemka	21.07.2005	07.09.2005	08.09.2005
82	Santosh Jain	31.08.2005	07.09.2005	08.09.2005

Sr. No.	Name of Complainant	Date of Complaint	Date of Receipt by the Company	Date of Response/ Despatch by the Company
83	Narayanlal Khivraj	31.08.2005	07.09.2005	08.09.2005
84	Surender Kumar Sharma	25.08.2005	07.09.2005	08.09.2005
85	Mahd. Saleem	09.09.2005	09.09.2005	20.09.2005
86	B N Kakar	06.09.2005	12.09.2005	15.09.2005
87	Suhas V Taralekar	Nil	12.09.2005	20.09.2005
88	Kanta Sawhney	12.09.2005	13.09.2005	21.09.2005
89	Pradeep R Chaudhary	27.08.2005	15.09.2005	21.09.2005
90	Y Srinivasa Reddy	07.09.2005	15.09.2005	21.09.2005
91	Kalpana Mathur	Nil	15.09.2005	21.09.2005
92	Mahesh Kumar J Dadhana	05.09.2005	15.09.2005	20.09.2005
93	Parmeswar Lal Kanoi	12.09.2005	16.09.2005	20.09.2005
		12.09.2005	16.09.2005	21.09.2005
94	P Vijay Kumar	30.08.2005	16.09.2005	20.09.2005
95	K N Ambujakshan	03.09.2005	17.09.2005	22.09.2005
96	Latha Ambujakshan	03.09.2005	17.09.2005	22.09.2005
97	Achala Manoj Shah	12.09.2005	20.09.2005	21.09.2005
98	Girish Shah	Nil	20.09.2005	21.09.2005
99	Veena Gupta	10.09.2005	20.09.2005	21.09.2005
100	Shailesh R Shah	Nil	20.09.2005	21.09.2005
101	Pushpa Devi Jain	09.09.2005	20.09.2005	21.09.2005
102	P M Zachariah	12.09.2005	20.09.2005	21.09.2005
103	Ashwani Kumar Garg	10.08.2005	20.09.2005	21.09.2005
104	Mahesh Ashok Sajnani	20.09.2005	20.09.2005	22.09.2005
105	Vinod Kothari	12.09.2005	20.09.2005	21.09.2005
106	Asha Devi Agarwal	Nil	21.09.2005	23.09.2005
107	Lata Bansal	13.09.2005	21.09.2005	23.09.2005
108	Babulal J Devalia	16.09.2005	23.09.2005	28.09.2005
109	Jaswant Singh	20.09.2005	23.09.2005	26.09.2005
110	N B Maheshwari	16.09.2005	24.09.2005	26.09.2005
111	Shradha Bhatt	31.08.2005	24.09.2005	26.09.2005
112	Sarla Devi Banka	19.09.2005	24.09.2005	26.09.2005
113	Chain Roop Dugar	23.07.2005	26.09.2005	29.09.2005
114	M Tikamchand Jain	Nil	26.09.2005	29.09.2005
115	Satish Kumar Gupta	16.09.2005	26.09.2005	28.09.2005
116	Dharmishtaben M Patel	27.09.2005	27.09.2005	29.09.2005
117	Mahendra Kumar S Patel	27.09.2005	27.09.2005	29.09.2005
118	Vikram Bachubhai Kayastha	23.09.2005	29.09.2005	29.09.2005
119	Sudha Dugar	22.09.2005	30.09.2005	30.09.2005
120	P L Lakshmi	Nil	30.09.2005	30.09.2005
121	Meena Sharma	Nil	30.09.2005	30.09.2005

Sr. No.	Name of Complainant	Date of Complaint	Date of Receipt by the Company	Date of Response/ Despatch by the Company
122	Vasudha Y Datar	20.09.2005	01.10.2005	05.10.2005
123	Ramawatar Gupta	26.09.2005	03.10.2005	05.10.2005
124	Sangeeta Mehta	12.09.2005	04.10.2005	05.10.2005
125	Narendra D Mandaviya	27.09.2005	04.10.2005	05.10.2005
126	Sanjay P Mohnot	26.09.2005	04.10.2005	06.10.2005
127	Rajesh Kumar Bansal	15.09.2005	04.10.2005	06.10.2005
128	Radhe Shyam Agarwal	Nil	04.10.2005	06.10.2005
129	Mukesh B Patel/Kunal M Pael/ Priyam M Patel	Nil	04.10.2005	06.10.2005
130	Nilesh B Patel / Ritaben N Patel	Nil	04.10.2005	06.10.2005
131	Sikander A Vhora	29.09.2005	06.10.2005	07.10.2005
132	Kuldeep Chand	09.09.2005	06.10.2005	13.10.2005
133	Deep Shikha	09.09.2005	06.10.2005	13.10.2005
134	Rakesh Kumar Koolwal	28.09.2005	06.10.2005	06.10.2005
135	A K Prakash Narayan	30.09.2005	06.10.2005	07.10.2005
136	Naynaben Rameshchandra Shah	30.09.2005	06.10.2005	07.10.2005
137	Ketan N Shah	03.10.2005	07.10.2005	08.10.2005
138	Sanjay Tyagi	04.10.2005	07.10.2005	08.10.2005
139	Basanti Devi Sehtia	04.10.2005	08.10.2005	11.10.2005
140	Mahendra Kumar S Patel/ Dharmishthaben M Patel	29.09.2005	11.10.2005	17.10.2005
141	Kanchan Raizada	06.10.2005	13.10.2005	18.10.2005
142	Stock Holding Corporation of India Limited	11.10.2005	13.10.2005	17.10.2005
143	Chander Uttam Chandani	01.10.2005	13.10.2005	17.10.2005
144	Janardana Rao Sreepathy	11.10.2005	13.10.2005	17.10.2005
145	Ketan N Shah	05.10.2005	13.10.2005	17.10.2005
146	Ramesh Bhai Arora	30.09.2005	13.10.2005	17.10.2005
147	Renu Grover	30.09.2005	13.10.2005	17.10.2005
148	Savita Ghambir	07.10.2005	13.10.2005	18.10.2005
149	Sanjay Kharbanda	30.09.2005	13.10.2005	19.10.2005
150	Shankar Lal Agrawal	12.10.2005	15.10.2005	17.10.2005
151	Kusum Gupta/Sanjeev Kumar Gupta/ Jai Krishan Gupta	12.10.2005	15.10.2005	18.10.2005
152	Sudhaben Shah	04.10.2005	15.10.2005	19.10.2005
153	Raksha Gupta	13.10.2005	15.10.2005	19.10.2005
154	Ritu Agarwal	13.10.2005	15.10.2005	19.10.2005
155	Bhavik R Shah	Nil	15.10.2005	21.10.2005
156	Laxmichand H Pania	01.10.2005	17.10.2005	22.10.2005
157	Archana Lohia	07.09.2005	17.10.2005	22.10.2005
158	Shinde Sradheya	06.10.2005	17.10.2005	22.10.2005

Sr. No.	Name of Complainant	Date of Complaint	Date of Receipt by the Company	Date of Response/ Despatch by the Company
159	Narottam Bhai C Patel	10.10.2005	17.10.2005	22.10.2005
160	Jaishree S Shah	24.08.2005	17.10.2005	22.10.2005
161	Sumitra Dash	09.05.2005	19.10.2005	22.10.2005
162	Jyoti Jain	14.10.2005	19.10.2005	22.10.2005
163	Amit Praveen Nanavati	07.10.2005	19.10.2005	22.10.2005
164	Sanjay P Mohonet	26.09.2005	20.10.2005	22.10.2005
165	Atika Aarif	Nil	20.10.2005	22.10.2005
166	C P Mahant	10.10.2005	20.10.2005	22.10.2005
167	Santosh Kumar Saxena	14.10.2005	21.10.2005	22.10.2005

Table A2: General complaints related to the Scheme under Section 391 of the Companies Act.

Sr. No.	Name of Complainant	Date of Complaint	Date of Receipt	Date of Response/ Despatch by the Company
1.	Jyoti Deo	27.05.2005	02.06.2005	16.06.2005
2.	Geetika Goel	20.05.2005	03.06.2005	06.06.2005
3.	Shashi Kala Damani	31.05.2005	07.06.2005	17.06.2005
		02.05.2005	07.07.2005	13.07.2005
		02.07.2005	07.07.2005	15.07.2005
		09.06.2005	13.08.2005	17.08.2005
		16.06.2005	17.08.2005	18.08.2005
4.	Shikha Gupta	28.05.2005	08.06.2005	09.06.2005
5.	Deepti Gupta	28.05.2005	08.06.2005	09.06.2005
6.	Jayshree H Desai	04.06.2005	21.06.2005	25.06.2005
7.	Vipul Modi, Secy. Investors' Grievance Forum	17.06.2005	22.06.2005	22.06.2005
		28.06.2005	01.07.2005	09.07.2005
		08.07.2005	09.07.2005	09.07.2005
		04.07.2005	11.07.2005	11.07.2005
		18.07.2005	22.07.2005	25.07.2005
		25.07.2005	25.07.2005	25.07.2005
		26.08.2005	01.09.2005	07.09.2005
8.	Ram Niwas Goel	12.06.2005	22.06.2005	23.06.2005
9.	K Raghupathy	15.06.2005	22.06.2005	23.06.2005
10.	U Padmavati	15.06.2005	22.06.2005	23.06.2005
11.	Vijay Kumar Gupta and others	Nil	23.06.2005	30.06.2005
12.	Rajinder Singh, President, Punjab and Chandigarh Shares Investor Grievances Association	Nil	24.06.2005	29.06.2005
13.	K Ramya	Nil	27.06.2005	30.06.2005
14.	N.K. Parikh	13.06.2005	27.06.2005	29.06.2005
15.	H.L. Chaplot	19.06.2005	27.06.2005	29.06.2005

Sr. No.	Name of Complainant	Date of Complaint	Date of Receipt	Date of Response/ Despatch by the Company
16.	Madhubhai B Patel	Nil	27.06.2005	29.06.2005
17.	Ashakiran Gandhi	25.05.2005	27.06.2005	29.06.2005
18.	S.S. Maheshwari	12.05.2005	27.06.2005	29.06.2005
19.	Nitin K R Patel	15.06.2005	27.06.2005	29.06.2005
20.	Parag Shah	06.06.2005	27.06.2005	29.06.2005
21.	Hiren Jobanputra	23.06.2005	28.06.2005	28.06.2005
22.	M S Reddy	17.06.2005	28.06.2005	28.06.2005
23.	Rajesh Pandalai	27.06.2005	28.06.2005	29.06.2005
24.	Ashwani Khare	29.06.2005	01.07.2005	05.07.2005
25.	Ashoka R Jethva	02.07.2005	04.07.2005	06.07.2005
26.	Hinesh Doshi Investors' Grievance Forum	04.07.2005	05.07.2005	08.07.2005
27.	Om Prakash	05.07.2005	05.07.2005	06.07.2005
28.	O P Srivastava	30.06.2005	05.07.2005	05.07.2005
29.	Manisha N	13.06.2005	06.07.2005	09.07.2005
30.	M V Khiraiya	27.06.2005	08.07.2005	09.07.2005
31.	Ranvir Mehta and Shyama Kaur Mehta	28.06.2005	13.07.2005	14.07.2005
32.	Sanjay Kumar Pandey	04.07.2005	13.07.2005	14.07.2005
33.	Ratan Kumar Bhattacharya	14.06.2005	13.07.2005	14.07.2005
34.	Suresh B Kotak	01.07.2005	13.07.2005	15.07.2005
35.	Ashok Shiv Lal	01.07.2005	15.07.2005	19.07.2005
36.	Fateh Bahadur Singh	01.07.2005	15.07.2005	20.07.2005
37.	Mayank Doshi	01.07.2005	15.07.2005	20.07.2005
38.	Usha Goel	05.07.2005	15.07.2005	20.07.2005
39.	Pramod Kumar	09.07.2005	15.07.2005	20.07.2005
40.	T R Rao	25.04.2005	15.07.2005	20.07.2005
41.	Bhamini M Shah	03.07.2005	20.07.2005	20.07.2005
42.	P R Sreenivasan	12.07.2005	20.07.2005	27.07.2005
43.	Madhubhai B Patel	Nil	21.07.2005	21.07.2005
44.	Jumakhlal P Shah	13.07.2005	22.07.2005	22.07.2005
45.	C Chanappa	11.07.2005	22.07.2005	22.07.2005
46.	Manish N Ashani	28.06.2005	23.07.2005	27.07.2005
47.	Hassan Reyaz	06.07.2005	23.07.2005	27.07.2005
48.	Arvind Kumar Singh	25.07.2005	25.07.2005	25.07.2005
49.	Rajendra Prasad More	20.07.2005	25.07.2005	27.07.2005
50.	Canara Bank	18.07.2005	27.07.2005	27.07.2005
51.	J Sudersana Reddy	12.07.2005	27.07.2005	27.07.2005
52.	Asha Singh	22.07.2005	27.07.2005	27.07.2005
53.	Chirangi Lal	21.07.2005	28.07.2005	30.07.2005
54.	Shrikesh Jayantilal Shah	03.07.2005	28.07.2005	30.07.2005
55.	Satya Prakash Gupta	28.07.2005	28.07.2005	02.08.2005

Sr. No.	Name of Complainant	Date of Complaint	Date of Receipt	Date of Response/ Despatch by the Company
56.	Ajay Yadav/ Raj Rani Yadav	23.07.2005	30.07.2005	30.07.2005
57.	Rajendra Sharma	25.07.2005	01.08.2005	01.08.2005
58.	Shoba S Adani	26.07.2005	05.08.2005	06.08.2005
59.	Pramod M Umale	29.07.2005	05.08.2005	05.08.2005
60.	V M Krishanan	29.07.2005	06.08.2005	13.08.2005
61.	R A Shekar	02.08.2005	06.08.2005	10.08.2005
62.	Krishna Gosh	27.05.2005	08.08.2005	09.08.2005
63.	Sudha Hegde	02.08.2005	08.08.2005	08.08.2005
64.	Kamla Tomar	10.08.2005	11.08.2005	13.08.2005
65.	Andeas Macwan	04.08.2005	11.08.2005	13.08.2005
66.	Alexander M	25.07.2005	11.08.2005	13.08.2005
67.	P S Patro	14.07.2005	11.08.2005	13.08.2005
68.	Pankaj Kumar Guha	06.08.2005	11.08.2005	13.08.2005
69.	Prem Nandy Singh	10.08.2005	12.08.2005	13.08.2005
70.	Roshan Kumar Jain	06.08.2005	12.08.2005	17.08.2005
71.	Girishma Shukla	29.07.2005	12.08.2005	17.08.2005
72.	Shabbir N Patel	20.07.2005	12.08.2005	18.08.2005
73.	Chhote Lal	29.06.2005	13.08.2005	17.08.2005
74.	Philip D Mello	21.08.2005	16.08.2005	17.08.2005
75.	Shobha Advani	13.08.2005	17.08.2005	20.08.2005
76.	S.S Damle	03.08.2005	17.08.2005	20.08.2005
77.	Leena Khurana	Nil	18.08.2005	18.08.2005
78.	Chandra Deo Yadav	02.08.2005	18.08.2005	18.08.2005
79.	P S Krishnaiah	11.08.2005	18.08.2005	20.08.2005
80.	Girish Mehta	10.08.2005	18.08.2005	20.08.2005
81.	Ravindra Kumar Kanoi	Nil	18.08.2005	20.08.2005
82.	Gita Ram Sharma	11.08.2005	18.08.2005	22.08.2005
83.	Prem Nandy Singh	18.08.2005	20.08.2005	22.08.2005
84.	Geeta N Patel	11.08.2005	20.08.2005	22.08.2005
85.	Rajendra Jivanlal Shah / Sunil Jivanlal Shah	11.08.2005	20.08.2005	22.08.2005
86.	A N Chakravarty	13.08.2005	20.08.2005	22.08.2005
87.	Ashok Kumar	Nil	20.08.2005	23.08.2005
88.	Balraj Wadhwa	19.08.2005	22.08.2005	23.08.2005
89.	Savitaben Patel	Nil	22.08.2005	23.08.2005
90.	Sunil Tandon	19.08.2005	23.08.2005	23.08.2005
91.	Umesh S Daftary	06.08.2005	23.08.2005	24.08.2005
92.	Bipin J Jagda	17.08.2005	23.08.2005	23.08.2005
93.	R A Shekar	16.08.2005	24.08.2005	24.08.2005
94.	Naresh Kumar Jain	20.08.2005	24.08.2005	24.08.2005
95.	B Prasana Kumari	12.08.2005	24.08.2005	24.08.2005
96.	Daya Gupta	12.08.2005	25.08.2005	26.08.2005

Sr. No.	Name of Complainant	Date of Complaint	Date of Receipt	Date of Response/ Despatch by the Company
97.	Shibu Soren, Member of Parliament, Lok Sabha	16.08.2005	26.08.2005	03.09.2005
		24.08.2005	26.08.2005	03.09.2005
98.	Pawan Kumar Khator	20.08.2005	26.08.2005	30.08.2005
99.	Rita Khare	Nil	29.08.2005	03.09.2005
100.	Mahavir Kumar C Jain	27.07.2005	29.08.2005	02.09.2005
101.	Jagdish Chander Gulati	21.08.2005	29.08.2005	30.08.2005
102.	Sunita Baldwa	25.08.2005	29.08.2005	31.08.2005
103.	Virender Khandelwal	29.08.2005	29.08.2005	30.08.2005
		03.09.2005	09.09.2005	12.09.2005
104.	Sanjay Khatri	24.08.2005	31.08.2005	01.09.2005
105.	Gulshan Ajmani	30.08.2005	31.08.2005	01.09.2005
106.	P S Krishnaiah	25.08.2005	31.08.2005	02.09.2005
107.	Manoj Narayan Datta	20.08.2005	01.09.2005	03.09.2005
108.	Ram Nandan Singh	05.06.2005	02.09.2005	03.09.2005
109.	Bhawna B Shah	30.08.2005	02.09.2005	03.09.2005
110.	Harsha Kirti Kumar Saraiya	16.08.2005	03.09.2005	06.09.2005
111.	Daya Gupta	Nil	03.09.2005	06.09.2005
112.	Rajesh Somani	25.08.2005	05.09.2005	07.09.2005
113.	Varsha Somani	25.08.2005	05.09.2005	07.09.2005
114.	T R Rao	19.08.2005	06.09.2005	09.09.2005
115.	Lalit K Jain	25.08.2005	07.09.2005	09.09.2005
116.	M S Rawat	31.08.2005	07.09.2005	09.09.2005
117.	Kamlesh Singh Kandhari	31.08.2005	07.09.2005	09.09.2005
118.	Ravinder Kumar Jain	27.08.2005	07.09.2005	09.09.2005
119.	Manju P Kumar	16.08.2005	08.09.2005	12.09.2005
120.	Henna Hingorani	08.09.2005	08.09.2005	16.09.2005
121.	Savitaben H Vora	24.08.2005	09.09.2005	14.09.2005
122.	Narendra Kumar Singh	09.09.2005	09.09.2005	14.09.2005
123.	Rajbala Bhargava	Nil	09.09.2005	21.09.2005
124.	IDBI Bank Limited	29.08.2005	12.09.2005	14.09.2005
125.	Hansa R Chandrana	23.07.2005	12.09.2005	21.09.2005
126.	Rajendra K Chandrana	23.07.2005	12.09.2005	21.09.2005
127.	Neeru Vohra	05.09.2005	13.09.2005	15.09.2005
128.	Prit Pal Singh Mehta	02.09.2005	13.09.2005	21.09.2005
129.	Jayshree B Patel	02.09.2005	13.09.2005	22.09.2005
130.	Yatin Khanna	11.09.2005	14.09.2005	14.09.2005
131.	Dr. Jayesh Shah	18.08.2005	14.09.2005	22.09.2005
132.	Prem Lala Jain	10.08.2005	15.09.2005	21.09.2005
133.	Imtiyaz I Patel	12.09.2005	15.09.2005	21.09.2005
134.	Dharmendra J Vasoya	Nil	15.09.2005	20.09.2005
135.	Ram Niwas Gupta	07.09.2005	15.09.2005	21.09.2005

Sr. No.	Name of Complainant	Date of Complaint	Date of Receipt	Date of Response/ Despatch by the Company
136.	Devarishi Bhargava	12.09.2005	17.09.2005	20.09.2005
137.	Maharishi Bhargava	12.09.2005	17.09.2005	21.09.2005
138.	Trendz Investments Private Limited	07.09.2005	17.09.2005	23.09.2005
139.	Pankaj Kumar Guja	10.09.2005	17.09.2005	23.09.2005
140.	Snehal Mehta	19.09.2005	20.09.2005	22.09.2005
141.	Shyama P Mahta	19.09.2005	20.09.2005	22.09.2005
142.	Mahesh Ashok Sajnani	20.09.2005	20.09.2005	22.09.2005
143.	Kirtikumar N Parekh	02.09.2005	20.09.2005	21.09.2005
144.	N Venkataramani	09.09.2005	21.09.2005	23.09.2005
145.	M V Narayanan	03.09.2005	21.09.2005	23.09.2005
146.	Krishna Gosh	08.08.2005	21.09.2005	23.09.2005
147.	Rasila Goradia	Nil	21.09.2005	22.09.2005
148.	Sheela Das	13.09.2005	21.09.2005	23.09.2005
149.	Ashok V Thakker	24.07.2005	22.09.2005	23.09.2005
150.	Rakesh C Agarwal	20.09.2005	22.09.2005	23.09.2005
151.	Girish Chand Agarwal	04.07.2005	22.09.2005	23.09.2005
152.	Babulal J Devalia	16.09.2005	23.09.2005	28.09.2005
153.	Tushar R Modi	17.09.2005	24.09.2005	28.09.2005
154.	Neeru Mehrotra	14.09.2005	24.09.2005	26.09.2005
155.	Reeta Gupta	05.09.2005	26.09.2005	29.09.2005
156.	Aman Bhutani	26.09.2005	26.09.2005	29.09.2005
157.	Poonam Verma	20.09.2005	29.09.2005	29.09.2005
158.	Anu Ochani	29.09.2005	29.09.2005	29.09.2005
159.	Madhuben H Doshi	20.09.2005	30.09.2005	30.09.2005
160.	Jasjit Singh Choudhary	18.09.2005	30.09.2005	30.09.2005
161.	Sudha Dugar	22.09.2005	30.09.2005	30.09.2005
162.	P L Lakshmi	Nil	30.09.2005	30.09.2005
163.	Sushila Devi	01.10.2005	01.10.2005	04.10.2005
164.	Suresh Kumar Vemuri	25.09.2005	03.10.2005	05.10.2005
165.	Shailata D Kamath	27.09.2005	04.10.2005	06.10.2005
166.	Shashi Mehta	Nil	04.10.2005	06.10.2005
167.	Kumar V Jahgirdar	26.09.2005	04.10.2005	06.10.2005
168.	Bibekanand Mohanti	01.10.2005	06.10.2005	06.10.2005
169.	Thankamma George	28.09.2005	06.10.2005	07.10.2005
170.	Alankit Assignments Ltd.	03.10.2005	06.10.2005	07.10.2005
171.	Kuldeep Chand	09.09.2005	06.10.2005	13.10.2005
172.	Deep Shikha Agrawal	09.09.2005	06.10.2005	13.10.2005
173.	Sanjit Jayaswal	12.09.2005	07.10.2005	07.10.2005
174.	Reetam Jayaswal	12.09.2005	07.10.2005	07.10.2005
175.	Pushpa Gupta	29.09.2005	07.10.2005	10.10.2005

Sr. No.	Name of Complainant	Date of Complaint	Date of Receipt	Date of Response/ Despatch by the Company
176.	Girish Chand Agarwal	05.10.2005	07.10.2005	08.10.2005
177.	Hasmukhchandra I Patel	03.10.2005	07.10.2005	11.10.2005
178.	Girish Wagle	23.9.2005	07.10.2005	08.10.2005
179.	Devendra Pratap Agarwal	29.08.2005	08.10.2005	19.10.2005
180.	Mahesh Makhija	10.10.2005	10.10.2005	17.10.2005
181.	Lajpat Rai	Nil	11.10.2005	17.10.2005
182.	Ram Kanwar Mittal / Ramesh Chand	11.10.2005	11.10.2005	17.10.2005
183.	Rajesh M Thakkar	04.10.2005	13.10.2005	17.10.2005
184.	Padma Mukeshwari Gandhi	15.09.2005	13.10.2005	17.10.2005
185.	Ashok Shivilal Shah	06.10.2005	13.10.2005	17.10.2005
186.	Ram Krishna Trivedi	05.10.2005	13.10.2005	17.10.2005
187.	Vandana Agarwal	28.07.2005	13.10.2005	18.10.2005
188.	Dipti Pravin Chauhan / Pravin H Chauhan	04.10.2005	13.10.2005	19.10.2005
189.	N Ganesh	14.10.2005	14.10.2005	19.10.2005
190.	Dinesh Kumar Tripathi	Nil	15.10.2005	18.10.2005
191.	Rajinder Pal Jolly	03.10.2005	15.10.2005	18.10.2005
192.	Jayesh B Salat	Nil	18.10.2005	22.10.2005
193.	Shashi Mehta	Nil	19.10.2005	22.10.2005
194.	Jyoti Jain	14.10.2005	19.10.2005	22.10.2005
195.	Amit Praveen Nanavati	07.10.2005	19.10.2005	22.10.2005
196.	Vinay Jagdish Joshi	Nil	20.10.2005	22.10.2005
197.	Anju Caprihan	01.09.2005	24.10.2005	26.10.2005
198.	Rashmiben S Thakkar	13.10.2005	24.10.2005	26.10.2005
199.	Ramesh Mulj	10.10.2005	24.10.2005	26.10.2005
200.	V. Vargeshese Wilson	25.09.2005	24.10.2005	26.10.2005
201.	N.K.Suri	Nil	24.10.2005	25.10.2005
202.	Madhu Kedia	21.09.2005	24.10.2005	26.10.2005
203.	Abbasali A Mansuri	Nil	24.10.2005	26.10.2005
204.	D.Somendra	15.10.2005	24.10.2005	26.10.2005
205.	K.R. Sundaram	23.10.2005	24.10.2005	26.10.2005
206.	Mukhesh Magoon	23.09.2005	24.10.2005	26.10.2005
207.	S.H. Amrutlal	25.09.2005	24.10.2005	26.10.2005
208.	K.B.Jain	19.07.2005	24.10.2005	26.10.2005
209.	S.K.Gupta	17.10.2005	24.10.2005	26.10.2005
210.	V.Grover	13.10.2005	25.10.2005	26.10.2005
211.	E.J. Alvares	17.10.2005	25.10.2005	26.10.2005
212.	P.Y. Thaker	20.10.2005	25.10.2005	26.10.2005
213.	Shobha Garg	22.10.2005	26.10.2005	27.10.2005
214.	Muneesh Sharma	26.10.2005	26.10.2005	28.10.2005
215.	Sanjay Garg	22.10.2005	26.10.2005	28.10.2005

Sr. No.	Name of Complainant	Date of Complaint	Date of Receipt	Date of Response/ Despatch by the Company
216.	Anil Garg	22.10.2005	26.10.2005	28.10.2005
217.	Renu Verma	Nil	26.10.2005	28.10.2005
218.	Smita Devalia	13.10.2005	27.10.2005	28.10.2005
219.	S V S N Murty Kondury	10.10.2005	28.10.2005	03.11.2005
220.	Bibekanand Mohanty	Nil	28.10.2005	05.11.2005
221.	Nikhil R Modi	19.10.2005	28.10.2005	05.11.2005
222.	Bijay K Verma	20.10.2005	28.10.2005	05.11.2005
223.	Shyama Gupta	Nil	28.10.2005	05.11.2005
224.	Hetal Atulbhai Manekar	20.10.2005	28.10.2005	05.11.2005
225.	Sanjay S Shah	20.10.2005	28.10.2005	05.11.2005
226.	Sanjay Kumar	15.10.2005	28.10.2005	05.11.2005
227.	Akshaya Holding Madras(P)Ltd.	19.10.2005	28.10.2005	05.11.2005
228.	M A A Annamalai	19.10.2005	28.10.2005	05.11.2005
229.	T Satyavathi	15.10.2005	28.10.2005	05.11.2005
230.	Sanjay Kumar	17.10.2005	28.10.2005	05.11.2005
231.	Virendra Mali	01.10.2005	28.10.2005	05.11.2005
232.	Santosh K Saxena	23.10.2005	28.10.2005	05.11.2005
233.	G B Inamdar	23.10.2005	29.10.2005	05.11.2005
234.	Prachi Chaturvedi	Nil	30.10.2005	05.11.2005
235.	Mathews Idicula	25.10.2005	31.10.2005	05.11.2005
236.	M T Bragnanza	02.11.2005	02.11.2005	05.11.2005
237.	Stock Holding Corporation of India Ltd.	15.10.2005	03.11.2005	05.11.2005

Table B: Allegations relating to the scheme for amalgamation of Triveni Engineering Works Limited (TEWL) with Triveni Oil Field Services Limited (TOFSL) resulting in the formation of the Erstwhile Triveni Engineering & Industries Limited and scheme for amalgamation under Section 391/394 of the Companies Act of Erstwhile Triveni Engineering & Industries Limited with Gangeshwar Limited resulting in the formation of our Company.

Sr. No.	Name of Complainant	Date of Complaint	Date of Receipt by the Company	Date of Response/ Despatch by the Company
1.	Suneeta Pinto	30.05.2005	06.06.2005	15.06.2005
		02.07.2005	07.07.2005	13.07.2005
2	Ansuya Devi /Pankaj Goyal/ Prakash Goyal / K.R.Gupta	09.06.2005	09.06.2005	24.06.2005
		04.07.2005	04.07.2005	11.07.2005
		06.07.2005	06.07.2005	11.07.2005
		08.07.2005	08.07.2005	11.07.2005
		14.07.2005	19.07.2005	26.07.2005
		14.07.2005	23.07.2005	26.07.2005

Sr. No.	Name of Complainant	Date of Complaint	Date of Receipt by the Company	Date of Response/ Despatch by the Company
3	Ashok Jatia/Rekha Jatia	02.08.2005	02.08.2005	09.08.2005
		08.08.2005	08.08.2005	09.08.2005
		20.06.2005	20.06.2005	23.06.2005
		27.06.2005	29.06.2005	29.06.2005
		02.07.2005	07.07.2005	12.07.2005
		05.07.2005	09.07.2005	09.07.2005
		08.07.2005	09.07.2005	09.07.2005
		12.07.2005	13.07.2005	16.07.2005
		12.07.2005	16.07.2005	18.07.2005
		14.07.2005	20.07.2005	25.07.2005
		21.07.2005	23.07.2005	25.07.2005
		01.08.2005	08.08.2005	16.08.2005
		31.08.2005	05.09.2005	07.09.2005
		05.10.2005	08.10.2005	20.10.2005
4	Rajinder Singh President, Punjab and Chandigarh Shares Investor Grievances Association	Nil	24.06.2005	29.06.2005
5	Kamal Bansal	Nil	01.07.2005	05.07.2005
		25.06.2005	01.07.2005	08.07.2005
6	Dinesh Hassija/ Geeta Hassija	08.10.2005	15.10.2005	20.10.2005
		29.06.2005	16.07.2005	18.07.2005
		09.07.2005	16.07.2005	19.07.2005
		07.08.2005	10.08.2005	12.08.2005
7	Dipa Jayen Mehta/Jayen P Mehta	20.07.2005	20.07.2005	26.07.2005
8	Ram Chand Kohli	25.07.2005	25.07.2005	27.07.2005
9	Puran Prasad Morarka	26.08.2005	03.09.2005	07.09.2005
		22.09.2005	03.10.2005	13.10.2005
		01.10.2005	11.10.2005	20.10.2005
10	Kupusamy Ramesh Sundaram	05.10.2005	05.10.2005	07.10.2005
11	Amit Praveen Nanavati	07.10.2005	19.10.2005	22.10.2005

Table C: Allegations relating to historical actions

Sr. No.	Name of Complainant	Date of Complaint	Date of Receipt by the Company	Date of Response/ Despatch by the Company
1	Kapil Kumar	24.06.2005	25.06.2005	11.07.2005
		15.07.2005	19.07.2005	25.07.2005
		19.07.2005	20.07.2005	25.07.2005
		31.07.2005	31.07.2005	09.08.2005

Sr. No.	Name of Complainant	Date of Complaint	Date of Receipt by the Company	Date of Response/ Despatch by the Company
2	Prof. M Ramadass, Member of Parliament	05.08.2005	09.08.2005	09.08.2005
		30.08.2005	15.09.2005	21.09.2005
		11.07.2005	12.07.2005	15.07.2005
		08.08.2005	10.08.2005	
		18.08.2005		
3	Ramdas Athawala, Member of Parliament	11.07.2005	12.07.2005	15.07.2005
		12.08.2005	16.08.2005	
		16.08.2005		
4	Shibu Soren, Member of Parliament, Lok Shaba	16.08.2005	26.08.2005	03.09.2005
5	Suresh Bhardwaj, Member of Parliament, Rajya Sabha	23.08.2005	26.08.2005	03.09.2005
		26.08.2005	26.08.2005	03.09.2005

Table D: Other General Complaints not related to the Scheme under Section 391 of the Companies Act.

Sr. No.	Name of Complainant	Date of Complaint	Date of Receipt by the Company	Date of Response/ Despatch by the Company
1.	V R N Prasad	16.06.2005	22.06.2005	22.06.2005
2.	Ramdas Athawale, Member of Parliament	11.07.2005	12.07.2005	15.07.2005
		12.08.2005	16.08.2005	16.08.2005
		22.07.2005	02.08.2005	09.08.2005
3.	M S Gupta	16.08.2005	18.08.2005	18.08.2005
		28.08.2005	01.09.2005	07.09.2005
		03.10.2005	06.10.2005	13.10.2005
		01.10.2005	11.10.2005	20.10.2005
		30.07.2005	07.08.2005	13.08.2005
4.	Adarsh Verma	30.07.2005	07.08.2005	13.08.2005
5.	Stock Holding Corpn. of India Ltd.	03.08.2005	19.08.2005	22.08.2005
6.	Sneh Kothari	24.8.2005	03.09.2005	07.09.2005
7.	Stock Holding Corporation of India Limited	28.08.2005	15.09.2005	21.09.2005
8.	Gardhandas Devji Amjaria	22.09.2005	28.09.2005	29.09.2005
9.	Bharat Nanda Prasad	26.09.2005	07.10.2005	10.10.2005
10	H V Chhatrapati	24.09.2005	07.10.2005	08.10.2005
		15.10.2005	25.10.2005	26.10.2005
11	Yoganand Sharma	18.10.2005	20.10.2005	22.10.2005
12	Santosh Agarwal	20.10.2005	20.10.2005	22.10.2005
13	Vibhuti Kashyap	13.10.2005	21.10.2005	22.10.2005

GOVERNMENT AND OTHER APPROVALS

In view of the approvals listed below, we can undertake this Issue and our current business activities and no further major approvals from any governmental or regulatory authority or any other entity are required to undertake the Issue or continue our business activities. Unless otherwise stated, these approvals are all valid as of the date of this Red Herring Prospectus.

I Approvals for the Issue

The Board of Directors has, pursuant to resolution passed at its meeting held on April 16, 2005, authorised the Issue, subject to the approval by the shareholders of our Company under section 81(1A) of the Companies Act.

The shareholders have, pursuant to a resolution dated May 19, 2005 under Section 81(1A) of the Companies Act, authorised the Issue.

The Board of Directors has, pursuant to a resolution dated April 16, 2005, authorised a committee of its Directors, referred to as the Public Offer Committee, to take decisions relating to the Issue on behalf of the Board of Directors.

II Approvals for our business

We have received the following Government and other approvals pertaining to our business:

1. Premises at Khatauli

1.1 Approvals/ Licences obtained

Sl. No.	Description	Reference/ Licence No.	Issue Date	Expiry Date
1.	Consent under the Hazardous Wastes (Management and Handling) Rules, 1989.	Number 2336/C-3/HO2/MR.27/02	February 20, 2002	April 9, 2007
2.	Licence under the Factories Act, 1948	Number MZR14	January 4, 2004	December 31, 2005
3.	Registration under the Uttar Pradesh Shops and Establishments Act, 1962 for operations at Budhana.	Number 716	June 24, 2004	March 31, 2008
4.	Registration under the Uttar Pradesh Shops and Establishments Act, 1962 for operations in Khatauli.	Number 980	March 28, 2005	March 31, 2010
5.	Certificate under the Petroleum Act, 1934.	Number UP 3293	November 11, 2003	December 31, 2006
6.	Registration under the Contract Labour (Regulation and Abolition) Act, 1970.	Number 5/MRCR	March 13, 1977	Valid till activity carried on or certificate surrendered or cancelled
7.	Licence for storage of sulphur under the Explosives Act, 1884.	Number 2	December 31, 1971	December 31, 2005
8.	Consent under the Water (Prevention and Control of Pollution) Act, 1981 for our sugar unit.	Number 254/05	June 7, 2005	December 31, 2005
9.	Consent under the Air (prevention and Control of Pollution) Act, 1974 for our sugar unit.	Number 253/05	June 7, 2005	December 31, 2005

Sl. No.	Description	Reference/ Licence No.	Issue Date	Expiry Date
10.	Consent under the Water (Prevention and Control of Pollution) Act, 1974 for our co-generation unit.	Number 577/05	September 28, 2005	December 31, 2005
11.	Consent under the Air (Prevention and Control of Pollution) Act, 1974 for our co-generation plant.	Number 587/05	September 28, 2005	December 31, 2005
12.	Declaration for conversion of use of land for industrial purposes at Ladpur under Section 143 of the U.P. Zamindari Abolition and Land Reforms Act, 1950.	Number 17/2003-04	August 20, 2004	NA
13.	Declaration for conversion of use of land for industrial purposes at Bhikki (Muzaffarnagar) under Section 143 of the U.P. Zamindari Abolition and Land Reforms Act, 1950.	7/2000-01 and 10/2002	July 30, 2001 and March 24, 2003	NA
14.	Declaration for conversion of use of land for industrial purposes at Bilaspur (Muzaffarnagar) under Section 143 of the U.P. Zamindari Abolition and Land Reforms Act, 1950.	6/2000-01 and 9/2002	July 30, 2001 and March 24, 2003	NA
15.	Declaration for conversion of use of land for industrial purposes at Dhandhera (Muzaffarnagar) under Section 143 of the U.P. Zamindari Abolition and Land Reforms Act, 1950.	5/2000-01	July 30, 2001	NA
16.	Declaration for conversion of use of land for industrial purposes at Sikhrera (Muzaffarnagar) under Section 143 of the U.P. Zamindari Abolition and Land Reforms Act, 1950.	4/2000-01	July 30, 2001	NA

1.2 Approvals/Licences for which renewals have been applied:

The following consents and licences have expired and are awaiting renewal:

- Licences bearing numbers G.B/253/2004-05 and G.B/254/2004-05 under the Uttar Pradesh Prevention of Food Adulteration Rules, 1976 for sale of sugar and molasses, which expired on March 31, 2005.
- Licence bearing number G.B/252/2004-05 under the Uttar Pradesh Prevention of Food Adulteration Rules, 1976 for manufacture of sugar and molasses, which expired on March 31, 2005.

- 1.3 We have also, through application dated September 9, 2005, applied for a license under the Industries (Development and Regulation) Act, 1951 for the expansion of our sugar mill in Khatauli from 11,750 TCD to 16,000 TCD.

We have filed this application as the High Court of Allahabad has passed an order dated August 24, 2005 quashing press note dated August 31, 1998 and notification SO 808(E) dated September 11, 1998 issued by the Central Government which provided for the delicensing of the sugar industry by omitting the requirement to obtain a license under the Industrial (Development and Regulation) Act, 1951 for setting up new sugar units or engaging in the substantial expansion of existing sugar units. Although the Supreme Court has stayed the operation of the said judgement of the High Court of Allahabad vide its order dated September 19, 2005, we have made an application as

detailed above without prejudice to the outcome of the case in the Supreme Court. For further details of this litigation see section titled “Outstanding Litigation and Material Developments” on page 262 of this Red Herring Prospectus.

2. Premises at Deoband

2.1 Approvals/ Licences obtained

Sl. No.	Description	Reference/ Licence No.	Issue Date	Expiry Date
1.	Licence under the Factories Act, 1948.	Number SPR3	October 26, 2004	December 31, 2005
2.	Consent under the Hazardous Wastes (Management and Handling) Rules, 1989.	Number G2088	May 9, 2001	March 20, 2006
3.	Registration under the Contract Labour (Regulation and Abolition) Act, 1970.	Number 17	February 1, 1977	N.A.
4.	Licence under the Uttar Pradesh Krishi Utpadan Mandi Adhiniyam, 1964.	Number 661235	June 30, 2005	June 30, 2006
5.	License under the Uttar Pradesh Prevention of Food Adulteratin Rules, 1976.	Number DEO/M205/2005-06	May 3, 2005	March 31, 2006
6.	Consent under the Water (Prevention and Control of Pollution) Act, 1981 for our sugar unit.	Number 27/05	June 9, 2005	December 31, 2005
7.	Consent under the Air (Prevention and Control of Pollution) Act, 1974 for our sugar unit.	Number 131/05	June 1, 2005	December 31, 2005
8.	Consent under the Water (Prevention and Control of Pollution) Act, 1981 for our co-generation plant.	Number 127/05	June 15, 2005	December 31, 2005
9.	Consent under the Air (Prevention and Control of Pollution) Act, 1974 for our co-generation plant.	Number 112/05	June 14, 2005	December 31, 2005
10..	Approval under Section 154(2) of the U.P. Zamindari Abolition and Land Reforms Act, 1950 with respect to 3.26 hectares of land at Nurpur and Ishapur (co-generation unit).	Number 319	December 23, 2004	NA
11..	Declaration for conversion of use of land measuring 10.08 hectares for industrial and residential purposes under Section 143 of the U.P. Zamindari Abolition Act and Land Reforms Act, 1950.	Not provided	July 4, 2003	NA
12..	Declaration for conversion of use of land measuring 5.08 hectares for industrial and residential purposes under Section 143 of the U.P. Zamindari Abolition Act and Land Reforms Act, 1950.	4/04	July 28, 2004	NA

- 2.2 We have also, through application dated September 9, 2005, applied for a license under the Industries (Development and Regulation) Act, 1951 for the expansion of our sugar mill in Deoband from 10,000 TCD to 14,000 TCD.

We have filed this application as the High Court of Allahabad has passed an order dated August 24, 2005 quashing press note dated August 31, 1998 and notification SO 808(E) dated September 11, 1998 issued by the central government which provided for the delicensing of the sugar industry by omitting the requirement to obtain a license under the Industries (Development and Regulation) Act, 1951 for setting up new sugar units or engaging in the substantial expansion of existing sugar units. Although the Supreme Court has stayed the operation of the said judgement of the High Court of Allahabad vide its order dated September 19, 2005, we have made an application as detailed above without prejudice to the outcome of the case in the Supreme Court. For further details of this litigation see section titled “Outstanding Litigation and Material Developments” on page 262 of this Red Herring Prospectus.

3. Premises at Ramkola

3.1 Approvals/ Licences obtained

Sl. No.	Description	Reference/ Licence No.	Issue Date	Expiry Date
1.	Consent under the Water (Prevention and Control of Pollution) Act, 1974.	Number F32476	November 16, 2004	December 31, 2005
2.	Consent under the Air (Prevention and Control of Pollution) Act, 1981.	Number F38477	November 16, 2004	December 31, 2005
3.	Certificate for use of economiser under the Indian Boilers Act, 1923.	Number UP/E-380	October 23, 2003	October 22, 2005
4.	Certificate for use of economiser under the Indian Boilers Act, 1923.	Number UP/E-39 and UP/E-60	August 26, 2004	August 25, 2006
5.	Certificate under the Petroleum Act, 1934.	Number UP-7013	February 25, 2003	December 31, 2005
6.	Registration under the Contract Labour (Regulation and Abolition) Act, 1970.	Number 1	December 15, 1976	N.A.
7.	Licenses under the Uttar Pradesh Prevention of food Adulteration rules, 1976.	Numbers RK-54-59/05-06	April 1, 2005	March 31, 2006
8.	License for storage of sulphur under the Explosives Act, 1948.	Number 25	March 16, 1983	December 31, 2005
9.	Registration under the U.P. Shops and Commercial Establishments Act, 1962.	Number 495	May 16, 2005	March 31, 2010
10.	License for storage and distribution of fertilizers.	Number 87/05	July 23, 2005	July 22, 2008
11.	License for storage and distribution of insecticides under the Insecticides Act, 1968.	Number 137/PP/05	July 26, 2005	December 31, 2006
12.	License under the Factories Act, 1948.	Number POR-9	January 1, 2005	December 31, 2005

4. Premises at Bangalore

4.1 Approvals/ Licences obtained

Sl. No.	Description	Reference/ Licence No.	Issue Date	Expiry Date
1.	Consent under the Water (Prevention and Control of Pollution) Act, 1974.	Number 528KSPCB/RO-PEENYA/WPC/IND/PIA/LG/2004-05	January 27, 2005	December 31, 2005
2.	Consent under the Air (Prevention and Control of Pollution) Act, 1981.	Number 381KSPCB/RO-PEENYA/IND/APC/PIA/LG/2004-05/3721	January 27, 2005	December 31, 2005
3.	Consent under the Hazardous Wastes (Management and Handling) Rules, 1989.	Number KSPCB/HWMC/AEO-1/DEO-3/SEO-1/2000-2001/665	July 30, 2001	July 29, 2006
4.	Certificate for use of boiler under the Indian Boiler Act, 1923.	Number SAD/BLR/MYS-2082/CFN-96/05-06	August 17, 2005	August 8, 2006
5.	Certificate for use of boiler under the Indian Boiler Act, 1923.	Number SAD/BLR/KTK-2480/CFN-93/05-06	August 16, 2005	August 5, 2006
6.	Licence under the Factories Act, 1948.	Number 49742/498	December 10, 1974	December 31, 2006
7.	Registration under the Contract Labour (Regulation and Abolition) Act, 1970.	Number CIA/CR-49/86-87	October 1, 1986	N.A.
8.	Certificate for use of boiler under the Indian Boilers Act, 1923.	Number SAD/BLR/MYS-1299/CFN-4/05-06	April 12, 2005	April 8, 2006

5. Premises at Mysore

5.1 Approvals/ Licences obtained

Sl. No.	Description	Reference/ Licence No.	Issue Date	Expiry Date
1.	Approval from the Deputy Commissioner of Customs for import of machinery in relation to the expansion of the Mysore Unit.	Number 22(96)2004	January 19, 2005	N.A.
2.	Licence under the Factories Act, 1948.	Number MYM-614	July 6, 1976	December 31, 2005
3.	Registration under the Contract Labour (Regulation and Abolition) Act, 1970.	Number CLA/MYS/RC91/88-89	December 15, 2004	N.A.

5.2 Approvals/Licences for which renewals have been applied:

The following consents and licences have expired and are awaiting renewal:

- License number 6356 for consent under the Air (Prevention and Control of Pollution) Act, 1981 which expired on September 30, 2005.
- License number 6355 for consent under the Water (Prevention and Control of Pollution) Act, 1974 which expired on September 30, 2005.

4. Premises at Sabitgarh

6.1 Approvals/Licenses obtained

Sl. No.	Description	Reference/ Licence No.	Issue Date	Expiry Date
1.	Approval under Section 154(2) of the U.P. Zamindari Abolition and Land Reforms Act, 1950 with respect to 100 acres of land at Sabitgarh.	1884/8-26/2004-05	April 23, 2005	NA
2.	Industrial Entrepreneur Memorandum.	581/SIA/IMO/2005	February 10, 2005	NA
3.	Registration under Contract Labour (Regulation and Abolition) Act, 1970.	No. 4/2005	September 28, 2005	Valid till activity carried on or certificate surrendered or cancelled.
4.	No objection certificate from the Uttar Pradesh Pollution Control Board for setting up of the sugar mill.	F 50452/C-4/NOC/404/2005	September 9, 2005	N.A

6.2 Approvals/Licences which have been applied for:

1. We have filed an application dated September 2, 2005 for registration under the Industrial (Development and Regulation) Act, 1951 for the manufacture of white crystal sugar at Sabitgarh in Uttar Pradesh.

We have filed this application as the High Court of Allahabad has passed an order dated August 24, 2005 quashing press note dated August 31, 1998 and notification SO 808(E) dated September 11, 1998 issued by the central government which provided for the delicensing of the sugar industry by omitting the requirement to obtain a license under the Industries (Development and Regulation) Act, 1951 for setting up new sugar units or engaging in the substantial expansion of existing sugar units. Although the Supreme Court has stayed the operation of the said judgement of the High Court of Allahabad vide its order dated September 19, 2005, we have made an application as detailed above without prejudice to the outcome of the case in the Supreme Court. For further details of this litigation see section titled "Outstanding Litigation and Material Developments" on page 262 of this Red Herring Prospectus.

In addition, to the above licenses there are a number of other approvals which will be required for the operation of our sugar mill in Sabitgarh. These include licenses under the Factories Act, 1948, licenses for storage of explosives, no objection certificates for construction of chimney from the Ministry of Civil Aviation, GoI, etc. These approvals will be applied for at the relevant time under applicable laws and have not been applied for as of date.

- 7.0 Our Company has executed a license agreement with Lufkin for the license to use technology developed by Lufkin to manufacture and sell gears and gearboxes. The agreement shall become effective from July 1, 2005, subject to approval by the Government. We have made an application dated June 22, 2005 in this regard to the Ministry of Industries, GoI and are yet to receive the approval for the same.

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Issue

The Board of Directors has, pursuant to resolution passed at its meeting held on April 16, 2005, authorised the Issue subject to the approval by the shareholders of our Company under section 81(1A) of the Companies Act.

Our shareholders have authorised the Issue by a special resolution in accordance with section 81(1A) of the Companies Act, passed at the extra ordinary general meeting of our Company held on May 19, 2005 at Deoband, District Saharanpur, Uttar Pradesh-247 554.

We have also obtained all necessary contractual consents required for the Issue. For further information, see section titled “Government and Other Approvals” on page 326 of this Red Herring Prospectus.

Prohibition by SEBI

Our Company, our Directors, our Promoters, directors or the person(s) in control of our Promoters, our subsidiaries, our affiliates and companies in which our Directors are associated with as directors, have not been prohibited from accessing or operating in capital markets under any order or direction passed by SEBI.

Eligibility for the Issue

We are eligible for the Issue as per Clause 2.3.1 of the SEBI Guidelines and as more particularly explained under:

The Issue size of up to Rs. [●] million alongwith the previous issues of Equity Shares in this fiscal 2006 aggregates to Rs. [●] million. The said aggregate, i.e., Rs. [●] million, does not exceed five times the pre-Issue net worth as per the audited accounts for fiscal 2005 which is Rs. 8,596.60 million (i.e., 5 x Rs. 1,719.32 million = Rs. 8,596.60 million).

Disclaimer Clause

AS REQUIRED, A COPY OF THE RED HERRING PROSPECTUS HAS BEEN SUBMITTED TO SEBI. IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF THE RED HERRING PROSPECTUS TO SEBI SHOULD NOT, IN ANY WAY, BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE RED HERRING PROSPECTUS. THE BOOK RUNNING LEAD MANAGERS, ICICI SECURITIES LIMITED AND JM MORGAN STANLEY PRIVATE LIMITED HAVE CERTIFIED THAT THE DISCLOSURES MADE IN THE RED HERRING PROSPECTUS ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH SEBI (DISCLOSURE AND INVESTOR PROTECTION) GUIDELINES, 2000 AS FOR THE TIME BEING IN FORCE. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING AN INVESTMENT IN THE PROPOSED ISSUE.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE RED HERRING PROSPECTUS, THE BOOK RUNNING LEAD MANAGERS ARE EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE BOOK RUNNING LEAD MANAGERS, ICICI SECURITIES LIMITED AND JM MORGAN STANLEY PRIVATE LIMITED HAVE FURNISHED TO SEBI, A DUE DILIGENCE CERTIFICATE DATED [●] IN ACCORDANCE WITH THE SEBI (MERCHANT BANKERS) REGULATIONS, 1992 WHICH READS AS FOLLOWS:

“(I) WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS ETC. AND OTHER MATERIALS IN CONNECTION WITH THE FINALISATION OF THE RED HERRING PROSPECTUS PERTAINING TO THE SAID ISSUE.

(II) ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE COMPANY, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE, PROJECTED PROFITABILITY, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS MENTIONED IN THE ANNEXURE AND OTHER PAPERS FURNISHED BY THE COMPANY, WE CONFIRM THAT:

THE RED HERRING PROSPECTUS FORWARDED TO SEBI IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE ISSUE;

ALL THE LEGAL REQUIREMENTS CONNECTED WITH THE SAID ISSUE AS ALSO THE GUIDELINES, INSTRUCTIONS, ETC. ISSUED BY SEBI, THE GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND

THE DISCLOSURES MADE IN THE RED HERRING PROSPECTUS ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL-INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED ISSUE.

BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE RED HERRING PROSPECTUS ARE REGISTERED WITH SEBI AND THAT TILL DATE SUCH REGISTRATIONS ARE VALID.

WHEN UNDERWRITTEN, WE SHALL SATISFY OURSELVES ABOUT THE WORTH OF THE UNDERWRITERS TO FULFIL THEIR UNDERWRITING COMMITMENTS.”

All legal requirements pertaining to the Issue will be complied with at the time of filing of the Red Herring Prospectus with the RoC in terms of section 60B of the Companies Act, 1956. All legal requirements pertaining to the issue will be complied with at the time of registration of the Prospectus with the RoC in terms of section 56, section 60 and section 60B of the Companies Act.

The filing of the Red Herring Prospectus does not, however, absolve the Company from any liabilities under section 63 and section 68 of the Companies Act or from the requirement of obtaining such statutory and other clearances as may be required for the purpose of the proposed Issue. SEBI further reserves the right to take up at any point of time, with the Book Running Lead Managers, any irregularities or lapses in the Red Herring Prospectus.

Disclaimer from our Company and the BRLMs

Our Company, our Directors, and the BRLMs accept no responsibility for statements made otherwise than in this Red Herring Prospectus or in the advertisements or any other material issued by or at instance of the above mentioned entities and anyone placing reliance on any other source of information, including our website, www.trivenigroup.com would be doing so at his or her own risk.

The BRLMs accept no responsibility, save to the limited extent as provided in the Memorandum of Understanding entered into among the BRLMs and us dated May 30, 2005 and the Underwriting Agreement to be entered into among the Underwriters and us.

All information shall be made available by us and BRLMs to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever including at road show presentations, in research or sales reports or at bidding centres etc.

Disclaimer in Respect of Jurisdiction

This Issue is being made in India to persons resident in India (including Indian nationals resident in India who are majors, HUFs, companies, corporate bodies and societies registered under the applicable laws in India and authorised to invest in shares, Indian mutual funds registered with SEBI, Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI permission), or trusts under the applicable trust law and who are authorised under their constitution to hold and invest in shares, permitted insurance companies and pension funds and to permitted Non-

Residents including NRIs, FIIs and eligible foreign investors. This Red Herring Prospectus does not, however, constitute an invitation to subscribe to Equity Shares offered hereby in any other jurisdiction to any person to whom it is unlawful to make an offer or invitation in such jurisdiction. Any person into whose possession this Red Herring Prospectus comes is required to inform himself or herself about and to observe, any such restrictions. Any dispute arising out of this Issue will be subject to the jurisdiction of appropriate court(s) in New Delhi only.

No action has been or will be taken to permit a public offering in any jurisdiction where action would be required for that purpose, except that this Red Herring Prospectus has been filed with SEBI for observations. Accordingly, the Equity Shares, represented thereby may not be offered or sold, directly or indirectly, and this Red Herring Prospectus may not be distributed, in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of this Red Herring Prospectus nor any sale hereunder shall, under any circumstances, create any implication that there has been no change in our affairs from the date hereof or that the information contained herein is correct as of any time subsequent to this date.

The Equity Shares are only being offered or sold in the United States to “Qualified Institutional Buyers” as defined in Rule 144A under the US Securities Act, 1933 (“Securities Act”), and outside the United States to certain persons in offshore transactions in compliance with Regulation S under the Securities Act.

Disclaimer clause of the BSE

As required, a copy of this Red Herring Prospectus has been submitted to the BSE. The Disclaimer Clause as intimated by the BSE to us, post scrutiny of this Red Herring Prospectus, shall be included in the Red Herring Prospectus prior to RoC filing.

Disclaimer clause of the NSE

As required, a copy of this Red Herring Prospectus has been submitted to the NSE. The Disclaimer Clause as intimated by the NSE to us, post scrutiny of this Red Herring Prospectus, shall be included in the Red Herring Prospectus prior to RoC filing.

Filing

A copy of the Draft Red Herring Prospectus has been filed with SEBI at Corporation Finance Department, Ground Floor, Mittal Court, “A” Wing, Nariman Point, Mumbai 400 021.

A copy of this Red Herring Prospectus, along with the documents required to be filed under Section 60B of the Companies Act, has been delivered for registration to the RoC and a copy of the Prospectus required to be filed under Section 60 of the Companies Act will be delivered for registration to the RoC.

Listing

Our existing Equity Shares are listed on the NSE, the BSE, the CSE and the DSE.

Applications have been made to NSE and BSE for permission for listing of our Equity Shares being offered through this Red Herring Prospectus. Although the Equity Shares are listed on the DSE and the CSE also, the Company vide its application dated October 16, 2002 to CSE and application dated May 16, 2005 to DSE has asked for the Equity Shares to be delisted therefrom.

If the permission to deal in and for an official quotation of the Equity Shares are not granted by any of the Stock Exchanges, our Company shall forthwith repay, without interest, all moneys received from the applicants in pursuance of this Red Herring Prospectus. If such money is not repaid within eight days after our Company becomes liable to repay it (i.e., from the date of refusal or within 15 days from the date of Bid/Issue Closing Date, whichever is earlier), then our Company shall, on and from expiry of 8 days, be liable to repay the money, with interest at the rate of 15% per annum on application money, as prescribed under Section 73 of the Companies Act.



Our Company shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at both the Stock Exchanges mentioned above are taken within seven working days of finalisation of the basis of allotment for the Issue.

Consents

Consents in writing of: (a) our Directors, the Company Secretary and Compliance Officer, the Auditors, the Legal Advisors, the Bankers to the Issue; and (b) the Book Running Lead Managers, Senior Co-Manager, the Syndicate Members, the Escrow Collection Bankers and the Registrar to the Issue to act in their respective capacities, have been obtained and filed along with a copy of the Red Herring Prospectus with the RoC as required under Sections 60 and 60B of the Companies Act and such consents have not been withdrawn up to the time of delivery of this Red Herring Prospectus for registration with the RoC.

J.C. Bhalla and Co., Chartered Accountants, our Auditors have given their written consent to the inclusion of their report in the form and context in which it appears in this Red Herring Prospectus and such consent and report has not been withdrawn up to the time of delivery of this Red Herring Prospectus for registration with the RoC.

Expert Opinion

Except as stated elsewhere in this Red Herring Prospectus, we have not obtained any expert opinions.

Expenses of the Issue

The expenses of this Issue include, among others, underwriting and management fees, selling commission, printing and distribution expenses, legal fees, statutory advertisement expenses and listing fees. The estimated expenses of the Issue are as follows:

Activity	Expense (Rs. in Millions)
Lead management, underwriting and selling commission*	[●]
Advertisement & Marketing expenses	35.00
Printing, stationery including transportation of the same	20.00
Others (Registrar's fees, Legal fees, listing fees, etc.)	9.00
Total estimated Issue expenses	[●]

* The lead manager's underwriting and selling commission ranges between 2.5% to 2.75% of the proceeds of the Issue. The amounts in this regard will be finalised on finalisation of the Issue Price.

Fees Payable to the Book Running Lead Managers and Syndicate Members

The total fees payable to the Book Running Lead Managers and Syndicate Members (including underwriting commission and selling commission) will be as stated in the Engagement Letter with the BRLMs, a copy of which is available for inspection at the corporate office of our Company and reimbursement of their out of pocket expenses.

Fees Payable to the Registrar to the Issue

The fees payable to the Registrar to the Issue for processing of application, data entry, printing of CAN/refund order, preparation of refund data on magnetic tape, printing of bulk mailing register will be as per the Memorandum of Understanding signed with our Company, a copy of which is available for inspection at the corporate office of our Company.

The Registrar to the Issue will be reimbursed for all out-of-pocket expenses including cost of stationery, postage, stamp duty and communication expenses. Adequate funds will be provided to the Registrar to the Issue to enable them to send refund orders or allotment advice by registered post/speed post/under certificate of posting.

Particulars regarding Public or Rights Issues during the Last Five Years

There have been no public or rights issue by the Company during the last five years.

Issues otherwise than for Cash

We have not issued any Equity Shares for consideration otherwise than for cash, except as below:

- Pursuant to and in terms of scheme of amalgamation of the Erstwhile Triveni Engineering & Industries Limited with Gangeshwar Limited duly sanctioned by the shareholders of the respective companies and sanctioned by the Allahabad High Court, on May 27, 2000, the Company issued and allotted 9,390,001 Equity Shares of Rs. 10 each to the equity shareholders of Erstwhile Triveni Engineering & Industries Limited.
- 562,315 Equity Shares were allotted as fully paid up bonus shares by capitalisation of general reserve and preference capital redemption reserve during the years 1945-1946, 1950-1951, 1952-1953, 1956-1957 and 1970-1971.
- On June 17, 2005, we have allotted 124,728,090 Equity Shares to the members holding Equity Shares on the record date specified by the Board of Directors in this regard.

Commission and Brokerage paid on Previous Issues of our Equity Shares

There has been no public issue by our Company since the initial public listing.

Companies under the Same Management

Except our Promoter companies and companies which are part of the Promoter Group, we do not have any other company under the same management within the meaning of erstwhile Section 370 (1B) of the Companies Act.

Promise vs. Performance – Last Three Issues

There has been no public issue by our Company since the initial public listing.

Promise vs. Performance – Last Issue of Group/Associate Companies

No projections have been made in the prospectuses of our Promoter group companies. For further details, see section titled “Our Promoters and Group Companies” on page 147 of this Red Herring Prospectus.

Outstanding Debentures or Bonds

Our Company does not have any outstanding debentures or bonds.

Outstanding Preference Shares

There are no outstanding Preference Shares.

Stock Market Data of our Equity Shares

Our Equity Shares have not been traded since April 28, 2003. Therefore, data regarding the same is not available.

The following table sets forth the number of Equity Shares traded on the days high and low prices of our Equity Shares as recorded on the BSE, unless otherwise mentioned, for the years 2002, 2003 and 2004.

Year	High Date	High Price Per Share (Rs.)	Number of Equity Shares Traded	Low Date	Low Price Per Share (Rs.)	Number of Equity Shares Traded
2002	July 10, 2002	52.05	14056	January 4, 2002	14.10	502
2003	April 16, 2003	35.95	1002	January 1, 2003	25.15	1028
2004	For implementation of the scheme of arrangement duly approved by the shareholders and sanctioned by the Allahabad High Court vide order dated March 27, 2003, trading in equity shares was suspended with effect from April 28, 2003 and it has not been resumed as the non-Promoter holding is still below 25%.					



Since our Equity Shares have not been traded since April 28, 2003, the required data regarding the number of Equity Shares traded on the days high and low prices of our Equity Shares for the last six months preceding the date of filing of this Red Herring Prospectus with SEBI is not available.

The following table sets forth the total volume of Equity Shares traded and the volume of business transacted on the BSE, unless otherwise mentioned, during the years 2002, 2003 and 2004:

Year	Number of Equity Shares Traded	Volume of Business Transacted (Rs. in million)
2002	749992	23.07
2003	252935	7.69
2004	For implementation of the scheme of arrangement duly approved by the shareholders and sanctioned by the Allahabad High Court vide order dated March 27, 2003, trading in equity shares was suspended with effect from April 28, 2003 and it has not been resumed as the non-Promoter holding is still below 25%.	

Since our Equity Shares have not been traded since April 28, 2003, the required data regarding the total volume of Equity Shares traded and the volume of business transacted during the six months preceding the date of filing of this Red Herring Prospectus with SEBI is not available.

Other Disclosures

As stated above, trading in our Equity Shares was suspended with effect from April 28, 2003 and continues to remain suspended. Therefore, data regarding the closing market price of our Equity Shares on the day after the day our Board of Directors approved the Issue is not available.

Except as disclosed in the section titled “Capital Structure” on page 37 of this Red Herring Prospectus, our Promoter group, or the directors of our Promoter companies or our Directors have not purchased or sold any securities of the Company during a period of six months preceding the date on which this Red Herring Prospectus is filed with SEBI.

Mechanism for Redressal of Investor Grievances by our Company

The Memorandum of Understanding between the Registrar to the Issue and us, will provide for retention of records with the Registrar to the Issue for a period of at least one year from the last date of dispatch of letters of allotment, demat credit, refund orders to enable the investors to approach the Registrar to the Issue for redressal of their grievances.

All grievances relating to the Issue may be addressed to the Registrar to the Issue, giving full details such as name, address of the applicant, application number, number of shares applied for, amount paid on application, Depository Participant, and the bank branch or collection center where the application was submitted.

Disposal of Investor Grievances by our Company

We estimate that the average time required by us or the Registrar to the Issue for the redressal of routine investor grievances shall be seven days from the date of receipt of the complaint. In case of non-routine complaints and complaints where external agencies are involved, we will seek to redress these complaints as expeditiously as possible.

We have appointed Mr. V.P. Ghuliani, Vice President (Legal) & Company Secretary as the Compliance Officer and he may be contacted in case of any pre-Issue or post-Issue-related problems. He can be contacted at the following address:

Triveni Engineering & Industries Limited

8th Floor, Express Trade Towers,

15-16, Sector 16A,

Noida-201 301.

Tel: +91 120 5308000

Fax: +91 120 5311011

Email: legal@ho.trivenigroup.com

Mechanism for Redressal of Investor Grievances by Companies under the Same Management

We do not have any other company under the same management within the meaning of erstwhile Section 370 (1B) of the Companies Act.

Changes in Auditors

There have been no changes of the auditors in the last three years.

Capitalisation of Reserves or Profits

We have not capitalised our reserves or profits at any time during last five years, except as mentioned below:

On June 17, 2005, we have allotted, 124,728,090 Equity Shares to the members holding Equity Shares on the record date specified by the Board of Directors in this regard. A sum of Rs. 124,728,090 was drawn from the securities premium account for the same.

Revaluation of Assets

We have not revalued our assets in the past five years.

ISSUE STRUCTURE

The present Issue of 50,000,000 Equity Shares at a price of Rs. [●] for cash aggregating upto Rs. [●] million is being made through the Book Building Process.

	QIBs	Non-Institutional Bidders	Retail Individual Bidders
Number of Equity Shares*	Up to 25,000,000 Equity Shares or Issue less allocation to Non-Institutional Bidders and Retail Individual Bidders.	Minimum of 7,500,000 Equity Shares or Issue less allocation to QIB Bidders and Retail Individual Bidders.	Minimum of 17,500,000 Equity Shares or Issue less allocation to QIB Bidders and Non-Institutional Bidders.
Percentage of Issue size available for allocation	Up to 50% of Issue or Issue less allocation to Non Institutional Bidders and Retail Individual Bidders.	Minimum 15% of Issue or Issue less allocation to QIB Bidders and Retail Individual Bidders.	Minimum 35% of Issue or Issue less allocation to QIB Bidders and Non Institutional Bidders.
Basis of Allocation if respective category is oversubscribed	Discretionary.	Proportionate.	Proportionate.
Minimum Bid	Such number of Equity Shares that the Bid Amount exceeds Rs. 100,000.	Such number of Equity Shares that the Bid Amount exceeds Rs. 100,000.	125 Equity Shares.
Maximum Bid	Such number of Equity Shares not exceeding the Issue, subject to applicable limits.	Such number of Equity Shares not exceeding the Issue, subject to applicable limits.	Such number of Equity Shares whereby the Bid Amount does not exceed Rs. 100,000.
Mode of Allotment	Compulsorily in dematerialised form.	Compulsorily in dematerialised form.	Compulsorily in dematerialised form.
Trading Lot	One Equity Share	One Equity Share	One Equity Share
Who can Apply	Public financial institutions, as specified in Section 4A of the Companies Act, scheduled commercial banks, mutual funds, foreign institutional investors registered with SEBI, multilateral and bilateral development financial institutions, and State Industrial Development Corporations, permitted insurance companies registered with the Insurance Regulatory and Development Authority, provident funds with minimum corpus of Rs. 250 million and pension funds with minimum corpus of Rs. 250 million in accordance with applicable law.	Resident Indian individuals, HUF (in the name of Karta), companies, corporate bodies, NRIs, scientific institutions societies and trusts.	Individuals (including NRIs and HUFs) applying for Equity Shares such that the Bid Amount does not exceed Rs. 100,000 in value.

	QIBs	Non-Institutional Bidders	Retail Individual Bidders
Terms of Payment	Margin Amount applicable to QIB Bidders at the time of submission of Bid cum Application Form to the members of the Syndicate.	Margin Amount applicable to Non Institutional Bidders at the time of submission of Bid cum Application Form to the members of the Syndicate.	Margin Amount applicable to Retail Individual Bidders at the time of submission of Bid cum Application Form to the members of the Syndicate.
Margin Amount	Nil.	Full Bid Amount on bidding.	Full Bid Amount on bidding.

* Subject to valid Bids being received at or above the Issue Price. Under-subscription, if any, in any category, would be allowed to be met with spillover from any other categories at the discretion of our Company, in consultation with the BRLMs.

Withdrawal of the Issue

Our Company, in consultation with the BRLMs, reserves the right not to proceed with the Issue at anytime after the Bid/ Issue Opening Date but before Allotment, without assigning any reason therefor.

Letters Of Allotment Or Refund Orders

We shall give credit to the beneficiary account with depository participants within two working days from the date of the finalisation of basis of allocation. We shall ensure despatch of refund orders, if any, of value up to Rs.1,500 by “Under Certificate of Posting”, and shall dispatch refund orders above Rs.1,500, if any, by registered post or speed post at the sole or First Bidder’s sole risk within 15 days of the Bid/ Issue Closing Date.

Interest in Case of Delay in Despatch of Allotment Letters/ Refund Orders.

In accordance with the Companies Act, the requirements of the Stock Exchanges and SEBI Guidelines, we undertake that:

- Allotment shall be made only in dematerialised form within 15 days from the Bid/ Issue Closing Date;
- Despatch of refund orders shall be done within 15 days from the Bid/ Issue Closing Date; and
- We shall pay interest at 15% per annum, if Allotment is not made, refund orders are not despatched and/ or demat credits are not made to investors within the 15 day time prescribed above.

We will provide adequate funds required for despatch of refund orders or Allotment advice to the Registrar to the Issue.

Refunds will be made by cheques, pay orders or demand drafts drawn on the Escrow Collection Banks and payable at par at places where Bids are received. Bank charges, if any, for encashing such cheques, pay orders or demand drafts at other centres will be payable by the Bidders.



Bid/Issue Programme**Bidding Period/Issue Period**

BID/ISSUE OPENS ON	:	FRIDAY. NOVEMBER 18, 2005
BID/ISSUE CLOSES ON	:	FRIDAY. NOVEMBER 25, 2005

Bids and any revision in Bids shall be accepted only between 10 a.m. and 3 p.m. (Indian Standard Time) during the Bidding Period as mentioned above at the bidding centres mentioned on the Bid cum Application Form except that on the Bid/Issue Closing Date, the Bids shall be accepted only between 10 a.m. and 1 p.m. (Indian Standard Time) and uploaded till such time as permitted by the BSE and the NSE on the Bid/Issue Closing Date.

The Company reserves the right to revise the Price Band during the Bidding Period in accordance with SEBI Guidelines. The cap on the Price Band should not be more than 20% of the floor of the Price Band. Subject to compliance with the immediately preceding sentence, the floor of the Price Band can move up or down to the extent of 20% of the floor of the price band advertised at least one day prior to the Bid/Issue Opening Date.

In case of revision in the Price Band, the Bidding/ Issue Period will be extended for three additional working days after revision of Price Band subject to the Bidding/ Issue Period not exceeding 10 working days. Any revision in the Price Band and the revised Bidding/ Issue Period, if applicable, will be widely disseminated by notification to the BSE and the NSE, by issuing a press release, and also by indicating the change on the web site of the BRLMs and at the terminals of the Syndicate.

ISSUE PROCEDURE

Book Building Procedure

The Issue is being made through the 100% Book Building Process wherein up to 50% of the Issue shall be available for allocation on a discretionary basis to QIBs. Further, not less than 35% shall be available for allocation on a proportionate basis to the Retail Individual Bidders and not less than 15% shall be available for allocation on a proportionate basis to Non-Institutional Bidders, subject to valid Bids being received at or above the Issue Price.

Bidders are required to submit their Bids through the Syndicate. Our Company, in consultation with the BRLMs, reserves the right to reject any Bid procured from QIBs, by any or all members of the Syndicate, without assigning any reason therefor. In case of Non-Institutional Bidders and Retail Individual Bidders, our Company would have a right to reject the Bids only on technical grounds.

Investors should note that the Equity Shares would be allotted to all successful Bidders only in the dematerialised form. Bidders will not have the option of getting allotment of the Equity Shares in physical form. The Equity Shares on allotment shall be traded only in the dematerialised segment of the Stock Exchanges.

Bid cum Application Form

Bidders shall only use the specified Bid cum Application Form bearing the stamp of a member of the Syndicate for the purpose of making a Bid in terms of this Red Herring Prospectus. The Bidder shall have the option to make a maximum of three Bids in the Bid cum Application Form and such options shall not be considered as multiple Bids. Upon the allocation of Equity Shares, dispatch of the CAN, and filing of the Prospectus with the RoC, the Bid cum Application Form shall be considered as the Application Form. Upon completing and submitting the Bid cum Application Form to a member of the Syndicate, the Bidder is deemed to have authorised our Company to make the necessary changes in this Red Herring Prospectus and the Bid cum Application Form as would be required for filing the Prospectus with the RoC and as would be required by RoC after such filing, without prior or subsequent notice of such changes to the Bidder.

The prescribed colour of the Bid cum Application Form for various categories, is as follows:

Category	Colour of Bid cum Application Form
Indian public, NRIs applying on a non-repatriation basis	White
Non-Residents, NRIs or FIIs applying on a repatriation basis	Blue

Who can Bid?

1. Indian nationals resident in India who are majors, or in the names of their minor children as natural/legal guardians, in single or joint names (not more than three);
2. Hindu undivided families or HUFs in the individual name of the Karta. The Bidder should specify that the Bid is being made in the name of the HUF in the Bid cum Application Form as follows: "Name of Sole or First Bidder: XYZ Hindu Undivided Family applying through XYZ, where XYZ is the name of the Karta". Bids by HUFs would be considered at par with those from individuals;
3. Insurance companies registered with the Insurance Regulatory and Development Authority, India;
4. As permitted by the applicable laws, provident funds with minimum corpus of Rs. 250 million and who are authorised under their constitution to invest in equity shares;
5. Pension funds with a minimum corpus of Rs. 250 million and who are authorised under their constitution to invest in equity shares;
6. Companies, corporate bodies and societies registered under the applicable laws in India and authorised to invest in equity shares;

7. Indian mutual funds registered with SEBI;
8. Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to the RBI regulations and the SEBI guidelines and regulations, as applicable);
9. Multilateral and bilateral development financial institutions;
10. State Industrial Development Corporations;
11. Trusts/societies registered under the Societies Registration Act, 1860, as amended, or under any other law relating to trusts/societies and who are authorised under their constitution to hold and invest in equity shares;
12. Eligible Non-Residents including NRIs and FIIs on a repatriation basis or a non-repatriation basis subject to applicable laws; and
13. Scientific and/or industrial research organisations authorised to invest in equity shares.

Note: The BRLMs, Senior Co-Manager, Syndicate Members and any associate of the BRLMs, Senior Co-Manager and Syndicate Members (except asset management companies on behalf of mutual funds, Indian financial institutions and public sector banks) cannot participate in that portion of the Issue where allocation is discretionary. Further, the BRLMs, Senior Co-Manager and Syndicate Members shall not be entitled to subscribe to this Issue in any manner except towards fulfilling their underwriting obligation.

Bidders are advised to ensure that any single Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law.

Maximum and Minimum Bid Size

- (a) **For Retail Individual Bidders:** The Bid must be for a minimum of 125 Equity Shares and in multiples of 125 Equity Shares thereafter and it must be ensured that the Bid Amount payable by the Bidder does not exceed Rs. 100,000. In case of revision of Bids, the Retail Individual Bidders have to ensure that the Bid Amount does not exceed Rs. 100,000. In case the Bid Amount is over Rs. 100,000 due to revision of the Bid or revision of the Price Band or on exercise of option to bid at Cut-off Price, the Bid would be considered for allocation under the Non Institutional Portion. The option to bid at Cut-off Price is an option given only to the Retail Individual Bidders indicating their agreement to Bid and purchase at the final Issue Price as determined at the end of the Book Building Process.
- (b) **For Other Bidders (i.e., Non-Institutional Bidders and QIB Bidders):** The Bid must be for a minimum of such number of Equity Shares such that the Bid Amount exceeds Rs. 100,000 and in multiples of 125 Equity Shares. A Bid cannot be submitted for more than the Issue size. However, the maximum Bid by a QIB investor should not exceed the investment limits prescribed for them by applicable laws. Under existing SEBI guidelines, a QIB Bidder cannot withdraw its Bid after the Bid/ Issue Closing Date.

In case of revision in Bids, the Non Institutional Bidders, who are individuals, have to ensure that the Bid Amount is greater than Rs. 100,000 for being considered for allocation in the Non Institutional Portion. In case the Bid Amount reduces to Rs. 100,000 or less due to a revision in Bids or revision of the Price Band, Bids by Non Institutional Bidders who are eligible for allocation in the Retail Portion would be considered for allocation under the Retail Portion. Non Institutional Bidders and QIB Bidders are not entitled to the option of bidding at Cut-off Price.

Information for the Bidders:

- (a) Our Company will file the Red Herring Prospectus with the RoC at least 3 (three) days before the Bid/Issue Opening Date.
- (b) The members of the Syndicate will circulate copies of the Red Herring Prospectus along with the Bid cum Application Form to potential investors.
- (c) Any investor (who is eligible to invest in our Equity Shares) who would like to obtain the Red Herring Prospectus and/or the Bid cum Application Form can obtain the same from our registered office or from any of the members of the Syndicate.

- (d) The Bids should be submitted on the prescribed Bid cum Application Form only. Bid cum Application Forms should bear the stamp of a member of the Syndicate. Bid cum Application Forms, which do not bear the stamp of a member of the Syndicate will be rejected.

Method and Process of Bidding

- (a) Our Company and the BRLMs shall declare the Bid/ Issue Opening Date and the Bid/ Issue Closing Date at the time of filing the Red Herring Prospectus with RoC and also publish the same in two widely circulated newspapers (one each in English and Hindi) and a regional newspaper. This advertisement shall contain the salient features of the Red Herring Prospectus as specified under Form 2A of the Companies Act and shall contain the minimum disclosures as specified under Schedule XX-A of the SEBI Guidelines. The Syndicate Members shall accept Bids from the Bidders during the Issue Period in accordance with the terms of the Syndicate Agreement.
- (b) Investors who are interested in subscribing to our Equity Shares should approach any of the members of the Syndicate or their authorised agent(s) to register their Bid.
- (c) The Bidding Period shall be a minimum of three working days and shall not exceed seven working days. In case the Price Band is revised, the revised Price Band and Bidding Period will be published in two national newspapers (one each in English and Hindi) and the Bidding Period may be extended, if required, by an additional three days, subject to the total Bidding Period not exceeding ten working days.
- (d) Each Bid cum Application Form will give the Bidder the choice to bid for up to three optional prices (for details see section titled “Issue Procedure - Bids at Different Price Levels” on page 344 of this Red Herring Prospectus) within the Price Band and specify the demand (i.e., the number of Equity Shares bid for) in each option. The price and demand options submitted by the Bidder in the Bid cum Application Form will be treated as optional demands from the Bidder and will not be cumulated. After determination of the Issue Price, the maximum number of Equity Shares Bid for by a Bidder at or above the Issue Price will be considered for allocation and the rest of the Bid(s), irrespective of the Bid Price, will become automatically invalid.
- (e) The Bidder cannot bid on another Bid cum Application Form after Bids on one Bid cum Application Form have been submitted to any member of the Syndicate. Submission of a second Bid cum Application Form to either the same or to another member of the Syndicate will be treated as multiple Bids and is liable to be rejected either before entering the Bid into the electronic bidding system, or at any point of time prior to the allocation or allotment of Equity Shares in this Issue. However, the Bidder can revise the Bid through the Revision Form, the procedure for which is detailed in the section titled “Issue Procedure - Build up of the Book and Revision of Bids” on page 348 of this Red Herring Prospectus.
- (f) The Syndicate Members will enter each Bid option into the electronic bidding system as a separate Bid and generate a Transaction Registration Slip (“TRS”), for each price and demand option and give the same to the Bidder. Therefore, a Bidder can receive up to three TRSs for each Bid cum Application Form.
- (g) During the Bidding Period, Bidders may approach the members of the Syndicate to submit their Bid. Every member of the Syndicate shall accept Bids from all clients/investors who place orders through them and shall have the right to vet the Bids.
- (h) Along with the Bid cum Application Form, all Bidders will make payment in the manner described in the section titled “Issue Procedure - Terms of Payment and Payment into the Escrow Accounts” on page 346 of this Red Herring Prospectus.

Bids at Different Price Levels

- (a) In accordance with the SEBI Guidelines, our Company reserves the right to revise the Price Band during the Bidding Period. The cap on the Price Band should not be more than 20% of the floor of the Price Band. Subject to compliance with the immediately preceding sentence, the floor of the Price Band can move up or down to the extent of 20% of the floor of the Price Band.

- (b) In case of revision in the Price Band, the Issue Period will be extended for three additional working days after revision of Price Band subject to a maximum of 10 working days. Any revision in the Price Band and the revised Bidding/ Issue Period, if applicable, will be widely disseminated by notification to the BSE and the NSE, by issuing a public notice in two national newspapers (one each in English and Hindi) and a regional newspaper, and also by indicating the change on the websites of the BRLMs and at the terminals of the members of the Syndicate.
- (c) We, in consultation with the BRLMs, can finalise the Issue Price within the Price Band in accordance with this clause, without the prior approval of, or intimation to, the Bidders.
- (d) The Bidder can bid at any price within the Price Band. The Bidder has to bid for the desired number of Equity Shares at a specific price. **Retail Individual Bidders may bid at Cut-off Price. However, bidding at Cut-off Price is prohibited for QIB or Non Institutional Bidders and such Bids from QIBs and Non Institutional Bidders shall be rejected.**
- (e) Retail Individual Bidders who bid at Cut-off Price agree that they shall purchase the Equity Shares at any price within the Price Band. Retail Individual Bidders bidding at Cut-Off Price shall deposit the Bid Amount based on the Cap Price in the Escrow Account. In the event the Bid Amount is higher than the subscription amount payable by the Retail Individual Bidders, who Bid at Cut-off Price (i.e., the total number of Equity Shares allocated in the Issue multiplied by the Issue Price), the Retail Individual Bidders, who Bid at Cut-off Price, shall receive the refund of the excess amounts from the Escrow Account.
- (f) In case of an upward revision in the Price Band announced as above, Retail Individual Bidders, who had bid at Cut-off Price could either (i) revise their Bid or (ii) make additional payment based on the cap of the revised Price Band (such that the total amount i.e. original Bid Amount plus additional payment does not exceed Rs. 100,000 if the Bidder wants to continue to bid at Cut-off Price), with the Syndicate Member to whom the original Bid was submitted. In case the total amount (i.e., original Bid Amount plus additional payment) exceeds Rs. 100,000, the Bid will be considered for allocation under the Non-Institutional Portion in terms of this Red Herring Prospectus. If, however, the Bidder does not either revise the Bid or make additional payment and the Issue Price is higher than the cap of the Price Band prior to revision, the number of Equity Shares bid for shall be adjusted downwards for the purpose of allotment, such that no additional payment would be required from the Bidder and the Bidder is deemed to have approved such revised Bid at Cut-off Price.
- (g) In case of a downward revision in the Price Band, announced as above, Retail Individual Bidders, who have bid at Cut-off Price could either revise their Bid or the excess amount paid at the time of bidding would be refunded from the Escrow Account.

Application in the Issue

Equity Shares being issued through this Red Herring Prospectus can be applied for in the dematerialized form only.

Bids by Mutual Funds

Multiple Bids

In case of a mutual fund, a separate Bid can be made in respect of each scheme of the mutual fund registered with SEBI and such Bids in respect of more than one scheme of the mutual fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme for which the Bid has been made.

As per the current regulations, the following restrictions are applicable for investments by mutual funds:

No mutual fund scheme shall invest more than 10% of its net asset value in equity shares or equity related instruments of any company provided that the limit of 10% shall not be applicable for investments in index funds or sector or industry specific funds. No mutual fund under all its schemes should own more than 10% of any company's paid-up capital carrying voting rights.

The above information is given for the benefit of the Bidders. Our Company and the BRLMs are not liable for any amendments or modification or changes in applicable laws or regulations, which may happen after the date of this Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares bid for do not exceed the applicable limits under laws or regulations.

Bids by NRIs

NRI Bidders to comply with the following:

1. Individual NRI Bidders can obtain the Bid cum Application Forms from our Registered Office, our corporate office, members of the Syndicate or the Registrar to the Issue.
2. NRI Bidders may please note that only such Bids as are accompanied by payment in free foreign exchange shall be considered for allotment. NRIs who intend to make payment through Non-Resident Ordinary (NRO) accounts shall use the Bid cum Application Form meant for resident Indians (White in color).

Escrow Mechanism

We shall open Escrow Accounts with one or more Escrow Collection Banks in whose favour the Bidders shall make out the cheque or demand draft in respect of his or her Bid and/or revision of the Bid. Cheques or demand drafts received for the full Bid Amount from Bidders in a certain category would be deposited in the Escrow Account. The Escrow Collection Banks will act in terms of this Red Herring Prospectus and the Escrow Agreement. The monies in the Escrow Account shall be maintained by the Escrow Collection Bank(s) for and on behalf of the Bidders. The Escrow Collection Bank(s) shall not exercise any lien whatsoever over the monies deposited therein and shall hold the monies therein in trust for the Bidders. On the Designated Date, the Escrow Collection Banks shall transfer the monies from the Escrow Account to the Issue Account as per the terms of the Escrow Agreement. Payments of refund to the Bidders shall also be made from the Escrow Account as per the terms of the Escrow Agreement and this Red Herring Prospectus.

The Bidders should note that the escrow mechanism is not prescribed by SEBI and has been established as an arrangement between us, the Syndicate, the Escrow Collection Bank(s) and the Registrar to the Issue to facilitate collections from the Bidders.

Terms of Payment and Payment into the Escrow Accounts

Each Bidder, who is required to pay Margin Amount greater than 0% shall, with the submission of the Bid cum Application Form draw a cheque or demand draft for the maximum amount of his/ her Bid in favour of the Escrow Account of the Escrow Collection Bank(s) (for details refer to the section titled “Issue Procedure - Payment Instructions” on page 353 of this Red Herring Prospectus) and submit the same to the member of the Syndicate to whom the Bid is being submitted. Bid cum Application Forms accompanied by cash shall not be accepted. The maximum Bid price has to be paid at the time of submission of the Bid cum Application Form based on the highest bidding option of the Bidder.

The members of the Syndicate shall deposit the cheque or demand draft with the Escrow Collection Bank(s), which will hold the monies for the benefit of the Bidders till the Designated Date. On the Designated Date, the Escrow Collection Bank(s) shall transfer the funds equivalent to the size of the Issue from the Escrow Account, as per the terms of the Escrow Agreement, into the Issue Account of the Company with the Banker(s) to the Issue. The balance amount after transfer to the Issue Account of the Company shall be held for the benefit of the Bidders who are entitled to refunds on the Designated Date, and no later than 15 days from the Bid/Issue Closing Date, the Escrow Collection Bank(s) shall refund all monies to unsuccessful Bidders and also the excess amount paid on bidding, if any, after adjustment for allotment to the Bidders.

Each category of Bidders i.e., QIB Bidders, Non Institutional Bidders and Retail Individual Bidders would be required to pay their applicable Margin Amount at the time of the submission of the Bid cum Application Form. The Margin Amount payable by each category of Bidders is mentioned under the heading “Issue Structure” on page 338 of this Red Herring Prospectus. Where the Margin Amount applicable to the Bidder is less than 100% of the Bid Amount, any difference

between the amount payable by the Bidder for Equity Shares allocated at the Issue Price and the Margin Amount paid at the time of Bidding, shall be payable by the Bidder no later than the Pay-in-Date, which shall be a minimum period of 2 (two) days from the date of communication of the allocation list to the members of the Syndicate by the BRLMs. If the payment is not made favouring the Escrow Account within the time stipulated above, the Bid of the Bidder is liable to be cancelled. However, if the members of the Syndicate do not waive such payment, the full amount of payment has to be made at the time of submission of the Bid cum Application Form.

Where the Bidder has been allocated lesser number of Equity Shares than he or she had bid for, the excess amount paid on bidding, if any, after adjustment for allotment, will be refunded to such Bidder within 15 days from the Bid/Issue Closing Date, failing which we shall pay interest at 15% per annum for any delay beyond the periods as mentioned above.

Electronic Registration of Bids

- (a) The Syndicate Members will register the Bids using the on-line facilities of the BSE and the NSE. There will be at least one on-line connectivity in each city, where a stock exchange is located in India and where Bids are being accepted.
- (b) The BSE and the NSE will offer a screen-based facility for registering Bids for the Issue. This facility will be available on the terminals of the Syndicate Members and their authorised agents during the Bidding Period. The Syndicate Members can also set up facilities for off-line electronic registration of Bids subject to the condition that they will subsequently download the off-line data file into the on-line facilities for book building on a regular basis. On the Bid/Issue Closing Date, the Syndicate Members shall upload the Bids till such time as may be permitted by the Stock Exchanges.
- (c) The aggregate demand and price for Bids registered on the electronic facilities of the BSE and the NSE will be downloaded on a regular basis, consolidated and displayed on-line at all bidding centers. A graphical representation of consolidated demand and price would be made available at the bidding centers during the bidding period.
- (d) At the time of registering each Bid, the members of the Syndicate shall enter the following details of the investor in the on-line system:
 - Name of the investor
 - Investor category – individual, corporate, NRI, FII, or mutual fund etc.
 - Numbers of Equity Shares bid for
 - Bid price
 - Bid cum Application Form number
 - Whether payment is made upon submission of Bid cum Application Form
 - Depository participant identification no. and client identification no. of the beneficiary account of the Bidder
- (e) A system generated TRS will be given to the Bidder as a proof of the registration of each of the bidding options. **It is the Bidder's responsibility to obtain the TRS from the members of the Syndicate.** The registration of the Bid by the member of the Syndicate does not guarantee that the Equity Shares shall be allocated either by the members of the Syndicate or our Company.
- (f) Such TRS will be non-negotiable and by itself will not create any obligation of any kind.
- (g) Consequently, the member of the Syndicate also has the right to accept the Bid or reject it without assigning any reason therefor, in case of QIBs. In case of Non-Institutional Bidders and Retail Individual Bidders, Bids would not be rejected except on the technical grounds listed elsewhere in this Red Herring Prospectus.
- (h) It is to be distinctly understood that the permission given by the BSE and the NSE to use their network and software of the Online IPO system should not in any way be deemed or construed to mean that the compliance with various statutory and other requirements by our Company or the BRLMs are cleared or approved by the BSE and the NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of compliance with the

statutory and other requirements nor does it take any responsibility for the financial or other soundness of our Company, our Promoters, our management or any scheme or project of our Company.

- (i) It is also to be distinctly understood that the approval given by the BSE and the NSE should not in any way be deemed or construed that this Red Herring Prospectus has been cleared or approved by the BSE and the NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Red Herring Prospectus; nor does it warrant that our Equity Shares will be listed or will continue to be listed on the BSE and the NSE.

Build Up of the Book and Revision of Bids

- (a) Bids registered by various Bidders through the Syndicate Members shall be electronically transmitted to the BSE or the NSE mainframe on a regular basis.
- (b) The book gets built up at various price levels. This information will be available with the BRLMs on a regular basis.
- (c) During the Bidding Period/Issue Period, any Bidder who has registered his or her interest in the Equity Shares at a particular price level is free to revise his or her Bid within the Price Band using the printed Revision Form which is a part of the Bid cum Application Form.
- (d) Revisions can be made in both the desired number of Equity Shares and the Bid price by using the Revision Form. Apart from mentioning the revised options in the revision form, the Bidder must also mention the details of all the options in his or her Bid cum Application Form or earlier Revision Form. For example, if a Bidder has Bid for three options in the Bid cum Application Form and he is changing only one of the options in the Revision Form, he must still fill the details of the other two options that are not being changed in the Revision Form. Incomplete or inaccurate Revision Forms will not be accepted by the members of the Syndicate.
- (e) The Bidder can make this revision any number of times during the Bidding Period. However, for any revision(s) in the Bid, the Bidders will have to use the services of the same member of the Syndicate through whom he or she had placed the original Bid. **Bidders are advised to retain copies of the blank Revision Form and the revised Bid must be made only in such Revision Form or copies thereof.**
- (f) Any revision of the Bid shall be accompanied by payment in the form of cheque or demand draft for the incremental amount, if any, to be paid on account of the upward revision of the Bid. The excess amount, if any, resulting from downward revision of the Bid would be returned to the Bidder at the time of refund in accordance with the terms of this Red Herring Prospectus. In case of QIBs, the members of the Syndicate may at their sole discretion waive the payment requirement at the time of one or more revisions by the QIB Bidders.
- (g) When a Bidder revises his or her Bid, he or she shall surrender the earlier TRS and get a revised TRS from the members of the Syndicate. **It is the responsibility of the Bidder to request for and obtain the revised TRS, which will act as proof of his or her having revised the previous Bid.**
- (h) In case of discrepancy of data between the BSE or the NSE and the members of the Syndicate, the decision of the BRLMs, based on the physical records of Bid cum Application Forms, shall be final and binding on all concerned.

Price Discovery and Allocation

- (a) After the Bid/Issue Closing Date, the BRLMs will analyse the demand generated at various price levels and discuss pricing strategy with us.
- (b) Our Company in consultation with the BRLMs, shall finalise the "Issue Price", the number of Equity Shares to be allotted in each category and the allocation to successful QIB Bidders. The allocation will be decided based, inter alia, on the quality of the Bidder, size, price and time of the Bid.
- (c) The allocation for QIBs for up to 50% of the Issue would be discretionary. The allocation to Non-Institutional Bidders and Retail Individual Bidders of not less than 15% and 35% of the Issue, respectively, would be on proportionate basis, in the manner specified in the SEBI Guidelines, in consultation with Designated Stock Exchange, subject to valid Bids being received at or above the Issue Price.

- (d) Undersubscription, if any, in any category would be allowed to be met with spill over from any of the other categories at the discretion of our Company in consultation with the BRLMs.
- (e) The BRLMs, in consultation with us, shall notify the members of the Syndicate of the Issue Price and allocations to their respective Bidders, where the full Bid Amount has not been collected from the Bidders.
- (f) Allocation to Non-Residents applying on repatriation basis will be subject to the applicable law.
- (g) We reserve the right to cancel the Issue any time after the Bid/Issue Opening Date but before the Allotment without assigning any reasons whatsoever.
- (h) In terms of the SEBI Guidelines, QIBs shall not be allowed to withdraw their Bid after the Bid/Issue Closing Date.

Signing of Underwriting Agreement and RoC Filing

- (a) We, the BRLMs and the Syndicate Members shall enter into an Underwriting Agreement on finalisation of the Issue Price and allocation(s) to the Bidders.
- (b) After signing the Underwriting Agreement, we would update and file the updated Red Herring Prospectus with RoC, which then would be termed 'Prospectus'. The Prospectus would have details of the Issue Price and Issue size and would be complete in all material respects.

Advertisement regarding Issue Price and Prospectus

A statutory advertisement will be issued by our Company after the filing of the Prospectus with the RoC. This advertisement, in addition to the information that has to be set out in the statutory advertisement, shall indicate the Issue Price. Any material updates between the date of Red Herring Prospectus and the date of Prospectus will be included in such statutory advertisement.

Issuance of CAN

- (a) The BRLMs or the Registrar to the Issue shall send to the members of the Syndicate a list of their Bidders who have been allocated Equity Shares in the Issue.
- (b) The BRLMs or the members of the Syndicate would then send the CAN to their Bidders who have been allocated Equity Shares in the Issue. The dispatch of a CAN shall be deemed a valid, binding and irrevocable contract for the Bidder to pay the entire Issue Price for all the Equity Shares allocated to such Bidder. Those Bidders who have not paid into the Escrow Account at the time of bidding shall pay in full the amount payable into the Escrow Account by the Pay-in Date specified in the CAN.
- (c) Bidders who have been allocated Equity Shares and who have already paid into the Escrow Account at the time of bidding shall directly receive the CAN from the Registrar to the Issue subject, however, to realisation of their cheque or demand draft paid into the Escrow Account. The dispatch of a CAN shall be deemed as a valid, binding and irrevocable contract for the Bidder to pay the entire Issue Price for all the Equity Shares to be allotted to such Bidder.

Designated Date and Allotment of Equity Shares

- (a) Our Company will ensure that the Allotment of Equity Shares is done within 15 days of the Bid/Issue Closing Date. After the funds are transferred from the Escrow Account to the Issue Account on the Designated Date, our Company would ensure the credit to the successful Bidders' depository accounts of the allotted Equity Shares to the allottees within two working days of the date of Allotment.
- (b) As per the SEBI Guidelines, Equity Shares will be issued and allotted only in the dematerialised form to the allottees. Allottees will have the option to re-materialise the Equity Shares so allotted, if they so desire, as per the provisions of the Companies Act and the Depositories Act.

Investors are advised to instruct their Depository Participant to accept the Equity Shares that may be allocated to them pursuant to this Issue.

GENERAL INSTRUCTIONS

Do's:

- a) Check if you are eligible to apply;
- b) Bid within the Price Band;
- c) Read all the instructions carefully and complete the Bid cum Application Form (white or blue in colour) as the case may be;
- d) Ensure that the details about your Depository Participant and beneficiary account are correct as Equity Shares will be allotted in the dematerialized form only;
- e) Ensure that the Bids are submitted at the bidding centers only on forms bearing the stamp of a member of the Syndicate;
- f) Ensure that you have been given a TRS for all your Bid options;
- g) Submit Revised Bids to the same member of the Syndicate through whom the original Bid was placed and obtain a revised TRS;
- h) If your Bid is for Rs.50,000 or more, ensure that you mention your PAN allotted under the Income Tax Act, 1961 and ensure that you have attached copies of your PAN with the Bid cum Application Form. In case the PAN has not been allotted, mention "Not allotted" in the appropriate place. For further information see the section titled "Issue Procedure - 'PAN' or 'GIR' Number" on page 355 of this Red Herring Prospectus.
- i) If you are a body corporate making an application in this Issue ensure that you provide your UIN. If you have made an application for such a number before December 31, 2004 but the number has not been allotted, or where an appeal has been filed but not disposed off, ensure that you provide such information in the Bid cum Application Form. For further information see the section "Issue Procedure - Unique Identification Number" on page 355 of this Red Herring Prospectus and
- j) Ensure that the name(s) given in the Bid cum Application Form is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case the Bid cum Application Form is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the Bid cum Application Form.

Don'ts:

- (a) Do not Bid for lower than the minimum Bid size;
- (b) Do not Bid/revise Bid price to less than the lower end of the Price Band or higher than the higher end of the Price Band;
- (c) Do not Bid on another Bid cum Application Form after you have submitted a Bid to the members of the Syndicate;
- (d) Do not pay the Bid amount in cash;
- (e) Do not send Bid cum Application Forms by post; instead submit the same to a member of the Syndicate only;
- (f) Do not Bid at Cut-off Price (for QIB Bidders and Non-Institutional Bidders);
- (g) Do not fill up the Bid cum Application Form such that the Equity Shares bid for exceeds the Issue size and/or investment limit or maximum number of Equity Shares that can be held under the applicable laws or regulations or maximum amount permissible under the applicable regulations; and
- (h) Do not submit Bid accompanied with Stockinvest.



INSTRUCTIONS FOR COMPLETING THE BID CUM APPLICATION FORM

Bidders can obtain Bid cum Application Forms and/or Revision Forms from the members of the Syndicate.

Bids and Revisions of Bids

Bids and revisions of Bids must be:

- (a) Made only in the prescribed Bid cum Application Form or Revision Form, as applicable (White or Blue colour).
- (b) Completed in full, in BLOCK LETTERS in ENGLISH and in accordance with the instructions contained herein, in the Bid cum Application Form or in the Revision Form. Incomplete Bid cum Application Forms or Revision Forms are liable to be rejected.
- (c) The Bids from the Retail Individual Bidders must be for a minimum of 125 Equity Shares and in multiples of 125 Equity Shares thereafter subject to a maximum Bid Amount of Rs. 100,000.
- (d) For Non-Institutional Bidders and QIB Bidders, Bids must be for a minimum of such number of Equity Shares such that the Bid Amount exceeds Rs. 100,000 and in multiples of 125 Equity Shares. Bids cannot be made for more than the Issue size. Bidders are advised to ensure that a single Bid from them should not exceed the investment limits or maximum number of shares that can be held by them under the applicable laws or regulations.
- (e) In single name or in joint names (not more than three, and in the same order as their Depository Participant details).
- (f) Thumb impressions and signatures other than in the languages specified in the Eighth Schedule in the Constitution of India must be attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal.

Bidder's Bank Details

Bidders should note that on the basis of name of the Bidders, Depository Participant's name and identification number and the beneficiary account number provided by them in the Bid cum Application Form, the Registrar to the Issue will obtain from the Depository the details of the Bidder's bank account. **These bank account details would be printed on the refund order, if any, to be sent to Bidders. Hence, Bidders are advised to immediately update their bank account details as appearing on the records of the Depository Participant.** Please note that failure to do so could result in delays in credit of refunds to Bidders at the Bidders sole risk and neither the BRLMs nor the Company shall have any responsibility and undertake any liability for the same.

Bidder's Depository Account Details

IT IS MANDATORY FOR ALL THE BIDDERS TO GET THE EQUITY SHARES IN DEMATERIALISED FORM. ALL BIDDERS SHOULD MENTION THEIR DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE BID CUM APPLICATION FORM. INVESTORS MUST ENSURE THAT THE NAME GIVEN IN THE BID CUM APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. IN CASE THE BID CUM APPLICATION FORM IS SUBMITTED IN JOINT NAMES, IT SHOULD BE ENSURED THAT THE DEPOSITORY ACCOUNT IS ALSO HELD IN THE SAME JOINT NAMES AND ARE IN THE SAME SEQUENCE IN WHICH THEY APPEAR IN THE BID CUM APPLICATION FORM.

Bidders should note that on the basis of name of the Bidders, Depository Participant's name and identification number and beneficiary account number provided by them in the Bid cum Application Form, the Registrar to the Issue will obtain from the Depository demographic details of the Bidders such as address, bank account details for printing on refund orders and occupation ("Demographic Details"). Hence, Bidders should carefully fill in their Depository Account details in the Bid cum Application Form.

These Demographic Details would be used for all correspondence with the Bidders including mailing of the refund orders/ CANs/allocation advices and printing of bank particulars on the refund orders.

Hence, Bidders are advised to update their Demographic Details as provided to their Depository Participants and ensure that they are true and correct.

By signing the Bid cum Application Form, the Bidder would be deemed to have authorised the Depositories to provide, upon request, to the Registrar to the Issue, the required Demographic Details as available on its records.

Refund orders/allocation advices/CANs would be mailed at the address of the Bidder as per the Demographic Details received from the Depositories. Bidders may note that delivery of refund orders/allocation advice/CANs may get delayed if the same once sent to the address obtained from the Depositories are returned undelivered. In such an event, the address and other details given by the Bidder in the Bid cum Application Form would be used only to ensure dispatch of refund orders. Please note that any such delay shall be at the Bidders sole risk and neither the Bank nor the BRLMs shall be liable to compensate the Bidder for any losses caused to the Bidder due to any such delay or liable to pay any interest for such delay.

In case no corresponding record is available with the Depositories that matches three parameters, namely, names of the Bidders (including the order of names of joint holders), the Depository Participant's identity (DP ID) and the beneficiary account number, then such Bids are liable to be rejected.

Bids under Power of Attorney

In case of Bids made pursuant to a power of attorney or by limited companies, corporate bodies, registered societies, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the memorandum and articles of association and/or bye laws must be lodged along with the Bid cum Application Form. Failing this, our Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefor.

In case of the Bids made pursuant to a power of attorney by FIIs, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of their SEBI registration certificate must be lodged along with the Bid cum Application Form. Failing this, our Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefor.

In case of the Bids made by insurance companies registered with the Insurance Regulatory and Development Authority, a certified copy of certificate of registration issued by Insurance Regulatory and Development Authority must be lodged along with the Bid cum Application Form. Failing this, our Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefor.

In case of the Bids made by provident funds, subject to applicable law, with minimum corpus of Rs. 250 million and pension funds with minimum corpus of Rs. 250 million, a certified copy of certificate from a chartered accountant certifying the corpus of the provident fund/pension fund must be lodged along with the Bid cum Application Form. Failing this, our Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefor.

We, in our absolute discretion, reserve the right to relax the above condition of simultaneous lodging of the power of attorney along with the Bid cum Application Form, subject to such terms and conditions that we/the BRLMs may deem fit.

Bids by Non-Residents, NRIs and FIIs on a repatriation basis

Bids and revision to the Bids must be made:

1. On the Bid cum Application Form or the Revision Form, as applicable (blue in color), and completed in full in BLOCK LETTERS in ENGLISH in accordance with the instructions contained therein.
2. In a single name or joint names (not more than three).

3. NRIs for a Bid Amount of up to Rs. 100,000 would be considered under the Retail Portion for the purposes of allocation and Bids for a Bid Amount of more than Rs. 100,000 would be considered under Non-Institutional Portion for the purposes of allocation; by other eligible Non-Resident Bidders for a minimum of such number of Equity Shares and in multiples of 125 thereafter that the Bid Amount exceeds Rs. 100,000. For further details see “Issue Procedure - Maximum and Minimum Bid Size” on page 343 of this Red Herring Prospectus.
4. In the names of individuals, or in the names of FIIs but not in the names of minors, OCBs, firms or partnerships, foreign nationals (excluding NRIs) or their nominees.

Refunds, dividends and other distributions, if any, will be payable in Indian Rupees only and net of bank charges and/or commission. In case of Bidders who remit money through Indian Rupee drafts purchased abroad, such payments in Indian Rupees will be converted into U.S. Dollars or any other freely convertible currency as may be permitted by the RBI at the rate of exchange prevailing at the time of remittance and will be dispatched by registered post or if the Bidders so desire, will be credited to their Non-Resident External (NRE) accounts, details of which should be furnished in the space provided for this purpose in the Bid cum Application Form. We will not be responsible for loss, if any, incurred by the Bidder on account of conversion of foreign currency.

We do not require approval from the Government of India or from the Reserve Bank of India for making a fresh issue of Equity Shares under the Foreign Direct Investment Scheme as prescribed in the FEMA read with the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000 to Non-Residents, since foreign direct investment in companies engaged in sugar production and other engineering industries, such as ours, is permitted to the extent of 100% under existing law and policy.

It is to be distinctly understood that there is no reservation for Non-Residents, NRIs and FIIs and all Non-Residents, NRI and FII applicants will be treated on the same basis with other categories for the purpose of allocation.

As per the existing policy of the Government of India, OCBs cannot participate in this Issue.

PAYMENT INSTRUCTIONS

We shall open Escrow Accounts with the Escrow Collection Bank(s) for the collection of the Bid Amounts payable upon submission of the Bid cum Application Form and for amounts payable pursuant to allocation in the Issue.

Each Bidder shall draw a cheque or demand draft for the amount payable on the Bid and/or on allocation as per the following terms:

Payment into Escrow Account

- (i) The Bidders for whom the applicable margin is equal to 100% shall, with the submission of the Bid cum Application Form draw a payment instrument for the Bid Amount in favour of the Escrow Account and submit the same to the members of the Syndicate.
- (ii) In case the above Margin Amount paid by the Bidders during the Bidding Period is less than the Issue Price multiplied by the Equity Shares allocated to the Bidder, the balance amount shall be paid by the Bidders into the Escrow Account within the period specified in the CAN which shall be subject to a minimum period of two days from the date of communication of the allocation list to the members of the Syndicate by the BRLMs.
- (iii) The payment instruments for payment into the Escrow Account should be drawn in favour of:
 - (a) In case of Resident Bidders: **“Escrow Account – Triveni Public Issue”**
 - (b) In case of Non-Resident Bidders: **“Escrow Account – Triveni Public Issue - NR”**
 - In case of Bids by NRIs applying on repatriation basis, the payments must be made through Indian Rupee drafts purchased abroad or cheques or bank drafts, for the amount payable on application remitted through normal banking channels or out of funds held in NRE accounts or Foreign Currency Non-Resident (FCNR)

accounts, maintained with banks authorised to deal in foreign exchange in India, along with documentary evidence in support of the remittance. Payment will not be accepted out of Non-Resident Ordinary (NRO) Account of Non-Resident Bidder bidding on a repatriation basis. Payment by drafts should be accompanied by bank certificate confirming that the draft has been issued by debiting to NRE or FCNR account.

- In case of Bids by FIIs, the payment should be made out of funds held in Special Rupee Account along with documentary evidence in support of the remittance. Payment by drafts should be accompanied by bank certificate confirming that the draft has been issued by debiting to a Special Rupee Account.
- (iv) Where a Bidder has been allocated a lesser number of Equity Shares than the Bidder has Bid for, the excess amount, if any, paid on bidding, after adjustment towards the balance amount payable on the Equity Shares allocated, will be refunded to the Bidder from the Escrow Account.
- (v) The monies deposited in the Escrow Account will be held for the benefit of the Bidders till the Designated Date.
- (vi) On the Designated Date, the Escrow Collection Banks shall transfer the funds from the Escrow Account as per the terms of the Escrow Agreement into the Issue Account.
- (vii) No later than 15 days from the Bid/Issue Closing Date, the Escrow Collection Banks shall refund all amounts payable to unsuccessful Bidders and the excess amount paid on Bidding, if any, after adjusting for allocation to the Bidders.

Payment by Stockinvest

In terms of the Reserve Bank of India Circular No. DBOD No. FSC BC 42/24.47.00/2003-04 dated November 5, 2003, the option to use the stockinvest instrument in lieu of cheques or bank drafts for payment of Bid money has been withdrawn.

SUBMISSION OF BID CUM APPLICATION FORM

All Bid cum Application Forms or Revision Forms duly completed and accompanied by account payee cheques or drafts shall be submitted to the members of the Syndicate at the time of submission of the Bid. Member of the Syndicate may at its sole discretion waive the requirement of payment at the time of submission of the Bid cum Application Form and Revision Form.

Separate receipts shall not be issued for the money payable on the submission of Bid cum Application Form or Revision Form. However, the collection center of the members of the Syndicate will acknowledge the receipt of the Bid cum Application Forms or Revision Forms by stamping and returning to the Bidder the acknowledgement slip. This acknowledgement slip will serve as the duplicate of the Bid cum Application Form for the records of the Bidder.

OTHER INSTRUCTIONS

Joint Bids in case of Individuals

Bids may be made in single or joint names (not more than three). In case of joint Bids, all payments will be made out in favour of the Bidder whose name appears first in the Bid cum Application Form or Revision Form. All communication will be addressed to the first Bidder and will be dispatched to his or her address.

Multiple Bids

A Bidder should submit only one Bid (and not more than one) for the total number of Equity Shares required. Two or more Bids will be deemed to be multiple Bids if the sole or First Bidder is one and the same.

In case of a mutual fund, a separate Bid can be made in respect of each scheme of the mutual fund registered with SEBI and such Bids in respect of more than one scheme of the mutual fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme for which the Bid has been made.

We reserve the right to reject, in our absolute discretion, all or any multiple Bids in any or all categories.

‘PAN’ or ‘GIR’ Number

Where Bid(s) is/are for Rs. 50,000 or more, the Bidder or in the case of a Bid in joint names, each of the Bidders, should mention his/her Permanent Account Number (PAN) allotted under the Income Tax Act, 1961. **The copy of the PAN card or PAN allotment letter is required to be submitted with the application form.** Applications without this information and documents will be considered incomplete and are liable to be rejected. **It is to be specifically noted that Bidders should not submit the GIR number instead of the PAN as the Bid is liable to be rejected on this ground.** In case the sole/first Bidder and joint Bidder(s) is/are not required to obtain PAN, each of the Bidder(s) shall mention “Not Applicable” and in the event that the sole Bidder and/or the joint Bidder(s) have applied for PAN which has not yet been allotted each of the Bidder(s) should mention “Applied for” in the Bid cum Application Form. Further, where the Bidder(s) has mentioned “Applied for” or “Not Applicable”, the sole/first Bidder and each of the joint Bidder(s), as the case may be, would be required to submit Form 60 (form of declaration to be filed by a person who does not have a permanent account number and who enters into any transaction specified in Rule 114B), or, Form 61 (form of declaration to be filed by a person who has agricultural income and is not in receipt of any other income chargeable to income-tax in respect of transactions specified in Rule 114B), as may be applicable, duly filled along with a copy of any one of the following documents in support of the address: (a) Ration card (b) Passport (c) Driving licence (d) Identity card issued by any institution (e) Copy of the electricity bill or telephone bill showing residential address (f) Any document or communication issued by any authority of the Central Government, State Government or local bodies showing residential address (g) Any other documentary evidence in support of address given in the declaration. **It may be noted that Form 60 and Form 61 have been amended vide a notification issued on December 1, 2004 by the Central Board of Direct Taxes, Department of Revenue, Ministry of Finance. All Bidders are requested to furnish, where applicable, the revised Form 60 or Form 61 as the case may be.**

Unique Identification Number (“UIN”)

Under the SEBI (Central Database of Market Participants) Regulations, 2003, as amended from time to time (“**MAPIN Regulations**”), and SEBI notifications dated November 25, 2003, July 30, 2004 and August 17, 2004, and press release dated December 31, 2004, no specified investor being a body corporate shall subscribe to securities which are proposed to be listed on any recognized stock exchange unless such specified investor and its promoters and directors have been allotted unique identification numbers or UINs, except (i) those promoters or directors who are persons resident outside India (such promoters or directors are required to obtain their UINs by December 31, 2005) and (ii) where such specified investor being a body corporate has applied for allotment of a UIN before December 31, 2004 and has not yet been allotted the UIN until disposal of its application, or where it has filed an appeal, until disposal of the appeal, as the case may be.

The SEBI press release dated December 31, 2004 further clarified that wherever the President of India/ central government/ state government is a promoter, it is exempted from the requirement of obtaining a UIN under regulation 6(2) of the MAPIN Regulations.

Previously SEBI required that all resident investors not being bodies corporate who enter into any securities market transaction (including any transaction in units of mutual funds or collective investment schemes) of the value of Rs. 100,000 or more would be required to obtain a UIN by March 31, 2005. Subsequently, by a press release dated February 24, 2005, SEBI has announced that the date for obtaining the UIN has been extended from March 31, 2005 to December 31, 2005 for such specified investors.

In terms of the above, it shall be compulsory for an investor being a body corporate making an application in this Issue to provide its UIN. In cases where a body corporate has made an application for such a number before December 31, 2004 but the number has not been allotted, or where an appeal has been filed but not disposed off, the investor shall provide such information in the Bid cum Application Form. A Bid cum Application Form from a specified investor being a body corporate that does not provide a UIN or UIN application status (in cases where an application for a UIN has been made before December 31, 2004, is liable to be rejected.

Right to Reject Bids

We and the BRLMs reserve the right to reject any Bid without assigning any reason therefor in case of QIBs. In case of Non-Institutional Bidders and Retail Individual Bidders, we have a right to reject Bids based on technical grounds. Consequent refunds shall be made by cheque or pay order or draft and will be sent to the Bidder's address at the Bidder's risk.

GROUND FOR TECHNICAL REJECTIONS

Bidders are advised to note that Bids are liable to be rejected on, inter alia, the following technical grounds:

1. Amount paid does not tally with the amount payable for the highest value of Equity Shares bid for;
2. Age of first Bidder not given;
3. In case of partnership firms, Equity Shares may be registered in the names of the individual partners and no firm as such, shall be entitled to apply;
4. NRIs, except eligible NRIs and Non-Residents;
5. Bids by persons not competent to contract under the Indian Contract Act, 1872, including minors, insane persons;
6. PAN not stated if Bid is for Rs. 50,000 or more and GIR number given instead of PAN;
7. Bids for lower number of Equity Shares than specified for that category of investors;
8. Bids at a price less than lower end of the Price Band;
9. Bids at a price more than the higher end of the Price Band;
10. Bids at Cut-off Price by Non-Institutional Bidders and QIB Bidders;
11. Bids for number of Equity Shares, which are not in multiples of 125;
12. Category not ticked;
13. Multiple Bids as defined in this Red Herring Prospectus;
14. In case of Bid under power of attorney or by limited companies, corporate, trust etc., relevant documents are not submitted;
15. Bids accompanied by stockinvest/money order/postal order/cash;
16. Signature of sole and/or joint Bidders missing;
17. Bid cum Application Form does not have the stamp of the BRLMs or the Syndicate Members;
18. Bid cum Application Form does not have the Bidder's depository account details;
19. Bid cum Application Form is not delivered by the Bidder within the time prescribed as per the Bid cum Application Form, Bid/Issue Opening Date advertisement and this Red Herring Prospectus and as per the instructions in this Red Herring Prospectus and the Bid cum Application Form;
20. In case no corresponding record is available with the Depositories that matches three parameters namely, names of the Bidders (including the order of names of joint holders), the depository participant's identity (DP ID) and the beneficiary account number;
21. Bids for amounts greater than the maximum permissible amounts prescribed by the regulations. See the details regarding the same in "Issue Procedure – Bids at Different Price Levels" at page 344 of this Red Herring Prospectus;
22. Bids by OCBs;

23. Bids by U.S. persons other than “qualified institutional buyers” as defined in Rule 144A of the Securities Act; and
24. Bids by specified investors being body corporates who do not provide their UIN or UIN application status in cases where applications have been made for such UIN before December 31, 2004.

EQUITY SHARES IN DEMATERIALISED FORM WITH NSDL OR CDSL

As per the provisions of Section 68B of the Companies Act, the Equity Shares in this Issue shall be allotted only in a dematerialised form, (i.e. not in the form of physical certificates but be fungible and be represented by the statement issued through the electronic mode).

In this context, two agreements have been signed among our Company, the respective Depositories and the Registrar to the Issue:

- a) an agreement dated October 28, 2005 between NSDL, us and Registrar to the Issue;
- b) an agreement dated October 25, 2005 between CDSL, us and Registrar to the Issue.

All Bidders can seek Allotment only in dematerialised mode. Bids from any Bidder without relevant details of his or her depository account are liable to be rejected.

- a) A Bidder applying for Equity Shares must have at least one beneficiary account with the Depository Participants of either NSDL or CDSL prior to making the Bid.
- b) The Bidder must necessarily fill in the details (including the beneficiary account number and Depository Participant’s identification number) appearing in the Bid cum Application Form or Revision Form.
- c) Equity Shares allotted to a successful Bidder will be credited in electronic form directly to the beneficiary account (with the Depository Participant) of the Bidder
- d) Names in the Bid cum Application Form or Revision Form should be identical to those appearing in the account details with the Depository. In case of joint holders, the names should necessarily be in the same sequence as they appear in the account details with the Depository.
- e) If incomplete or incorrect details are given under the heading ‘Bidders Depository Account Details’ in the Bid cum Application Form or Revision Form, it is liable to be rejected.
- f) The Bidder is responsible for the correctness of his or her demographic details given in the Bid cum Application Form vis-à-vis those with his or her Depository Participant.
- g) It may be noted that Equity Shares in electronic form can be traded only on the stock exchanges having electronic connectivity with NSDL and CDSL. All the Stock Exchanges where our Equity Shares are proposed to be listed have electronic connectivity with CDSL and NSDL.
- h) The trading of the Equity Shares would be in dematerialised form only for all investors in the demat segment of the respective Stock Exchanges.

COMMUNICATIONS

All future communication in connection with Bids made in this Issue should be addressed to the Registrar to the Issue quoting the full name of the sole or First Bidder, Bid cum Application Form number, details of Depository Participant, number of Equity Shares applied for, date of Bid cum Application Form, name and address of the member of the Syndicate where the Bid was submitted and cheque or draft number and issuing bank thereof.

PRE-ISSUE AND POST ISSUE RELATED PROBLEMS

We have appointed Mr. V. P. Ghuliani, Company Secretary, as the Compliance Officer and he may be contacted in case of any pre-Issue or post-Issue-related problems. He can be contacted at the following address:

Triveni Engineering & Industries Limited
8th Floor, Express Trade Towers,
15-16, Sector 16A, Noida 201 301.
Tel: +91 120 5308000
Fax: +91 120 5311011
Email: legal@ho.trivenigroup.com

DISPOSAL OF APPLICATIONS AND APPLICATION MONEYS

We shall ensure dispatch of allotment advice, refund orders and give benefit to the beneficiary account with Depository Participants and submit the documents pertaining to the allotment to the Stock Exchanges within 2 (two) working days of date of finalisation of allotment of Equity Shares. We shall dispatch refund orders, if any, of value up to Rs. 1,500, "Under Certificate of Posting", and shall dispatch refund orders above Rs. 1,500, if any, by registered post or speed post at the sole or First Bidder's sole risk.

We shall use best efforts to ensure that all steps for completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the Equity Shares are proposed to be listed, are taken within 7 (seven) working days of finalisation of the basis of allotment.

In accordance with the Companies Act, the requirements of the Stock Exchanges and the SEBI Guidelines we further undertake that:

- allotment of Equity Shares shall be made only in dematerialised form within 15 (fifteen) days of the Bid/Issue Closing Date;
- dispatch of refund orders within 15 (fifteen) days of the Bid/Issue Closing Date would be ensured; and
- we shall pay interest at 15% (fifteen) per annum (for any delay beyond the 15 (fifteen)-day time period as mentioned above), if Allotment is not made and refund orders are not dispatched and/or demat credits are not made to investors within the 15 (fifteen)-day time prescribed above as per the guidelines issued by the Government of India, Ministry of Finance pursuant to their letter No. F/8/S/79 dated July 31, 1983, as amended by their letter No. F/14/SE/85 dated September 27, 1985, addressed to the stock exchanges, and as further modified by SEBI's Clarification XXI dated October 27, 1997, with respect to the SEBI Guidelines.

Refunds will be made by cheques, pay orders or demand drafts drawn on the Escrow Collection Banks and payable at par at places where Bids are received. Bank charges, if any, for cashing such cheques, pay orders or demand drafts at other centers will be payable by the Bidders.

IMPERSONATION

Attention of the applicants is specifically drawn to the provisions of sub-section (1) of Section 68 A of the Companies Act, which is reproduced below:

"Any person who:

- (a) makes in a fictitious name, an application to a company for acquiring or subscribing for, any shares therein, or
- (b) otherwise induces a company to allot, or register any transfer of shares therein to him, or any other person in a fictitious name,

shall be punishable with imprisonment for a term which may extend to five years."



Basis of Allocation

A. *For Retail Individual Bidders*

- Bids received from the Retail Individual Bidders at or above the Issue Price shall be grouped together to determine the total demand under this category. The Allotment to all successful Retail Individual Bidders will be made at the Issue Price.
- The Issue size less allocation to Non-Institutional Bidders and QIB Bidders shall be available for allocation to Retail Individual Bidders who have bid in the Issue at a price that is equal to or greater than the Issue Price.
- If the aggregate demand in this category is less than or equal to 17,500,000 Equity Shares at or above the Issue Price, full allotment shall be made to the Retail Individual Bidders to the extent of their demand.
- If the aggregate demand in this category is greater than 17,500,000 Equity Shares at or above the Issue Price, the allocation shall be made on a proportionate basis up to a minimum of 125 Equity Shares and in multiples of 125 Equity Shares thereafter. For the method of proportionate basis of allocation, refer below.

B. *For Non-Institutional Bidders*

- Bids received from Non-Institutional Bidders at or above the Issue Price shall be grouped together to determine the total demand under this category. The Allotment to all successful Non-Institutional Bidders will be made at the Issue Price.
- The Issue size less allocation to QIB Bidders and Retail Individual Bidders shall be available for allocation to Non-Institutional Bidders who have bid in the Issue at a price that is equal to or greater than the Issue Price.
- If the aggregate demand in this category is less than or equal to 7,500,000 Equity Shares at or above the Issue Price, full allotment shall be made to Non-Institutional Bidders to the extent of their demand.
- In case the aggregate demand in this category is greater than 7,500,000 Equity Shares at or above the Issue Price, allocation shall be made on a proportionate basis up to a minimum of 125 Equity Shares and in multiples of 125 Equity Shares thereafter. For the method of proportionate basis of allocation refer below.

C. *For QIBs*

- Bids received from the QIB Bidders at or above the Issue Price shall be grouped together to determine the total demand under this category. The Allotment to all the QIB Bidders will be made at the Issue Price.
- The Issue size less allocation to Non-Institutional Portion and Retail Portion shall be available for allocation to QIB Bidders who have bid in the Issue at a price that is equal to or greater than the Issue Price.
- The allocation would be decided by us in consultation with the BRLMs and would be at our sole discretion, based on various factors, such as quality of the Bidder, size, price and date of the Bid.
- Except for any shares allocated to QIB Bidders due to undersubscription in the Retail Portion and/or Non Institutional Portion, the aggregate allocation to QIB Bidders shall not be more than 25,000,000 Equity Shares.

Method of Proportionate basis of allocation in the Retail and Non Institutional categories

Bidders will be categorized according to the number of Equity Shares applied for by them.

- (a) The total number of Equity Shares to be allotted to each category as a whole shall be arrived at on a proportionate basis, which is the total number of Equity Shares applied for in that category (number of Bidders in the category multiplied by the number of Equity Shares applied for) multiplied by the inverse of the over-subscription ratio.
- (b) Number of Equity Shares to be allotted to the successful Bidders will be arrived at on a proportionate basis, which is total number of Equity Shares applied for by each Bidder in that category multiplied by the inverse of the over-subscription ratio.

In all Bids where the proportionate allotment is less than 125 Equity Shares per Bidder, the allotment shall be made as follows:

- Each successful Bidder shall be allotted a minimum of 125 Equity Shares; and
- The successful Bidders out of the total Bidders for a category shall be determined by draw of lots in a manner such that the total number of Equity Shares allotted in that category is equal to the number of Equity Shares calculated in accordance with (b) above; and
- Each successful Bidder shall be allotted a minimum of 125 Equity Shares.

If the proportionate allotment to a Bidder is a number that is more than 125 but is not a multiple of one (which is the market lot), the decimal would be rounded off to the higher whole number if that decimal is 0.5 or higher. If that number is lower than 0.5, it would be rounded off to the lower whole number. All Bidders in such categories would be allotted Equity Shares arrived at after such rounding off.

If the Equity Shares allocated on a proportionate basis to any category are more than the Equity Shares allotted to the Bidders in that category, the remaining Equity Shares available for allotment shall be first adjusted against any other category, where the allotted Equity Shares are not sufficient for proportionate allotment to the successful Bidders in that category. The balance Equity Shares, if any, remaining after such adjustment will be added to the category comprising Bidders applying for minimum number of Equity Shares.

Letters of Allotment or Refund Orders

We shall give credit to the beneficiary account with Depository Participants within two working days from the date of the finalisation of basis of allocation. We shall ensure dispatch of refund orders, if any, of value up to Rs. 1,500 by “Under Certificate of Posting”, and shall dispatch refund orders above Rs. 1,500, if any, by registered post or speed post at the sole or First Bidder’s sole risk within 15 days of the Bid/Issue Closing Date.

In accordance with the Companies Act, the requirements of the Stock Exchanges and SEBI Guidelines, we undertake that:

- Allotment shall be made only in dematerialised form within 15 days from the Bid/Issue Closing Date;
- Dispatch of refund orders shall be done within 15 days from the Bid/Issue Closing Date; and
- We shall pay interest at 15% per annum (for any delay beyond the 15 day time period as mentioned above), if Allotment is not made, refund orders are not dispatched and/or demat credits are not made to investors within the 15 day time prescribed above.

Undertaking by our Company

We undertake as follows:

- that the complaints received in respect of this Issue shall be attended to by us expeditiously and satisfactorily;
- that all steps will be taken for the completion of the necessary formalities for listing and commencement of trading at all the stock exchanges where the Equity Shares are proposed to be listed within seven working days of finalisation of the basis of allotment;
- that the funds required for dispatch of refund orders or allotment advice by registered post or speed post shall be made available to the Registrar to the Issue by us;
- that the refund orders or allotment advice to the NRIs or FIIs shall be dispatched within specified time; and
- that no further issue of Equity Shares shall be made till the Equity Shares offered through this Red Herring Prospectus are listed or until the Bid monies are refunded on account of non-listing, under-subscription etc.



Utilisation of Issue proceeds

Our Board of Directors certify that:

- all monies received out of the Issue shall be credited/transferred to a separate bank account other than the bank account referred to in sub-section (3) of Section 73 of the Companies Act;
- details of all monies utilised out of Issue referred above shall be disclosed under an appropriate head in our balance sheet indicating the purpose for which such monies have been utilised;
- details of all unutilised monies out of the Issue, if any shall be disclosed under the appropriate head in our balance sheet indicating the form in which such unutilised monies have been invested;
- we shall not have recourse to the Issue proceeds until the approval for trading of the Equity Shares from all the Stock Exchanges where listing is sought has been received.

RESTRICTIONS ON FOREIGN OWNERSHIP OF INDIAN SECURITIES

Foreign investment in Indian securities is regulated through the Industrial Policy, 1991 of the Government of India and FEMA. While the Industrial Policy, 1991 prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made. Under the Industrial Policy, unless specifically restricted, foreign investment is freely permitted in all sectors of Indian economy up to any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures for making such investment. As per current foreign investment policies, foreign direct investment in sugar and other engineering sectors, like ours is permitted up to 100%.

By way of Circular No. 53 dated December 17, 2003, the RBI has permitted FIIs to subscribe to shares of an Indian company in a public offer without prior RBI approval, so long as the price of equity shares to be issued is not less than the price at which equity shares are issued to residents.

Subscription by NRIs/ FIIs

It is to be distinctly understood that there is no reservation for Non-Residents, NRIs and FIIs and all Non-Residents, NRI and FIIs applicants will be treated on the same basis as other categories for the purpose of allocation.

As per the RBI regulations, OCBs cannot participate in this Issue.

The Equity Shares have not been and will not be registered under the Securities Act or any state securities laws in the United States and may not be offered or sold within the United States or to, or for the account or benefit of, "U.S. persons" (as defined in Regulation S under the Securities Act), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Equity Shares are only being offered and sold (i) in the United States to "qualified institutional buyers", as defined in Rule 144A of the Securities Act, and (ii) outside the United States to certain persons in offshore transactions in compliance with Regulation S under the Securities Act and the applicable laws of the jurisdiction where those offers and sales occur.

As per the current regulations, the following restrictions are applicable for investments by FIIs:

We do not require approval from the Government of India or from the Reserve Bank of India for making a fresh issue of Equity Shares under the Foreign Direct Investment Scheme as prescribed in the FEMA read with the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000 to FIIs, since foreign direct investment in companies engaged in sugar production and other engineering industries, such as ours, is permitted to the extent of 100% under existing law and policy.

The above information is given for the benefit of the Bidders. Our Company and the BRLMs are not liable for any amendments or modification or changes in applicable laws or regulations, which may happen after the date of this Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares bid for do not exceed the applicable limits under laws or regulations.

MAIN PROVISIONS OF ARTICLES OF ASSOCIATION OF THE COMPANY

Pursuant to Schedule II of the Companies Act and the SEBI Guidelines, the main provisions of the Articles of Association relating to voting rights, dividend, lien, forfeiture, restrictions on transfer and transmission of Equity Shares or debentures and/or on their consolidation/splitting as detailed below. Please note that each provision herein below is numbered as per the corresponding article number in the Articles of Association and defined terms herein have the meaning given to them in the Articles of Association.

BUSINESS

4. The business of the company shall be carried on by or under the management of Board of Directors subject only to such control of the general meetings as is provided by these Articles and the Act.
5. The business of the Company shall include all or any of the objects expressed in the Memorandum of Association and matters incidental thereto, to be taken in hand as the Directors in their discretion shall think fit.

CAPITAL AND INCREASE AND REDUCTION OF CAPITAL

6. "The Authorised Capital of the Company is Rs. 700,000,000 (Rupees Seventy Crores) divided into:
 - (i) 500,000,000 Equity Shares of Re. 1 each; and
 - (ii) 20,000,000 Preference Shares of Rs. 10 each

with power to increase or reduce the capital for the time being into several classes and to attach thereto respectively such preferential, deferred, qualified or special rights, privileges or conditions as may be determined by or in accordance with the Articles of Association of the Company and to vary, modify, amalgamate or abrogate any such rights, privileges or conditions in such manner as may for the time being be provided by the Articles of Association of the Company and the provisions of the Companies Act, 1956.

The Preference Shares shall be entitled to such rate of dividend and on such terms and conditions including the terms of redemption as may be decided by the Board of Directors of the Company at the time of issue of such shares and shall rank in priority to the equity shares in the event of winding-up of the Company but shall not be entitled to any participation in the profits or surplus assets of the Company."

8. Subject to the provisions of Section 81 of the Act and these Articles, the shares in the capital of the company for the time being shall be under the control of the Directors who may issue, allot or otherwise dispose of the same or any of them to such persons. in such proportion and on such terms and conditions and either at a premium or at par or (subject to the compliance with the provisions of Section 79 of the Act) at a discount and at such time as they may from time to time think fit and with the sanction of the company in the General Meeting to give to any person or persons the option or right to call for any shares either at par or premium during such time and for such consideration as the Directors think fit, and may issue and allot shares in the capital of the company on payment in full or part of any property sold and transferred or for any services rendered to the company in the conduct of its business and any shares which may so be allotted may be issued as fully paid up shares and if so issued, shall be deemed to be fully paid shares. Provided that option or right to call for shares shall not be given to any person or persons without the sanction of the company in the General Meeting.
9. In addition to and without derogating from the powers for that purpose conferred on the Directors under Article 8 the Company In general meeting may determine that any shares (whether forming part of the original capital or of any increased capital of the Company) shall be offered to such persons (whether members or holders of debentures of the Company or not) in such proportions and on such terms and conditions and either at a premium or at par or (subject to compliance with the provisions of Section 79 of the Act) at a discount, as such general meeting shall determine and with full power to give to any person (whether a member or holder of debentures of the Company or not) the option to call for or be allotted shares of any class of the Company either at a premium or at par, or (subject

to compliance with the provisions of Section 79 of the Act) at discount, such option being exercisable at such times and for such consideration as may be directed by such general meeting or the Company in general meeting may make any other provision whatsoever for the issue, allotment or disposal of any shares.

10. (1) The Company may from time to time by Special Resolution increase its share capital by the creation of new shares of such amount as it thinks expedient. Subject to the provisions of the Act the new share shall be issued upon such terms and conditions and with such rights and privileges annexed thereto, as the General Meeting resolving upon the creation thereof shall direct, and If no direction be given as the Directors shall determine and in particular such shares may be Issued with a preferential right to dividends and in the distributions of assets of the Company provided always that any preference shares may be issued on the terms that they are, at the option of the Company, liable to be redeemed. Notwithstanding anything contained in this clause, the rights or privileges attached to the Preference Shares in the capital for the time being of the Company shall not be modified except in manner hereinafter provided.
- (2) (i) Where at the time after the expiry of two years from the formation of the company or at any time after the expiry of one year from the allotment of shares in the company made for the first time after its formation, whichever is earlier, it is proposed to increase the subscribed capital of the company by allotment of further shares either out of the unissued capital or out of the increased share capital then:
 - (a) Such further shares shall be offered to the persons who at the date of the offer, are holders of the equity shares of the company, in proportion, as near as circumstances admit, to the capital paid up on those shares at that date.
 - (b) Such offer shall be made by a notice specifying the number of shares offered and limiting a time not less than thirty days from the date of the offer and the offer if not accepted, will be deemed to have been declined.
 - (c) The offer aforesaid shall be deemed to include a right exercisable by the person concerned to renounce the shares offered to them in favour of any other person and the notice referred to in sub clause (b) hereof shall contain a statement of this right. PROVIDED THAT the Directors may decline, without assigning any reason to allot any shares to any person in whose favour any member may renounce the shares offered to him.
 - (d) After expiry of the time specified in the aforesaid notice or on receipt of earlier intimation from the person to whom such notice Is given that he declines to accept the shares offered, the Board of Directors may dispose them of in such manner and to such person(s) as they may, in their sole discretion, think fit.
- (ii) Notwithstanding anything contained in sub-clause (i) hereof, the further shares aforesaid may be offered to any persons (whether or not those persons include the persons referred to in clause (a) of sub-clause (i) hereof in any manner whatsoever-
 - (a) If a special resolution to that effect is passed by the company in General Meeting, or
 - (b) Where no such special resolution is passed, if the votes cast (whether on a show of hands or on a poll as the case may be) in favour of the proposal contained in the resolution moved in the general meeting (including the casting vote, if any, of the Chairman) by the members who, being entitled to do so, vote in person, or where proxies are allowed, by proxy, exceed the votes, if any, cast against the proposal by members, so entitled and voting and the Central Government Is satisfied, on an application made by the board of Directors in this behalf that the proposal Is most beneficial to the company.
- (iii) Nothing in sub-clause (c) of (1) hereof shall be deemed:
 - (a) To extend the time within which the offer should be accepted; or
 - (b) To authorise any person to exercise the right of renunciation for a second time on the ground that the person in whose favour the renunciation was first made has declined to take the shares comprised in the renunciation.

- (iv) Nothing in this Article shall apply to the Increase of the subscribed capital of the company caused by the exercise of an option attached to the debenture Issued or loans raised by the company:
 - (i) To convert such debentures or loans Into shares In the company; or
 - (ii) To subscribe for shares in the company (whether such option is conferred In these Articles or other wise). PROVIDED THAT the terms of issue of such debentures or the terms of such loans include a term providing for such option and such term:
 - (a) Either has been approved by the Central Government before the issue of the debentures or the raising of the loans or is in conformity with Rules, if any, made by that Government in this behalf; and
 - (b) In the case of debentures or loans or other than debentures issued to or loans obtained from Government or any institution specified by the Central Government in this behalf, has also been approved by a special resolution passed by the company in General Meeting before the issue of the debentures or raising of the loans.
11. On the issue of Redeemable Preference Shares under the provisions of Article 10 the following provisions shall take effect:-
- (a) No such shares shall be redeemed except out of the profits of the Company which would otherwise be available for dividend or out of the proceeds of a fresh issue of shares made for the purpose of the redemption.
 - (b) No such shares shall be redeemed unless they are fully paid.
 - (c) The premium, if any, payable on redemption shall be provided for out of the profits of the Company or out of the Company's shares premium account, before the shares are redeemed,
 - (d) Where any such shares are redeemed otherwise than out of the proceeds of a fresh issue there shall, out of profits which would otherwise have been available for dividend, be transferred to a Reserve Fund to be called "The Capital Redemption Reserve Fund" a sum equal to the amount to be applied in redeeming the shares and the provisions of the Act relating to the reduction of the share capital of a company shall, except as provided under Section 80 of the Act or herein, apply as if the Capital Redemption Reserve Fund were paid up share capital of the Company.
 - (e) Subject to the provisions of Section 80 of the Act and this Article the redemption of Preference Shares hereunder may be effected in accordance with the terms and conditions of their issue and failing that in such manner as the Directors may think fit.
12. Except so far as otherwise provided by the conditions of issue or by these Articles, any capital, raised by the creation of new shares, shall be considered part of the initial capital, and shall be subject to the provisions, herein contained, with reference to the payment of calls and installments, transfer and transmission, forfeiture, lien, surrender, voting and otherwise.
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- (a) Notwithstanding anything contained in these Articles, the company shall have the power subject to and in accordance with all applicable provisions of the Act (including any statutory modification(s) or reenactment thereof from time to time) and Securities and Exchange Board of India (Buy Back of Securities) Regulations, 1998 to purchase any of its fully paid shares whether or not they are deemed able which shall not be deemed to be deduction of share capital contemplated by Section 100 of the Act.
 - (b) Except to the extent permitted by Section 77 or other applicable provisions (if any) of the Act the Company shall not give whether directly or indirectly and whether by means of a loan, guarantee, the provision of security or otherwise any financial assistance for the purpose of, or in connection with the purchase or subscription made or to be made by any person of or for any shares in the Company.

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- (c) Nothing in this Article shall affect the right of the Company to redeem any preference shares issued under Article 10 or under Section 80 or other relevant provisions (if any) of the Act or of any previous Companies' Law.
14. The Company may from time to time by Special Resolution reduce its capital in any manner for the time being authorised by law, and, in particular, capital may be paid off on the footing that it may be called up again or otherwise: Provided that no reduction of capital authorised by this Article shall permit the reduction of capital paid up on the Preference Shares.
15. The Company may in General Meeting alter the conditions of its Memorandum as follows:
- (a) Consolidate and divide all or any of its share capital into shares of larger mounts than its existing shares.
 - (b) Sub-divide its shares or any of them into shares of smaller amounts than originally fixed by the Memorandum subject nevertheless to the provisions of the Act of these Articles.
 - (c) Cancel shares which at the date of such General Meeting have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled.
16. Whenever the capital, by reason of the issue of Preference Shares or otherwise, is divided into different classes of shares, all or any of the rights and privileges attached to each class may, subject to the provisions of Section 106 and 107 of the Act, and whether or not the Company is being wound up, be varied, modified, commuted, affected or abrogated with the consent in writing of the holders of not less than three-fourths of the issued shares of that class or with the sanction of a special resolution passed at a separate meeting of the holders of the issued shares of that class, and all the provisions contained in these Articles as to general meetings shall *mutatis mutandis* apply to every such meeting.
17. The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not unless otherwise expressly provided by the terms of the issue of the shares of that class be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.
18. The Company shall not after 1st April, 1956, issue any shares (not being preference shares) which carry voting rights or rights in the company as to dividend, capital or otherwise which are disproportionate to the rights attached to the holders of other shares (not being preference share).
- (a) Subject to the provisions of Section 81 of the Companies Act, 1956, the Board shall have power to issue warrants or other documents which may entitle the holders thereof to Equity Shares or Convertible Debentures at the price to be specified therein and on such terms and conditions as the Board may deem fit.

SHARES

19. All the shares in the Company shall be numbered in regular series, and every forfeited or surrendered share shall continue to bear the number by which it was originally distinguished. No share shall be sub-divided except in the manner hereinbefore mentioned.
20. Subject to the provisions of the Act and these Articles the Directors may allot and issue shares in the capital of the Company as payment or part payment for any property sold or transferred, goods or machinery supplied, or for services rendered to the Company, either in or about the formation or promotion of the Company, or the conduct of its business; and any shares which may be so allotted may be issued as fully paid up shares, and if so issued, shall be deemed to be fully paid up shares.
21. An application signed by or on behalf of an applicant for shares in the Company, followed by an allotment of any share therein, shall be an acceptance of shares within the meaning of these Articles; and every person who thus or otherwise accepts any shares and whose name is on the register, shall, for the purposes of these Articles, be a member.

22. The money (if any) which the Directors shall, on the allotment of any shares being made by them, require or direct to be paid by way of deposit, call or otherwise, In respect of any shares allotted by them, shall immediately on the Inscription of the name of the allottee in the register of members as the name of the holder of such shares become a debt due to and recoverable by the Company from the allottee thereof, and shall be paid by him accordingly.
23. Every member, his executors, administrators or other legal representatives shall pay to the Company the proportion of the capital represented by his share or shares, which may for the time being, remain unpaid thereon, in such amounts, at such time or times, and in such manner, as the Directors shall from time to time, in accordance with the Company's regulations, require or fix for the payment thereof.
24. Except as required by law no person shall be recognised by the Company as holding any share upon any trust and the Company shall not be bound by, or be compelled in any way, to recognise (even when having notice thereof) any equitable, contingent, future or partial interest in any share or any interest In any fractional part of a share, or (except only as by these Article or by law otherwise provided) any other rights in respect of any share except an absolute right to the entirety thereof in the registered holder.

CERTIFICATES

26. Every member shall be entitled, without payment, to one or more certificates in marketable lots, for all the shares of each class or denomination registered in his name, or if the Directors so approve (upon paying such fee as the Directors may from time to time determine) to several certificates, each for one or more of such shares and the company shall complete and have ready for delivery such certificates within three months from the date of allotment, unless the conditions of issue thereof otherwise provide, or within one month of the receipt of application of registration of transfer, transmission, sub-division, consolidation or renewal of any of its shares as the case may be. Every certificate of shares shall be under the seal of the company and shall specify the number and distinctive numbers of shares in respect of which it is issued and amount paid-up thereon and shall be in such form as the directors may prescribe or approve provided that In respect of a share or shares held jointly by several persons, the company shall not be borne to issue more than one certificate and delivery of a certificate of shares to one of several joint holders shall be sufficient delivery to all such holders.
27. If any certificate be worn out, defaced, mutilation or torn or if there be no further space on the back thereof for endorsement of transfer, then upon production and surrender thereof to the company, a new certificate may be issued in lieu thereof, and if any certificate lost or destroyed then upon proof thereof to the satisfaction of the company and on execution of such indemnity as the company deem adequate, being given, a new certificate In lieu thereof shall be given to the party entitled to such lost or destroyed certificate. Every certificate under the Article shall be issued without payment of fees if the director so decide or on payment of such fees (not exceeding Rs. 2 for each certificate) as the Directors shall prescribe. Provided that no fee shall be charged for Issue of new certificates in replacement of those which are old, defaced or worn out or where there is no further space on the back hereof for endorsement of transfer. Provided that notwithstanding what is stated above the Directors shall comply with such rules or regulation or requirements of any Stock Exchange or the rules made under the Act or the rules made under Securities Contracts (Regulation) Act, 1956 or any other Act, or rules applicable in his behalf.

The provisions of this Article shall *mutatis mutandis* apply to debentures of the company.

TRANSFER AND TRANSMISSION OF SHARES

29. The Company shall keep a book, to be called the Register of Transfers and therein shall be fairly and distinctly entered the particulars of every transfer or transmission of any share.
30. The instrument of transfer shall be in writing and all provisions of Section 108 of the Companies Act, 1956 and statutory modification thereof for the time being shall be duly compiled with in respect of all transfer of shares and registration thereof.

31. The Company shall not register a transfer of shares in the Company unless a proper Instrument of transfer duly stamped and executed by or on behalf of the transferor and by or on behalf of the transferee, and specifying the name, address and occupation, if any, of the transferee, has been delivered to the Company along with the certificate relating to the shares or if no such share certificate is in existence, along with the letter of allotment of the shares: Provided that where, on an application in writing made to the Company by the transferee and bearing the stamp required for an instrument of transfer, it is proved to the satisfaction of the Board of Directors that the Instrument of transfer signed by or on behalf of the transferor and by or on behalf of the transferee has been lost, the Company may register the transfer on such terms as to indemnity as the Board may think fit; Provided further that nothing in this article shall prejudice any power of the Company to register as shareholder any person to whom the right to any share in the Company has been transmitted by operation of law.
32. Subject to the provisions of Section 111 of the Act and Section 22A of the Securities Contracts (Regulation) Act, 1956, the Directors may, at their own absolute and uncontrolled discretion and by giving reasons, decline to register or acknowledge any transfer of shares whether fully paid or not and the right of refusal, shall not be affected by the circumstances that the proposed transferee is already a member of the company but in such cases, the Directors shall within one month from the date on which the instrument of transfer was lodged with the company, send to the transferee and transferor notice of the refusal to register such transfer provided that registration of transfer shall not be refused on the ground of the transferor being either alone or jointly with any other person or persons indebted to the company on any account whatsoever except when the company has a lien on the shares. Transfer of shares/debentures in whatever lot shall not be refused.
34. (1) An application for the registration of a transfer of the shares in the company may be made either by the transferor or the transferee.
- (2) Where the application is made by the transferor and relates to partly paid shares, the transfer shall not be registered unless the Company gives notice of the application to the transferee and the transferee makes no objection to the transfer within two weeks from the receipt of the notice.
- (3) For the purposes of sub-clause (2) above notice to the transferee shall be deemed to have been duly given if it is despatched by prepaid registered post to the transferee at the address given in the instrument of transfer and shall be deemed to have been duly delivered at the time at which It would have been delivered in the ordinary course of post.
35. A transfer of the share in the Company of a deceased member thereof made by his legal representative shall, although the legal representative is not himself a member, be as valid as if he had been a member at the time of the execution of the Instrument of transfer.
36. The instrument of transfer shall after registration be retained by the Company and shall remain in its custody. All instruments of transfer which the Directors may decline to register shall on demand be returned to the person depositing the same. The Directors may cause to be destroyed all transfer deeds lying with the Company for a period of ten years or more.
37. The Directors shall have power on giving not less than seven days' previous notice by advertisement as required by Section 154 of the Act to close the transfer books of the Company for such period or periods of time not exceeding in the whole 45 days in each year but not exceeding 30 days at a time as to them may seem fit.
38. The executor or administrator of a deceased member (whether European, Hindu, Mohammedan, Parsi, or otherwise not being one of two or more joint holders) shall be only person recognised by the Company as having any title to his shares and the Company shall not be bound to recognize such executor or administrator unless such executor or administrator shall have first obtained Probate or Letters of Administration, as the case may be, from a duly constituted Court in India; Provided that in any case where the Board in their absolute discretion think fit, the Board may dispense with production of Probate or Letters of Administration, and, under the next Article, register the name of any person who claims to be absolutely entitled to the shares standing in the name of a deceased member as a member.

39. Subject to the provisions of the Act and these Articles, any person becoming entitled to a share in consequence of the death, bankruptcy or insolvency of any member, or by any lawful means other than by a transfer in accordance with these presents, may, with the consent of the Directors (which they shall not be under any obligation to give), upon producing such evidence as the Board think sufficient, either be registered himself as the holder of the share or elect to have some person nominated by him, and approved by the Board, registered as such holder; Provided, nevertheless, that if such person shall elect to have his nominee registered, he shall testify the election by executing to his nominee an instrument of transfer of the share in accordance with the provisions herein contained, and, until he does so, he shall not be freed from any liability in respect of the share.
40. Every transmission of a share shall be verified in such manner as the Directors may require, and the Company may refuse to register any such transmission until the same be so verified, or until or unless an indemnity be given to the Company with regard to such registration which the Board at their discretion shall consider sufficient; Provided nevertheless, that there shall not be any obligation on the Company or the Board to accept any indemnity.
41. No fee shall be charged for registration of Transfer, Transmission, Probate, Succession Certificate and Letters of Administration, Certificate of Death or Marriage, Power of Attorney or similar other document.
42. The Company shall incur no liability or responsibility whatever in consequence of their registering or giving effect to any transfer of shares made, or purporting to be made, by any apparent legal owner thereof (us shown or appearing in the Register of Members) to be prejudice of persons having or claiming any equitable right, title or interest to or in the same shares, notwithstanding that the Company may have had notice of such equitable right, title or interest or notice prohibiting registration of such transfer, and may have entered such notice, or referred thereto, in any book of the Company; and the Company shall not be bound or required to regard or attend or give effect to any notice which may be given to them of any equitable right, title or interest, or be under any liability whatsoever for refusing or neglecting so do, though it may have been entered or referred to in some books of the Company; but the Company shall, nevertheless, be at liberty to regard and attend to any such notice and give effect thereto, if the Directors shall so think fit.

FORFEITURE, SURRENDER AND LIEN

43. If any member fails to pay the whole or any part of any call or installment or any money due in respect of any shares either by way of principal or interest on or before the day appointed for the payment of the same the Directors may at any time thereafter during such time as the call or installment or any part thereof or other moneys remain unpaid or a judgment or decree in respect thereof remains unsatisfied in whole or in part serve a notice on such member or on the person (if any) entitled to the share by transmission requiring him to pay such call or installment or such part thereof or other moneys as remain unpaid together with any interest (that may have accrued and all expenses (legal or otherwise) that may have been incurred by the Company by reason of such non-payment.
44. The notice shall name a day (not being less than fourteen days from the date of the notice) and a place or places on and at which the money is to be paid, and the notice shall also state that, in the event of the nonpayment of such money at the time and place appointed, the shares in respect of which the same is owing will be liable to be forfeited.
45. If the requirement of any such notice shall not be complied with, every or any share, in respect of which the notice is given, may at any time thereafter before payment of all calls or installments, interest and expenses due in respect thereof, be forfeited by a resolution of the Directors. Such forfeiture shall include all dividends declared in respect of the forfeited shares and not actually paid before forfeiture.
46. When any share is so declared to be forfeiture, notice of the forfeiture shall be given to the holder of the share, and an entry of the forfeiture, with the date thereof, shall forthwith be made in the Register of Members.
47. Every share which shall be so declared forfeited shall thereupon be the property of the Company, and may be sold, re-allotted or otherwise disposed of either to the original holder thereof, or to any other person, upon such terms and in such manner as the Board shall think fit.

48. The Directors may, at any time before any shares so forfeited shall have been sold, re-allot or otherwise dispose of, annul the forfeiture thereof upon such conditions as they think fit.
49. Any member whose shares may be forfeited shall, notwithstanding the forfeiture, be liable to pay and shall forthwith pay to the Company all money owing upon the shares at the time of forfeiture together with Interest thereon from the time of the forfeiture until payment upto 12% per annum as determined by the Directors, and the Directors may enforce the payment thereof if they think fit.
50. A certificate in writing signed by the Chairman that a share in the Company has been duly forfeited on the date stated shall be conclusive evidence of the fact as against all person claiming to be entitled to the share or any interest or right therein and the certificate and the receipt of the Company for the consideration, if any, paid for the share on its sale or disposition, shall constitute a good title in the holder of the share and the person, to whom the share is sold or disposed of, shall be registered as the holder of the share, and he shall not be bound to see to the application of the purchase money (if any), nor his title to the share be affected or be impeachable by any person on the ground of any irregularity or invalidity in the proceedings of the forfeiture, sale or disposal of the share.
51. The Directors may at any time, subject to the provisions of the Act, accept the surrender of any share from or by any member or his representative entitled to dispose of the same (and desirous of surrendering) on such terms as the Directors may think fit.
52. The Company shall have a first and paramount lien upon all the shares/debentures (other than fully paid-up shares/debentures) registered in the name of each member (whether solely or jointly with others) and upon the proceeds of sale thereof for all moneys (whether presently payable or not) called or payable at a fixed time in respect of such shares/debentures and no equitable interest in any shares shall be created except upon the footing and condition that this Article will have full effect. And such lien shall extend to all dividends and bonuses from time to time declared In respect of such shares/debentures. Unless otherwise agreed the registration of a transfer of shares/debentures shall operate as a waiver of the company's lien if any, on such shares/debentures. The Directors may at any time declare any shares/debentures wholly or in part to be exempt from the provisions of this clause.
53. For the purpose of enforcing such lien, the Directors may sell the share, as aforesaid, in such manner as they shall think fit but no sale shall be made until such time as mentioned in the last preceding clause shall have arrived and until notice in writing of the exercise of right to sell shall have been served on such member or his representative and default shall have been made by him in payment, fulfillment or discharge of such debts, liabilities or engagements of 30 days after such notice,
54. The net proceeds of any such sale shall be applied in or towards the satisfaction of such debts, liabilities or engagements and the balance, if any, shall be paid to such member or his representative. The purchaser shall be registered as the holder of the share, and he shall not be bound to see the application of the purchase money, nor shall his title to the share be effected or be impeached by the previous holder or any other person on the ground of any Irregularity or invalidity in the proceedings of the sale.

CALLS

55. The Board may, from time to time, but subject to the conditions hereinafter mentioned, make such calls upon the members in respect of all moneys for the time being unpaid on their shares as the Board think fit, and may make arrangements on the issue of shares for a difference between the holders of such shares in the amount of calls to be paid and the time of payment of such calls; and every member shall be liable to pay the amount of every call to the persons and at the time and place appointed by the Board.
56. Where after the commencement of the Act, any calls for further share capital are made on shares, such calls shall be made on a uniform basis on all shares falling under the same class. For the purposes of this Article, shares of the same nominal value on which different amounts have been paid up shall not be deemed to fall under the same class.

57. Fifteen days' notice at the least shall be given by the Company of the time and place appointed by the Board for the payment of every call made payable otherwise than on allotment.
58. A call shall be deemed to have been made at the time when the resolution of the Directors authorising such call was passed and may be made payable by the members whose names appear on Register of Members on such date or at the discretion of the Directors on such subsequent date as shall be fixed by the Directors.
59. The Directors may from time to time at their discretion extend the time fixed for the payment of any call, and may extend such time as to all or any of the members who have residence at a distance or for other cause the Directors may deem fairly entitled to such extension; but no member shall be entitled to such extension save as a matter of grace and favour.
60. If any member fails to pay any call due from him on the day appointed for payment thereof or any such extension thereof as aforesaid, he shall be liable to pay interest for the same at such rate, from the day appointed for the payment thereof to the time of actual payment, as shall from time to time be fixed by the Board. But nothing in this Article shall be deemed to make it compulsory upon the Board to demand or recover any interest from any such member.
61. Subject to the provisions of the Act and these Articles on the trial of hearing of any action or suit brought by the Company against any member or his representatives to recover any debt or money claimed to be due to the Company in respect of his share, it shall be sufficient to prove that the name of the defendant is or was, when the claim arose, on the Register of Members of the Company as a holders of number of shares in respect of which such claim is made, and that the amount claimed is not entered as paid in the books of the Company, and it shall not be necessary to prove the appointment of the Directors who made any call, nor that a quorum of Directors was present at the Board at which any call was made, nor that the meeting at which any call was made was duly convened or constituted, nor any other matter whatsoever; but the proof of the matters aforesaid shall be conclusive evidence of the debt.
62. Neither a judgement nor a decree in favour of the Company for calls or other moneys due in respect of any shares nor any part payment or satisfaction thereunder nor the receipt by the Company of a portion of any money which shall from time to time be due from any member in respect of any shares either by way of principal or interest nor any indulgence granted by the Company in respect of the payment of any money shall preclude the forfeiture of such shares as herein provided.
63. The Directors may, if they think fit, subject to the provisions of Section 92 of the Act, agree to and receive from any member willing to advance the same in whole or any part of the moneys due upon the shares held by him beyond the sums actually called for, and upon the amount so paid or satisfied in advance, or so much thereof as from time to time exceeds the amount of the calls then made upon the shares in respect of which such advance has been made, the company may pay interest at such rate, as the member paying such sum in advance and the Directors agree upon provided that money paid in advance of calls shall not confer a right to participate in profits or dividend. The Directors may at any time repay the amount so advanced.

The members shall not be entitled to any voting rights in respect of the moneys so paid by him until the same would but for such payment, become presently payable.

The provisions of these Articles shall *mutatis mutandis* apply to the calls on debentures of the company.

CONVERSION OF SHARES INTO STOCK

64. The Company may, by ordinary resolution - (a) convert any paid-up shares into stock; and (b)reconvert any stock into paid up shares of any denomination.
65. The holders of stock shall, according to the amount of stock held by them, have the same rights, privileges and advantages as regards dividends, voting at meetings of the Company, and other matters, as if they held the shares

from which the stock arose; but no such privilege or advantage (except participation In the dividends and profits of the Company and in the assets on winding up) shall be conferred by an amount of stock which would not, if existing in shares, have conferred that privilege or advantage.

66. Such of the regulations of the Company (other than those relating to the share warrants) as are applicable to paid up shares shall apply to stock and the words “share” and “shareholder” in those regulations shall include “stock” and “stockholder” respectively.

JOINT HOLDERS

67. Where two or more persons are registered as the holders of any share they shall be deemed to be “joint holders” same as joint tenants with benefits of survivorship subject to the following and other provisions contained In these Articles
- (a) The joint holders of any share shall be liable severally as well as jointly for and in respect of all calls and other payments which ought to be made in respect of such share.
 - (b) On the death of such joint holders the survivor or survivors shall be the only person or persons recognised by the Company as having any title to the share but the Directors may require such evidence of death as they may deem fit and nothing herein contained shall be taken to release the estate of a deceased joint holder from any liability on shares held by him jointly with any other person.
 - (c) Only the person whose name stands first in the Register may give effectual receipts of any dividends or other moneys payable in respect of such share.
 - (d) Only the person whose name stands first in the Register of Members as one of the joint holders of any share shall be entitled to delivery of the certificate relating to such share or to receive documents (which expression shall be deemed to include all documents referred to In Article 189) from the Company and any document served on or sent to such person shall be deemed service on all the joint holders.
 - (e) Any one of two or more joint holders may vote at any meeting either personally or by attorney or by proxy in respect of such shares as if he was solely entitled thereto and if more than one of such joint holders be present at any meeting personally or by proxy or by attorney then that one of such persons so present whose name stands first or higher (as the case may be) on the Register in respect of such share shall alone be entitled to vote in respect thereof but the other or others of the joint holders shall be entitled to be present at the meeting; provided always that a joint holder present at any meeting personally shall be entitled to vote in preference to a joint holder present by attorney or by proxy although the name of such joint holder present by an attorney or proxy stands first or higher (as the case may be) in the Register in respect of such shares. Several executors or administrators of a deceased member in whose (deceased member’s) sole name any share stands shall for the purposes of this sub-clause be deemed joint holders.
 - (f) Subject as in this Article provided the person first named in the Register as one of the joint holders of a share shall be deemed the sole holder thereof for matters connected with the Company.

CONVENING MEETINGS

68. (1) The Company shall, in addition to any other meetings hold a general meeting (herein called an “Annual General Meeting”) at the intervals and in accordance with provisions herein specified. The Annual General Meeting of the Company shall be held within six months after the expiry of each financial year; Provided however that if the Registrar of Companies shall have for any special reason extended the time within which any Annual General Meeting shall be held by a further period not exceeding six months, the Annual General Meeting may be held within the additional time fixed by the Registrar. Except in the cases where the Registrar has given an extension of time as aforesaid for holding any Annual General Meeting, not more than fifteen months shall elapse between the date of one Annual General Meeting and that of the next.

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- (2) Subject to such restrictions as may be imposed by Section 166 of the Act or other law affecting the place of meeting, every Annual General Meeting shall be called for a time during business hours, on a day that is not a public holiday, and shall be held either at the Registered Office of the Company or at some other place within the city, town or village in which the Registered Office of the Company is situated.
69. All General Meetings other than Annual General Meetings shall be called Extraordinary General Meetings.
70. The Board of Directors may, whenever thinks fit, call an Extraordinary General Meeting.
71. (1) The Board of Directors shall, on the requisition of such number of members of the Company as hold in regard to any matter at the date of deposit of the requisition not less than one-tenth of such of the paid-up capital of the Company as at that date carries the right of voting in regard to that matter, forthwith proceed duly to call an Extraordinary General Meeting of the Company and the provisions of Section 169 of the Act (including the provisions below) shall be applicable.
- (2) The requisition shall set out the matters for the consideration of which the meeting is to be called, shall be signed by the requisitionists and shall be deposited at the Registered Office of the Company.
- (3) The requisition may consist of several documents in like form, each signed by one or more requisitionists.
- (4) Where two or more distinct matters are specified in the requisition, the provisions of sub-clause (1) above shall apply separately in regard to such each matter; and the requisition shall accordingly be valid only in respect of those matters in regard to which the condition specified in that sub-clause is fulfilled.
- (5) If the Board does not, within twenty-one days, from the date of the deposit of a valid requisition in regard to any matters, proceed duly to call a meeting for the consideration of those matters on a day not later than forty-five days from the date of the deposit of the requisition, the meeting may be called by the requisitionists themselves or by such of the requisitionists as represent either a majority in value of the paid-up share capital held by all of them or not less than one-tenth of such of the paid up share capital of the Company as is referred to in sub-clause (1) above, whichever is less.
- (6) A meeting called under sub-clause (5) above by the requisitionists or any of them shall be called in the same manner, as nearly as possible, as that in which meetings are to be called by the Board: but shall not be held after the expiration of three months from the date of the deposit of the requisition.
- (7) Any reasonable expenses incurred by the requisitionists by reason of the failure of the Board duly to call a meeting shall be repaid to the requisitionists by the Company, and any sum so repaid shall be retained by the Company out of any sums due or to become due from the Company by way of fees or other remuneration for their services to such of the Directors as were in default.
72. (1) A General Meeting of the Company may be called by giving not less than 21 days' notice in writing.
- (2) However, a General Meeting may be called after giving a shorter notice than 21 days, if the consent is accorded thereto.
- (i) in the case of an Annual General Meeting by all the members entitled to vote thereat; and
- (ii) in the case of any other meeting, by members of the Company holding not less than 95% of such part of the paid-up share capital of the Company as gives them a right to vote at that meeting.
- Provided that where any members of the Company are entitled to vote only on some resolution or resolutions to be moved at the meeting and not on the others, those members shall be taken into account for the purpose of this sub-clause in respect of the former resolution or resolutions but not in respect of the latter.
73. (1) Every notice of a meeting of the Company shall specify the place, the date and hour of the meeting, and shall contain a statement of the business to be transacted thereat.

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- (2) No General Meeting, Annual or Extraordinary, shall be competent to enter upon, discuss or transact any business which has not been specifically mentioned In the notice or notices upon which it was convened.
- (3) In every notice there shall appear with reasonable prominence a statement that a member entitled to attend and vote is entitled to appoint a proxy or, where allowed, one or more proxies to attend and vote instead of himself, and that a proxy need not be a member of the Company.
74. (a) In the case of an Annual General Meeting all business to be transacted at the meeting shall be deemed special, with the exception of business relating to:-
- (i) the consideration of the Accounts, Balance Sheet and Profit and Loss Account and the Report of the Board of Directors and of the Auditors;
 - (ii) the declaration of dividend;
 - (iii) the appointment of the Directors in the place of those retiring;
 - (iv) the appointment and the fixing of the remuneration of the Auditors.
- (b) In the case of any other meeting all business shall be deemed special.
- (c) Where any item of business to be transacted at the meeting is deemed to be special as aforesaid, there shall be annexed to the notice of the meeting a statement setting out all material facts concerning each such item of business including, in particular, the nature and extent of the interest, if any, therein of every Director and of the Managing Agents.
- (d) Where any item of business to be transacted at the meeting of the Company consists of according the approval of the meeting to any document, the time and place where the document can be inspected shall be specified in the explanatory statement.
75. Notice of every meeting shall be given to every member of the Company in any manner authorised by sub-section (1) to. (4) of Section 53 of the Act and these Articles. It shall be given to the persons entitled to a share in consequence of the death or insolvency of a member by sending it through the post in a prepaid letter addressed to them by name, or by the title of the representatives of the deceased, or assignees of the insolvent, or by any like description, at the address, if any, in India supplied for the purpose by the persons claiming to be so entitled, or until such an address has been so supplied, by giving the notice in any manner in which it might have been given if the death or insolvency had not occurred.
76. Notice of every meeting of the Company shall be given to the Auditor or Auditors for the time being of the Company in any manner authorised by Section 53 in the case of any member or members of the Company.
77. The accidental omission to give notice of any meeting to, or the non-receipt of any notice by, any member or other person to whom it should be given shall not invalidate the proceedings at the meeting.
78. (1) Where, by any provision contained in the Act or in these Articles, special notice is required of any resolution, notice of the intention to move the resolution shall be given to the Company not less than twenty-eight days before the meeting at which it is to be moved, exclusive of the day on which the notice is served or deemed to be served and the day of the meeting.
- (2) The Company shall give its members notice of any such resolution at the same time and in the same manner as it gives notice of the meeting, or if that is not practicable, shall give them notice thereof, either by advertisement in a newspaper having an appropriate circulation or in any other mode allowed by the Articles, not less than twenty-one days before the meeting.
- (3) If, after notice of the intention to move such a resolution has been given to the Company, a meeting Is called for a date twenty-eight days or less after the notice has been given, then, notwithstanding anything contained in sub-clauses (1) and (2) hereof, the notice, though not given within the time required by this Article, shall be deemed to have been properly given for the purposes thereof.

PROCEEDINGS AT GENERAL MEETINGS

79. Five members entitled to vote and present in person shall be a quorum for a General Meeting and no business shall be transacted at any General Meeting unless the quorum requisite be present at the commencement of the business
80. If within half an hour from the time appointed for holding a meeting of the Company, a quorum is not present, the meeting, if called upon the requisition of members, shall stand dissolved. In any other case the meeting shall stand adjourned to the same day in the next week, at the same time and place or to such other day and at such other time and place as the Board may determine.
81. If at any adjourned meeting also a quorum is not present within half an hour of the time appointed for holding the meeting, the members present, whatever their number or the amount of the shares held by them, shall be a quorum and shall have power to decide upon all the matters which could properly have been disposed of at the meeting from which the adjournment took place.
82. The Chairman of the Board of Directors shall preside as Chairman at every General Meeting of the Company whether Ordinary or Extraordinary.
83. If there is no such Chairman, or at any meeting he is not present within half an hour after the time appointed for holding the meeting, or is unwilling to act as Chairman, the members present and entitled to vote, shall elect some one of the Directors present, and if no Director be present some other member who has not disqualified himself from voting at a meeting, to be the Chairman of the Meeting.
84. (1) No business shall be transacted at any General Meeting unless a Chairman is elected to preside at that Meeting.
(2) If a poll is demanded on the election of the Chairman, it shall be taken forthwith in accordance with the provisions of the Act and these Articles; the Chairman so elected on a show of hands exercising all the powers of the Chairman under the Act and these Articles.
(3) If some other person is elected Chairman as a result of poll he shall be Chairman for the rest of the meeting,
85. The Chairman, with the consent of any meeting at which a quorum is present, may adjourn any meeting from time to time and from place to place, but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.
86. When a meeting is adjourned for 30 days or more, notice of the adjourned meeting shall be given as In the case of an original meeting. Save as aforesaid it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.
87. At any General Meeting, a resolution put to the vote of the meeting shall, unless a poll is demanded, be decided on a show of hands. A declaration by the Chairman that on a show of hands a resolution has or has not been carried, or has or has not been carried either unanimously or by a particular majority, and an entry to that effect in the books containing the minutes of the proceeding of the Company, shall be conclusive evidence of the fact, without proof of the number or proportion of the votes cast in favour of or against such resolution.
88. (a) Before or on the declaration of the result of the voting on any resolution on a show of hands, poll may be ordered to be taken by the Chairman of the meeting of his own notion and shall be ordered to be taken by him on a demand made in that behalf by any member or members present in person or by proxy and holding shares, in the Company which confer a power to vote on the resolution, not being less than one tenth of the total voting power in respect of the resolution, or on which an aggregate sum of not less than fifty thousand rupees has been paid up.
(b) The demand for a poll may be withdrawn at any time by the person or persons who made the demand.

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89. If a poll be demanded as aforesaid it shall be taken forthwith on a question of adjournment or election of a Chairman of the meeting and in any other case in such manner and at such time, not being later than forty-eight hours from the time when the demand was made, and at such place as the Chairman of the meeting directs, and, subject as aforesaid, either at once or after an interval or adjournment or otherwise, and the result of the poll shall be deemed to be the decision of the meeting on the resolution on which the poll was taken.
90. Where a poll is to be taken, the Chairman of the meeting shall appoint two scrutineers to scrutinise the votes given on the poll and to report thereon to him. The Chairman shall have power, at any time before the result of the poll is declared, to remove a scrutineer from office and to fill vacancies in the office of scrutineers arising from such removal or from any other cause. Of the two scrutineers appointed under this Article, one shall always be a member (not being an officer or employee of the Company) present at the meeting, provided such a member is available and willing to be appointed.
91. The demand for a poll shall not prevent the continuance of a meeting for the transaction of any business other than the question on which the poll has been demanded.
92. In the case of an equality of votes, whether on a show of hands or on a poll, the Chairman of the meeting, at which the show of hands takes place or at which the poll is demanded, shall be entitled to a casting vote in addition to his own vote or votes to which he may be entitled as a member.
93. At every Annual General Meeting of the Company there shall be laid on the table the Directors' Report and audited Statement of Accounts, Auditors' Report (if not already incorporated in the audited Statement of Accounts), the Proxy Register with proxies and the Register of Directors' holdings maintained under Section 307 of the Act. The Auditors' Report shall be read before the Company in General Meeting and shall be open to inspection by any member of the Company.
94. A copy of each of the following Resolutions or Agreements shall, within thirty days after the passing or making thereof, be printed or typewritten and duly certified under the signature of an officer of the Company and filed with the Registrar, and the same shall also be embodied in or annexed to every copy of these Articles after the passing of the resolution or the making of agreement:
- (a) Special Resolutions
 - (b) Resolutions, which have been agreed to by all the members of the Company, but which, if not so agreed to, would not have been effective for their purpose unless they had been passed as special resolutions:
 - (c) Any agreement relating to the appointment, re-appointment or renewal of the appointment of a managing agent or secretaries and treasurers for the Company or varying the terms of any such agreement executed by the Company;
 - (d) Resolutions or agreements which have been agreed to by all the members of any class of shareholders but which, if not so agreed to, would not have been effective for their purpose unless they had been passed by some particular majority or otherwise in some particular manner; and all resolutions or agreements which effectively bind all the members of any class of shareholders though not agreed to by all those members; and
 - (e) Resolution requiring the Company to be wound up voluntarily passed in pursuance of sub-section (1) of Section 484 of the Act.
95. The Company shall cause minutes of all proceedings of General Meetings to be entered in books kept for that purpose. The minutes of each meeting shall contain a fair and correct summary of the proceeding thereat. All appointments of officers made at any of the meetings shall be included in the minutes of the meeting. Any such minutes, if purporting to be signed by the Chairman of the meeting at which the proceedings took place or by the Chairman of the next succeeding meeting, shall be evidence of the proceedings.
96. The book containing the aforesaid minutes shall be kept at the Registered Office and be opened during business

hours to the inspection of any member without charge subject to such reasonable restrictions as the Company by these Articles or in general meeting may impose in accordance with Section 196 of the Act. Any member shall be entitled to be furnished within seven days after he has made a request in that behalf to the Company with a copy of the aforesaid minutes on payment of such sum as may be prescribed for every one hundred words or fractional part thereof required to be copied.

97. No report of the proceedings of any General Meeting of the Company shall be circulated or advertised at the expense of the Company unless it includes the matters required by these Articles or Section 193 of the Act to be contained in the minutes of the proceedings of such meeting.

VOTES OF MEMBERS

98. Subject to the provisions of the Act and these Articles, votes may be given either personally or by an attorney or by proxy or in the case of a body corporate by a representative duly authorised under Section 187 of the Act and Article 10(1).
99. Subject to the provisions of the Act, no member shall be entitled to be present or to vote at any General Meeting either personally or by proxy or attorney or by reckoned in a quorum unless all calls or other sum presently payable by him in respect of shares in the Company have been paid.
100. (1) Subject to the provisions of the Act and these Articles upon a show of hands every member entitled to vote and present in person (including a body corporate present by a representative duly authorised in accordance with the provisions of Section 187 of the Act and Article 10(1) shall have one vote.
- (2) Subject to the provisions of the Act and these Articles upon a poll every member entitled to vote and present in person (including a body corporate present as aforesaid) or by attorney or by proxy shall be entitled to one vote for every fully-paid up share held or represented by him. In respect of partly paid-up shares the voting rights shall be in the same proportion as the capital paid-up on such shares bears to the total paid-up capital of the Company.
101. No member not personally present shall be entitled to vote on a show of hands unless such member is a body corporate present by a representative duly authorised under Section 187 of the Act in which case such representative may vote on a show of hands as if he were a member of the Company.
102. On a poll taken at a meeting of the Company, a member entitled to more than one vote, or his proxy, or other person entitled to vote for him, as the case may be, need not, if he votes, use all his votes, or cast all the same way all the votes he uses.
103. (1) A member of unsound mind, or in respect of whom an order has been made by any Court having jurisdiction in lunacy, may vote, whether on a show of hands or on a poll, by his committee or other legal guardian, and any such committee or guardian may, on a poll, vote by proxy; provided that such evidence of the authority of the person claiming to vote as shall be accepted by the Directors shall have been deposited at the office of the Company not less than forty-eight hours before the time of holding a meeting.
- (2) If any member is a minor, he may vote by his guardian appointed by a competent Court of recognised by the Directors and noted as such a guardian of the minor in the Register of Members.
105. Any member entitled to attend and vote at a meeting of the Company shall be entitled to appoint another person (whether a member or not) as his proxy to attend and vote instead of himself; but a proxy so he appointed shall not have any right to speak at the meeting.
106. Every proxy shall be appointed by an instrument in writing signed by the appointer or his attorney duly authorised in writing, or, if the appointer is a body corporate, be under its seal or be signed by an officer or an attorney duly authorised by it.

108. The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy thereof shall be deposited at the office of the Company not less than forty-eight hours before the time for holding the meeting at which the person named in the instrument proposes to vote and in default the instrument of proxy shall not be treated as valid. No instrument appointing a proxy shall be valid after the expiration of twelve months from the date of its execution except in the case of the adjournment of any meeting first held previously to the expiration of such time. An attorney shall not be entitled to vote unless the power of attorney or other instrument appointing him or a notarially certified copy thereof has either been registered in the records of the Company at any time not less than forty-eight hours before the time for holding the meeting at which the attorney proposes to vote or is deposited at the office of the Company not less than forty-eight hours before the time fixed for such and meeting as aforesaid. Notwithstanding that a power of attorney or other authority previously registered in all the records of the Company, the Company may by notice in writing addressed to the member or the attorney given at least fourteen days before the meeting require him to produce the original power of attorney or authority and unless the same is thereon deposited with the Company not less than forty-eight hours before the time fixed for the meeting the attorney shall not be entitled to vote at such meeting, unless the Directors in their absolute discretion excuse such non-production and deposit.
109. Every member entitled to vote at a meeting of the Company according to the provisions of these Articles on any resolution to be moved thereat shall be entitled, during the period beginning twenty-four hours before the time fixed for the commencement of the meeting and ending with the conclusion of the meeting, to inspect the proxies lodged at any time during the business hours of the company provided not less than three days' notice in writing of the intention so to inspect is given to the Company.
110. A vote given in accordance with the terms of an instrument of proxy or by an attorney shall be valid, notwithstanding the previous death of the principal or revocation of the proxy or power of attorney as the case may be or of any power of attorney under which such proxy was signed, or the transfer of the share in respect of which the vote is given; provided that no intimation in writing of the death, revocation or transfer shall have been received at the office before the meeting.
111. Subject to the Act and these Articles, no objection shall be made to the validity of any vote, except at the meeting or poll at which such vote shall be tendered, and every vote, whether given personally or by proxy or by any means hereby authorised and not disallowed at such meeting or poll, shall be deemed valid for all purposes of such meeting or poll whatsoever.
112. Subject to the provisions of the Act and these Articles, the Chairman of any meeting shall be the sole judge of the validity of every vote tendered at such meeting. Subject as aforesaid, the Chairman present at the taking of a poll shall be the sole judge of the validity of every vote tendered at such poll.
113. Subject to the rights of members entitled to shares with preferential or special rights, if any, attached thereto, the profits of the Company which it shall from time to time determine to be divided in respect of any year or other period shall be applied in the payment of a dividend on the equity shares of the Company.
114. Where capital is paid up in advance of calls upon the footing that the same shall carry interest, such capital shall not whilst carrying interest confer a right to participate in profits.
115. (1) The Company may pay dividends in proportion to the amount paid up or credited as paid upon each shares, where a larger amount is paid up or credited as paid up on some shares than on others.
(2) No larger dividend shall be declared than is recommended by the Directors; but the Company in General Meeting may declare a smaller dividend and, subject to the provisions of the Act, may fix the time for its payment. No dividend, shall be payable except out of the profits of the year or any other undistributed profits of the Company, and no dividend shall carry interest as against the Company. The declaration of the Directors as to the amount of the net profits of the Company shall be conclusive.

116. Subject to the provisions of the Act, the Directors may from time to time pay to members on account of the next forthcoming dividend such interim dividends as in their judgment the position of the Company justifies.
117. Subject to the provisions of the Act, the Directors, may retain the dividends payable upon shares, in respect of which any person is, under Article 39 hereof, entitled to become a member, or which any person under that Article is entitled to transfer, until such person shall become a member in respect of such shares or shall duly transfer the same.
118. The Directors may, if they shall think fit, apply, wholly or in part, the amount due to any member (whether he is a Director or only a member) on account of Dividend or interest payable on shares held by him or any, other money due to such member on any account whatsoever, towards the payment of all moneys due to the Company by such member, whether solely or jointly with others, on any account and on all engagements and liabilities whatsoever, without prejudice to the right of the Company to sue for the balance of the amount due to it or to sell or to forfeit any of the shares as herein before provided.
119. Where the Company has declared a dividend but which has not been paid/claimed or the dividend warrant' in respect thereof has not been posted within 30 days from the date of declaration to any shareholder entitled to the payment of the dividend, the company shall within 7 days from the date of expiry of the said period of 30 days, open a special account in that behalf in any scheduled bank called "Unpaid Dividend of Triveni Engineering & Industries Limited" and transfer to the said account, the total amount of dividend which remains unpaid/unclaimed or in relation to which no dividend warrant has been posted.

Any money transferred to the unpaid dividend account of the company which remains unpaid or unclaimed for a period of seven years from the date of such transfer, shall be transferred by the company to the investor Education & Protection Fund established by the Central Government in pursuance of Sub-Section (1) of Section 205(c) of the Act.

No unclaimed or unpaid dividend shall be forfeited by the Board.

120. A transfer of shares shall not pass the right to any dividend declared thereon before the registration of the transfer.
121. Unless otherwise directed any dividend may be paid by cheque or warrant sent through the post to the registered address of the member or person entitled, or in case of joint holders to that one of them first named in the Register in respect of the joint holding. Every such cheque shall be made payable to the order of the person to whom It is sent. The Company shall not be liable or responsible for any cheque or warrant lost in transmission, or for any dividend lost to the member or person entitled thereto by the forged endorsement of any cheque or warrant or the fraudulent recovery thereof by any other means.
122. Any General Meeting declaring a dividend may make a call on the members for such amount as the meeting fixes, but so that the call on each member shall not exceed the dividend payable to him and so that the call be made payable at the same time as the dividend, and that the dividend may, if so arranged between the Company and the members, be set off against the calls.
123. Any General Meeting declaring a dividend may direct payment of such dividend wholly or in part by the distribution of specific assets, and in particular of paid-up shares, debenture or debenture stock, of Company or of any other company or in any one or more of such ways, and the Directors shall give effect to such direction, and where any difficulty arises in regard to the distribution they may settle the same as they think expedient, and in particular may issue fractional certificates and may fix the value for distribution of such specific assets or any part thereof, and may determine that cash payments shall be made to any members upon the footing of the value so fixed in order to adjust the rights of all parties, and may vest for the persons entitled to the dividend as may seem expedient to the Directors. Where requisite the Directors shall comply with Section 5 of the Act, and the Directors may appoint any person to sign such contract on behalf of the persons entitled to the dividend and such appointment shall be effective.

DIRECTORS

124. The Company shall have not less than three and not more than twelve Directors.

125. (1) Any Trust Deed for securing debentures or debenture stock may, if so arranged, provide for the appointment from time to time by the trustees thereof or by the holders of the debentures of debenture stock of some person to be a Director of the Company and may empower such trustees or holders of debentures or debenture stock from time to time to remove any Director so appointed. A Director appointed under this Article is herein referred to as “Debenture Director” and the term Debenture Director means a Director for the time being in office under this Article. A Debenture Director shall not be bound to hold any qualification shares and shall not be liable to retire by rotation or be removed by the Company. The Trust Deed may contain such ancillary provisions as may be arranged between the Company and the trustees and all such provisions shall have effect notwithstanding any of the other provisions herein contained.
- (2) If at any time it becomes necessary to raise Loan or Special Advance on the security of a Mortgage Deed or Loan Agreement and the terms of such Mortgage Deed or Loan Agreement make it obligatory for the Company to provide for the appointment of a Director on behalf, of the creditors on the Board such creditors shall have the right from time to time to appoint one person as a Director of the Company with power to remove such Director from office and on a vacancy being caused in such office from any cause whether by resignation, death, removal or otherwise, to appoint another person as a director of the Company. The director appointed under this Article is herein referred to as Creditor Director” and the term “Creditor Director” means a director for the time being in office under this Article. Such director shall not be bound to hold any qualification shares and shall not be liable to retire by rotation or be removed from his office by the Company.
- (3) Notwithstanding anything to the contrary contained in these Articles, so long as any moneys remain owing by the Company to the Industrial Development Bank of India (IDBI), Industrial Finance Corporation of India (IFCI), the Industrial Credit and Investment Corporation of India Limited (ICICI) and Life Insurance Corporation of India (LIC) or to any other Finance Corporation or Credit Corporation or to any other Financing Company or Body out of any loans granted by them to the Company or so long as IDBI, IFCI, ICICI, LIC and Unit Trust of India (UTI) or any other Financial Corporation or Credit Corporation or any other Financial Company or Body (each of which IDBI, IFCI, ICICI, LIC and UTI or any other Finance Corporation or Credit Corporation or any other financing company or body is hereinafter in this Article referred to as “the Corporation”) continue to hold debentures in the Company by direct subscription or private placement, or so long as the Corporation hold shares in the company as a result of underwriting or direct subscription or so long as any liability of the Company arising out of any guarantee furnished by the Corporation on behalf of the Company remains outstanding, the Corporation shall have a right to appoint from time to time any person or persons as a Director or Directors, whole time or non-whole-time, (which Director or Directors is/are hereinafter referred to as “Nominee Directors”, on the Board of the Company and to remove from such office any person or persons so appointed and to appoint any person or persons in his or their place.

The Board of Directors of the Company shall have no power to remove from office the Nominee Director/s. At the option of the Corporation such Nominee Director(s) shall not be required to hold any share qualifications in the Company. Also at the option of the Corporation such Nominee Director(s) shall not be liable to retirement by rotation of Directors. Subject as aforesaid, the Nominee Director(s) shall be entitled to the same rights and privileges and be subject to the same obligations as any other Director of the Company.

The Nominee Director(s) so appointed shall hold the said office only as long as any moneys remain owing by the Company to the Corporation or so long as the Corporation holds Debentures in the Company as a result of direct subscription or private placement or as long as the Corporation holds shares in the Company as a result of underwriting or direct subscription or the liability of the Company arising out of any Guarantee is outstanding and the Nominee Director/s so appointed in exercise of the said power shall *ipso facto* vacate such office immediately the money owing by the Company to the Corporation is paid off or on the Corporation

ceasing to hold Debentures/Shares in the Company or on the satisfaction of the liability of the Company arising out of any Guarantee furnished by the Corporation.

The Nominee Director(s) appointed under this Article shall be entitled to receive all notices of and attend all General Meetings, Board Meetings and of the Meetings of the Committee, of which the Nominee Director(s) is/are member(s) as also the minutes of such meetings. The Corporation shall also be entitled to receive all such notices and minutes.

The Company shall pay to the Nominee Director(s) sitting fees and expenses which the other Directors of the Company are entitled, but If any other fees, commission, monies or remuneration in any form is payable to the Directors of the Company, the fees, commission, monies and remuneration in relation to such Nominee Director(s) shall accrue to the Corporation and same shall accordingly be paid by the Company directly to the Corporation. Any expenses that may be incurred by the Corporation or such Nominee Director(s) In connection with their appointment or Directorship shall also be paid or reimbursed by the Company to the Corporation or as the case may be to such Nominee Director(s)

Provided that if any such Nominee Director/s is an officer of the Corporation the sitting fees in relation to such Nominee Director(s) shall also accrue to the Corporation and the same shall accordingly be paid by the Company directly to the Corporation.

Provided further that if such Nominee Director(s) is an officer of the Reserve Bank of India, the sitting fees in relation to such Nominee Director(s) shall also accrue to IDBI and the same shall accordingly be paid by the Company directly to IDBI.

Provided also that in the event of the Nominee Director(s) being appointed as whole-time Director(s) such Nominee Director/s shall exercise such powers and duties as may be approved by the Lenders and have such rights as are usually exercised or available to a whole-time Director, in the management of the affairs of the Borrower. Such Nominee Director(s) shall be entitled to receive such remuneration. Fees, commission and monies as may be approved by the Lenders.

126. The Board may appoint any person as Alternate Director to act for a Director (hereinafter referred to as the 'Original Director') during the latter's absence for a period of not less than three months from the State in dt. 17.8.2000 which meetings of the Board are ordinarily held and such appointment shall have effect and such appointee, whilst he holds office as an alternate director, shall be entitled to notice of meetings of the Board and to attend and vote thereat accordingly and shall ipso facto vacate office if and when the Original Director returns to the State in which meetings of the Board are ordinarily held or the Original Director vacates office as a Director.
127. If any Director appointed by the Company in General Meeting vacates office as a Director before his term of office will expire in the normal course the resulting casual vacancy may be filled up by the Board, but any person so appointed shall retain his office so long only as the vacating Director would have retained the same if no vacancy had occurred. Provided that the Board may not fill such a vacancy by appointing thereto any person who has been removed from the office of Director under Article 147.
128. (1) None of the following persons shall be appointed as a Director of the Company whose period of office is liable to determination by retirement of Directors by rotation, except by a special resolution passed by Company
 - (a) Any person, who is an officer or employee of, or who holds any office or place of profit under the Company or any subsidiary thereof; provided that nothing in this sub-clause shall apply to a Director of the Company or its subsidiary or to the holder of any office or place of profit under the company or its subsidiary which may be held by a Director of the Company by virtue of Article 135 or Section 314 of the Act;
 - (b) Where any office or place of profit which would disqualify a person under sub-clause (a) above read with the proviso thereto is held by any firm, any partner in or employee of the firm;

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- (c) Where any such office or place of profit is held by a private company, any member, officer or employee of such company;
 - (d) Where any such office or place of profit is held by a body corporate, and any officer or employee of such body corporate;
 - (e) Any person who is entitled by virtue of any agreement to any share of, or any amount out of, the remuneration received by the Managing Agents;
 - (f) Any associate or officer or employee of the Managing Agents ; or
 - (g) Any person, who Is an officer or employee of, or who holds any office or place of profit under any body corporate under the management of the Managing Agents or any subsidiary of such body corporate; provided that nothing in this sub-clause shall apply to the director of such body corporate or subsidiary or to the holder of any office or place of profit under such body corporate or subsidiary which may be held by a director of such body corporate by virtue of Article 135 and Section 314 of the Act.
- (2) Special notice shall be given of any resolution appointing or approving the appointment of any person referred to in clause I (a) to (g) of this Article as a Director of the Company. The notice given to the Company of any such resolution and the notice thereof given by the Company to its members shall set out the reasons which make the resolution necessary.
129. Unless otherwise determined by the Company in General Meeting a director shall not be required to hold Qualification Shares or any shares in the capital of the Company as qualification shares.
130. The remuneration of a Director for each meeting attended by him of the Board or a Sub-Committee of the Board be such amount as may be determined by the Directors from time to time, but within the ceilings fixed by the Act for the time being.
- (1) In addition to the remuneration specified in Article 130 above the Chairman of the Board of Directors elected under Regulation 153 shall receive remuneration $4\frac{1}{2}\%$ of the annual net profit of the Company computed in accordance with the provisions of the Act in this respect. Such additional remuneration to the Chairman” shall cease forthwith on the appointment of a Managing Director, if any made by the Directors in exercise of their power under Regulation 167 (10) of these Articles.
 - (2) If any Director shall be called upon to perform extra service, or travels or is called upon to travel in the interest of the Company, or for the purpose of the inspection or its working or for attending the meeting of the Board of Directors, he shall be entitled to such travelling allowance and such special remuneration as may be fixed by the Directors, subject to the limitation provided by the Act.
131. The continuing Directors may act notwithstanding any vacancy in their body; but so that subject to the notwithstanding provisions of the Act if the number falls below the minimum above fixed and notwithstanding the absence of a quorum the Directors may act for the purpose of filling up vacancies or for summoning a General Meeting of the Company or in emergencies only.
132. (1) Subject to Section 283(2) of the Act, the office of a Director shall be vacated if:-
- (a) he fails to obtain within the time specified in Article 129 and sub-section (i) of Section 270 of the Act, or at any time thereafter ceases to hold the share qualification, if any, required by him by these Articles; or
 - (b) he is found to be of unsound mind by a Court of competent jurisdiction; or
 - (c) he applies to be adjudicated an insolvent; or
 - (d) he is adjudged an insolvent; or
 - (e) he fails to pay any call made on him in respect of shares of the Company held by him, whether alone or

jointly with others, within six months from the last date fixed for the payment of the call; or

- (f) any office or place of profit under the Company or any subsidiary thereof is held In contravention of Article 135 or Section 314 (2) of the Act and the Director shall have been deemed to have vacated office in terms of the said Article or Section ; or
- (g) he absents himself from three consecutive meetings of the Board of Directors or from all meetings of the Board of Directors for a continuous period of three months, whichever is longer, without obtaining leave of absence from the Board of Directors ; or
- (i) he is removed in pursuance of Article 147 or Section 284 of the Act; or
- (j) he or any firm, in which he is a partner or any private company of which he is a director, accepts a loan, or any guarantee or security for a loan from the Company in contravention of Article 137 or Section 295 of the Act; or
- (k) he acts in contravention of Section 299 of the Act and by virtue of such contravention shall have been deemed to have vacated office ; or
- (l) he is punished with imprisonment for a term of not less than six months in respect of an office for which he is convicted by a Court in India.

- (2) Subject to the provisions of the Act, a Director may resign his office at any time by notice in writing addressed to the Company or to the Board of Directors.

133. (1) Subject to the provisions of sub-clauses (2), (3), (4) and (5) of this Article and the restrictions imposed contract with by Articles 136 and the other Articles hereof and the Act and the observance and fulfillment thereof, Company' no Director shall be disqualified by his office from contracting with the Company either as vendor, purchaser agent, broker or otherwise, nor shall any such contract, or any contract or arrangement entered into by or on behalf of the Company in which any Director shall be in any way interested, be avoided, nor shall any Director, so contracting or being so interested, be liable to account to the Company for any profit realised by any such contract or arrangement by reason only of such Director holding that office, or of the fiduciary relation thereby established; but it is declared that the nature of his interest must be disclosed by him as provided by sub-clauses (2), (3) and (4) hereof.
- (2) Every Director who is in any way whether directly or indirectly concerned or interested in a contract or arrangement or proposed contract or arrangement entered into or to be entered into by or on behalf of the Company shall disclose the nature of his concern or interest at a meeting of the Board of Directors or as provided by sub-clause (4) hereof.
 - (3)
 - (a) In the case of a proposed contract or agreement, the disclosure required to be made by a Director under sub-clause (2) above shall be made at the meeting of the Board at which the question of entering into the contract or arrangement is first taken into consideration, or if the Director was not at the date of the meeting concerned or Interested In the proposed contract or arrangement, at the first meeting of the Board held after he becomes so concerned or interested,
 - (b) In the case of any other contract or arrangement, the required disclosure shall be made at the first meeting of the Board held after trio Director becomes concerned or interested in the contract or arrangement.
 - (4) For the purpose of this Article, a general notice given to the Board of Directors by a Directors to the effect that he is a director or member of a specified body corporate or is a member of a specified firm and is to be regarded as concerned or interested in any contract or arrangement which may after the date of the notice be entered into with that body corporate or firm shall be deemed to be sufficient disclosure of concern or interest in relation to any contract or arrangement so made. Any such general notice shall expire at the end of the

financial year in which it is given but may be renewed for further periods of one financial year at a time by a fresh notice given in the last month of the financial year in which it would have otherwise expired. The general notice aforesaid and any renewal thereof shall be given at a meeting of the Board of Directors or the Director concerned shall take reasonable steps to secure that it is brought up and read at the first Meeting of the Board after it is given.

- (5) An interested director shall not take any part in the discussion of, or vote on any contract or arrangement entered into, or to be entered into by or on behalf of the Company, if he is in any way, or directly or indirectly, concerned or interested in the contract or arrangement; nor shall his presence count for the purpose of forming a quorum at the time of any such discussions or vote, and if he does vote, his vote shall be void;

Provided that this prohibition shall not apply:

- (i) to any contract of indemnity against any loss which the Directors or any one or more of them may suffer by reason of becoming or being sureties or a surety for the Company;
- (ii) to any contract or arrangement entered into with a public company or a private which is a subsidiary of a public company in which the interest of the Director consists solely in his being a Director of such company and the holder of shares not more than such number or value therein as is requisite to qualify him for appointment as a director thereof, he having been nominated as such director by the Company;
- (iii) in case a notification is issued under sub-section (3) of Section 300 of the Act to the extent specified in the notification.

134. (1) The Company shall keep a register in which shall be entered particulars of all contracts or arrangements to which Articles 133 and 136 apply including the date of the contract or arrangement, the names of the parties thereto, the principal terms and conditions thereof, the date on which it was placed before the Board of Directors, the names of the Directors voting for and against the contract or arrangement and the names of those remaining neutral.
- (2) Particulars of every such contract or arrangement shall be entered in the register aforesaid within seven days of the meeting of the Board at which the contract or arrangement was approved and the register shall be placed before the next meeting of the Board and shall be signed by all the Directors present at that meeting.
- (3) The register aforesaid shall also specify in relation to each director of the company the names of the bodies corporate and firms of which notice has been given by him under Article 133(4).
135. (1) Except with the consent of the Company accorded by a special resolution, no Director of the Company, no partner or relative of a Director, no firm in which a Director or relative is partner no private company of which such a Director is a Director or member, and no Director, managing agent, secretaries, and treasures of manager of such a private company shall hold any office or place of profit carrying a total monthly remuneration as may be prescribed in the relevant provisions of the Companies Act and/or the rules made thereunder and/or such guidelines as may be announced by the Central Government from time to time except that of Managing Director, Managing Agent, Secretaries and Treasurers, Manager, Legal or Technical Adviser, Banker or Trustee for the holders of debentures of the Company under the company or under any subsidiary of the company, unless the remuneration received from such subsidiary in respect of such office or place is paid over to the company.

Provided that it shall be sufficient if the Special Resolution according the consent of the company is passed at the general meeting of the company held for the first time after the holding of such office or place of profit.

Provided further that where a relative of a director or a firm in which such a relative is a partner is appointed to an office or a place of profit under the company or a subsidiary thereof without the knowledge of the director the consent of the company may be obtained either in General Meeting aforesaid or within three months from the date of appointment, whichever is later.

- (2) if any office or place of profit under the Company or any subsidiary thereof is held in contravention of this Article or Section 314 of the Act, the director concerned shall be deemed to have vacated his office as director with effect from the first day on which the contravention occurs; and shall also be liable to refund to the company any remuneration received, or the monetary equivalent of any perquisites or advantage enjoyed by him In respect of such office or place of profit.
136. Subject to the provisions of Sections 297 of the Act, a director or his relative, a firm in which such director or relative is a partner, any other partner in such a firm, or a private company of which the director Is a member or director, shall not enter Into any contract with the company for the sale, purchase or supply of goods, materials services or for underwriting the subscription of any shares in, or debentures of the company, except with the consent of the Board of Directors by a resolution passed at a meeting of the Board before the contract is entered into or within two months of the date on which it was entered into. No such consent, however, shall be necessary to any such contract or contracts for the sale, purchase or supply of goods, materials or services in which either the company or the director, firm, partner or private company, as the case may be, regularly trades or does business provided that the value of such goods and materials and the cost of such services do not exceed five thousand rupees in the aggregate in any calendar year comprised in the period of the contract or contracts. The director, so contracting or being so interested, shall not be liable to the company for any profit realised by any such contract or the fiduciary relation thereby established.
137. The company shall observe the restrictions imposed on the company in regard to grant of loans to directors and other persons as provided in Section 295 and other applicable provisions (if any) of the Act.

ACCOUNTS

173. (1) The Directors shall cause true accounts to be kept of all sums of money received and expended by the Company and the matters in respect of which such receipts and expenditure takes place, of all sales and purchase of goods by the Company and of the assets, credits and liabilities of the Company.

AUDIT

183. Every Balance Sheet and Profit and Loss Account shall be audited by one or more auditors to be appointed as hereinafter mentioned.
184. (1) The Company at the Annual General Meeting in each year shall appoint an auditor or auditors to hold office from the conclusion of that meeting until the conclusion of the next Annual General Meeting.

CAPITALISATION

189. (1) Any General Meeting may resolve that any amount standing to the credit of the Share Premium Account to the Capital Redemption Reserve Fund or any monies, investments or other assets forming part of the undivided profits (including profits or surplus monies arising from the realisation and where permitted by law from the appropriation in value of any capital assets of the Company) standing to the credit of the General Reserve, Reserve or any Reserve Fund or any other fund of the Company or in the hands of the Company and available for the dividend be capitalized
- (a) by the Issue and distribution as fully paid up of shares, debentures, debenture stock, bonds or other obligations of the Company, or
 - (b) by crediting shares of the Company, which may have been issued to and are not fully paid up, with the whole or any part of the sum remaining unpaid thereon.

Provided that any amounts standing to the credit of the Share Premium Account or the Capital Redemption Reserve Fund shall be applied only in crediting the payment of capital on shares of the Company to be issued to members (as herein provided) as fully paid bonus shares.

DEMATERIALISATION OF SECURITIES:

199. For the purposes of this Article, unless the context otherwise requires:

A. Definitions:

Beneficial Owner: 'Beneficial Owner' means the beneficial owner as defined in clause (a) of sub-section (1) of Section 2 of the Depositories Act, 1996:

'Bye-laws': means Bye-Laws made by a Depository under Section 26 of the Depositories Act, 1996.

Depositories Act: 'Depositories Act' means the Depositories Act, 1996, and any statutory modification or re-enactment thereof for the time being in force;

Depository: 'Depository' means a company formed and registered under the Companies Act, 1958 (1 of 1956) ('the Act') and which has been granted a certificate of registration under sub section (IA) of Section 12 of the Securities and Exchange Board of India Act, 1992 (15 of 1992):

Record: 'Record' includes the records maintained in the form of books or stored in a computer or in such other form as may be determined by the regulations made by SEBI;

Regulations: 'Regulations' means the regulations made by SEBI;

SEBI: 'SEBI' means the Securities and Exchange Board of India;

Security: 'Security' means such security as may be specified by SEBI from time to time;

Shareholder or member: 'Shareholder' or 'member' means the duly registered holder, from time to time of the shares of the Company and includes the subscribers to the Memorandum of Association of the Company and also every person holding Equity Shares and/or Preference Shares of the Company and also one whose name is entered as a beneficial owner of the shares in the records of a Depository:

B. Dematerialisation of Securities

Notwithstanding anything contained in these Articles, the Company shall be entitled to dematerialise or rematerialise its shares, debentures and other securities (both existing and future) held by it with the Depository and to offer its shares, debentures and other securities for subscription in dematerialised form for pursuant to the Depositories Act, 1996 and the Rules framed thereunder, if any;

C. Option for Investors:

Every person subscribing to securities offered by the Company shall have the option to receive the security certificates or to hold the securities with a Depository. Such a person who Is the beneficial owner of the securities can at any time opt out of a Depository, if permitted by law, in respect of any security in the manner provided by the Depositories Act, and the Company shall, in the manner and within the time prescribed, issued to the beneficial owner the required certificates of securities.

Where a person opts to hold his security with a Depository, the Company shall intimate such Depository the details of allotment of the security, and on receipt of such information, the Depository shall enter in its record the name of the allottee as the beneficial owner of the security;

D. Securities in Depositories to be in fungible form:

All securities held by a Depository shall be dematerialised and shall be in a fungible form. Nothing contained in Sections 153, 153A, 153B, 187B, 187C and 372A of the Act shall apply to a Depository in respect all of the securities held by it on behalf of the beneficial owners;

E Rights of Depositories and Beneficial Owners:

- (i) Notwithstanding anything to the contrary contained in the Act or these Articles, a Depository shall be deemed to be the registered owner for the purposes of effecting transfer of ownership of security on behalf of the beneficial owner;
 - (ii) Save as otherwise provided in (i) above, the Depository as a registered owner of the securities shall not have any voting rights or any other right in respect of the securities held by it;
 - (iii) Every person holding securities of the Company and whose name is entered as a beneficial owner in the records of the Depository shall be deemed to be a member of the Company. The beneficial owner of the securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of his securities held by a Depository.
203. Every Director, Manager, Secretary, Auditor, Trustee for the Company, its members or debenture-holders, member of a committee, officer, servant, agent, accountant, or other person employed in or about the business of the Company shall, if so required by the Board before entering upon his duties, sign a declaration pledging himself to observe a strict secrecy respecting all transactions of the Company with Its customers and the state of accounts with individuals and In the matter relating thereto, and shall by such declaration pledge himself/herself not to reveal any of the matters which may come to his/her knowledge in the discharge of his/her duties except when required so to do by the Board or by any meeting or by a Court of law and except so far as may be necessary in order to comply with any of the provisions in these Articles contained.

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following contracts (not being contracts entered into in the ordinary course of business carried on by our Company or entered into more than two years before the date of this Red Herring Prospectus) which are or may be deemed material have been entered or to be entered into by our Company. These contracts, copies of which have been attached to the copy of this Red Herring Prospectus, delivered to the Registrar of Companies for registration and also the documents for inspection referred to hereunder, may be inspected at the corporate office of our Company situated at 8th Floor, Express Trade Towers, 15-16, Sector 16-A, Noida 201301, Uttar Pradesh, India from 10.00 am to 4.00 pm on working days from the date of this Red Herring Prospectus until the Bid/ Issue Closing Date.

Material Contracts

1. Engagement Letter dated April 25, 2005 for appointment of JM Morgan Stanley Private Limited and ICICI Securities Limited as BRLMs.
2. Engagement Letter dated October 21, 2005 for appointment of Karvy Investor Services Limited as Senior Co-Manager.
3. Memorandum of Understanding dated May 30, 2005 amongst our Company and the BRLMs.
4. Memorandum of Understanding dated October 19, 2005 executed by our Company with Registrar to the Issue.
5. Escrow Agreement dated [●] between us, the BRLMs, the Senior- Co Manager, the Escrow Collection Banks, and the Registrar to the Issue.
6. Syndicate Agreement dated [●] between us, the BRLMs, the Senior Co-Manager and Syndicate Members.
7. Underwriting Agreement dated [●] between us, the BRLMs, the Senior Co-Manager and Syndicate Members.

Material Documents

1. Our Memorandum and Articles of Association as amended till date.
2. Shareholders' resolutions dated May 19, 2005 in relation to this Issue and other related matters.
3. Resolutions of the Board dated April 16, 2005 authorising the Issue.
4. Resolutions of the general body for appointment and remuneration of our whole-time Directors.
5. Report of the Auditors, M/s. J.C. Bhalla and Co., Chartered Accountants, prepared as per Indian GAAP and mentioned in this Red Herring Prospectus and letters from the auditors dated October 24, 2005.
6. Report of the Auditors, M/s. J.C. Bhalla and Co., Chartered Accountants dated October 11, 2005.
7. The certificate of the Auditors dated October 22, 2005 to the effect that the Equity Shares being locked-in for a period of three years from the date of Allotment and which have been issued for consideration other than cash have been issued through the Bonus Issue and are not from a bonus issue out of a revaluation reserves or reserves without accrual of cash resources.
8. Copies of annual reports of our Company and our subsidiaries for the past five financial years.
9. Consents of the Auditors, M/s. J.C.Bhalla & Co., Chartered Accountants, for inclusion of their report on accounts in the form and context in which they appear in this Red Herring Prospectus.
10. General Powers of Attorney executed by the Directors of our Company in favour of person(s) for signing and making necessary changes to this Red Herring Prospectus and other related documents.
11. Consents of Auditors, Bankers to the Company, BRLMs, Senior Co-Manager, Syndicate Members, Registrar to the Issue, Escrow Collection Bank(s), Banker to the Issue, Domestic Legal Counsel to the Company, International Legal

Counsel to the Company, Domestic Legal Counsel to the BRLMs, Directors of our Company, Company Secretary and Compliance Officer, as referred to, in their respective capacities.

12. Listing agreements dated May 20, 2000 with BSE and NSE.
13. Applications dated May 31, 2005 for in-principle listing approval from BSE and NSE.
14. In-principle listing approval dated August 5, 2005 and August 31, 2005 from BSE and NSE respectively.
15. Agreement between NSDL, our Company and the Registrar to the Issue dated October 28, 2005.
16. Agreement between CDSL, our Company and the Registrar to the Issue dated October 25, 2005.
17. Due diligence certificate dated May 31, 2005 to SEBI from JM Morgan Stanley Private Limited and ICICI Securities Limited.
18. Scheme of arrangement between our Company and its equity shareholders in 2003 for conversion of equity shares into Preference Shares.
19. Scheme of arrangement and amalgamation between The Ramkola Sugar Mills Company Limited and The Ganga Sugar Corporation Limited (merged company being The Ganga Sugar Corporation Limited).
20. Scheme of arrangement and amalgamation between Triveni Oilfield Services Limited and The Triveni Engineering Works Limited (merged company being the Erstwhile Triveni Engineering & Industries Limited, which was subsequently merged into our Company).
21. Scheme of amalgamation between the Erstwhile Triveni Engineering & Industries Limited and Gangeshwar Limited (merged company being Triveni Engineering & Industries Limited, the Issuer Company).
22. Schemes for facilitating disposal of odd lots dated January 1997 and September 2001.
23. SEBI observation letter no. CFD/DIL/UR/51553/2005 dated October 10, 2005.
24. Certificate dated October 13, 2005 from ISMA stating that in the crushing season 2004-2005, our facility at Khatauli crushed approximately 1.87 million tonnes of sugarcane, which is the highest amount of sugarcane crushed by any sugar mill in India during the sugar season 2004-2005.
25. The letter dated October 27, 2005 from the BSE, through which the BSE has granted us an extension till December 31, 2005 for compliance with their letter dated March 16, 2005.
26. List of complaints received by the Company after the filing of the Draft Red Herring Prospectus with SEBI and the letters of the complainants and the responses of the Company to such letters as of November 5, 2005.

Any of the contracts or documents mentioned in this Red Herring Prospectus may be amended or modified at any time if so required in the interest of our Company or if required by the other parties, without reference to the shareholders subject to compliance of the provisions contained in the Companies Act and other relevant statutes.

DECLARATION

All the relevant provisions of the Companies Act, 1956 and the guidelines issued by the Government of India or the guidelines issued by the Securities and Exchange Board of India, established under Section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with and no statement made in this Red Herring Prospectus is contrary to the provisions of the Companies Act, 1956, the Securities and Exchange Board of India Act, 1992 or rules made or guidelines issued thereunder, as the case may be. We further certify that all statements in this Red Herring Prospectus are true and correct.

Signed by all Directors

Mr. Dhruv M. Sawhney

Dr. F.C. Kohli*

Mr. M.K. Daga

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

Mr. R.C. Sharma

Mr. V. Venkateswarlu**

Mr. R.K.Kapoor

* Through his constituted attorney Mr. Dhruv M. Sawhney.

** Through his constituted attorney Mr. V.P. Ghuliani

Mr. Dhruv M. Sawhney
Managing Director.

Mr. Suresh Taneja
Chief Financial Officer.

Date: November 8, 2005
Place: NOIDA, Uttar Pradesh

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