TRIVENI ENGINEERING & INDUSTRIES LIMITED

Registered office: Deoband, District Saharanpur - 247554 (UP)

MEETING OF UNSECURED CREDITORS

Day	**:**	**Friday**
Date	**:**	**15th October, 2010**
Time	**:**	**3:00 P.M.**
Venue	**:**	**Deoband, District - Saharanpur-247554 (UP) [at Company's Guest House within the Deoband Sugar Unit Complex]**

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IN THE HON'BLE HIGH COURT OF JUDICATURE AT ALLAHABAD
ORIGINAL JURISDICTION
IN THE MATTER OF COMPANIES ACT, 1956
AND IN THE MATTER OF:
COMPANY APPLICATION NO. 15 OF 2010

[Under Section 391 of the Companies Act]

IN THE MATTER OF SCHEME OF ARRANGEMENT

1. Triveni Engineering & Industries Limited
having its registered office at
Deoband, District Saharanpur - 247554 (UP) - Demerged Company

2. Triveni Turbine Limited
having its registered office at
A-44, Hosiery Complex, Phase II Extension,
Noida - 201305 (UP) - Resulting Company

…….. APPLICANTS

NOTICE CONVENING MEETING

To

The Unsecured Creditors of
TRIVENI ENGINEERING & INDUSTRIES LIMITED
[DEMERGED COMPANY]

Take notice that by an Order made on 9th day of September, 2010 the Court has directed that a meeting of the Unsecured Creditors of the Demerged Company be held at the registered office of the company at Deoband, District - Saharanpur 247554 (UP), [at company's Guest House within the Deoband Sugar Unit Complex], on Friday, the 15th day of October, 2010, at 3:00 P.M. for the purpose of considering, and if thought fit, approving, with or without modification, the proposed Scheme of Arrangement providing for demerger of the Steam Turbine Business from the Demerged Company and its merger with the Resulting Company, as named above.

Take further notice that in pursuance of the said Order, a meeting of the Unsecured Creditors of the Demerged Company will be held at its registered office at Deoband, District - Saharanpur 247554 (UP), [at company's Guest House within the Deoband Sugar Unit Complex], on Friday, the 15th day of October, 2010 at 3:00 P.M. when you are requested to attend.

Take further notice that you may attend and vote at the said meeting in person or by proxy, provided that a proxy in the prescribed form, duly signed by you, is deposited at the registered office of the Demerged Company at Deoband, District - Saharanpur - 247554 (UP), not later that 48 hours before the meeting.

The Court has appointed Shri Ajay Bhanot, Advocate, and failing him Shri Suyash Agarwal, Advocate, to be the Chairman of the said meeting.

A copy each of the Scheme of Arrangement, the Statement under Section 393 and a form of proxy are enclosed.

Dated this 11th day of September, 2010.

Sd/-
[R.P.AGARWAL]
Advocate
Counsel for Applicant Companies

Sd/-
[AJAY BHANOT]
Advocate
Chairman Appointed for the Meeting

Note: All alterations made in the form of the proxy should be initialed.

SCHEME OF ARRANGEMENT
BETWEEN
TRIVENI ENGINEERING & INDUSTRIES LIMITED
AND
TRIVENI TURBINE LIMITED
AND
THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS
UNDER SECTIONS 391 TO 394 OF THE COMPANIES ACT, 1956

PART I - GENERAL

1. GENERAL

1.1 Triveni Engineering & Industries Limited is a company incorporated under the provisions of the Companies Act, 1913 having its registered office at Deoband, District – Saharanpur, Uttar Pradesh - 247554 ("Demerged Company"). The Demerged Company is the flagship company of the Triveni group and comprises of various businesses namely sugar, cogeneration, distillery, steam turbines, gear & gear boxes, water & waste water management.

1.2 Triveni Turbine Limited is a company incorporated under the provisions of the Act having its registered office at A-44, Hosiery Complex, Phase II Extension, Noida, Uttar Pradesh - 201305 ("Resulting Company"). The Resulting Company is a wholly owned subsidiary of the Demerged Company inter-alia having the objects of designing, engineering, manufacturing, buying and selling of steam turbines, turbogenerators and otherwise dealing in all kinds of light and heavy engineering products, plant and machinery.

1.3 This Scheme of Arrangement provides for the demerger of the Demerged Undertaking (as defined hereinafter) from the Demerged Company to the Resulting Company, and the consequent issue of Equity Shares by the Resulting Company to the shareholders of the Demerged Company, pursuant to the relevant provisions of the Act.

1.4 This Scheme also makes provision for various other matters consequential or related thereto and otherwise integrally connected therewith.

2. RATIONALE FOR THE SCHEME

The Board of Directors of the Demerged Company are of the view that the transfer and vesting of the Steam Turbine business including all turbine related investments of the Demerged Company into the Resulting company by way of demerger, is in the interest of all concerned including the shareholders, creditors, employees and the general public as it would provide:

a. Focused management orientation due to individual specialization and leadership vision;

b. Opportunities for strategic partnership for growth of the business; and

c. Flexibility for fund raising capability for future growth and expansion and create a structure geared to take advantage of growth opportunities

The demerger of steam turbine business would result in issuance of equity shares to the shareholders of the Demerged Company by the Resulting Company, thereby, resulting in unlocking and maximizing shareholders value.

The Resulting Company post demerger will have better financial and business prospects. The Scheme shall be beneficial and in the best interests of the shareholders and creditors of both the Demerged Company and the Resulting Company. The Scheme shall not in any manner be prejudicial to the interests of concerned members, creditors, employees or general public at large.

3. DEFINITIONS

3.1 In this Scheme, unless repugnant to the meaning or context thereof, the following expressions shall have the following meaning:

3.1.1 "Act" means the Companies Act, 1956 or any statutory modification or re-enactment thereof;

3.1.2 "Appointed Date" means the opening of business on 1st October, 2010;

3.1.3 "Court" or "High Court" means the Hon'ble High Court of Uttar Pradesh at Allahabad.

3.1.4 "Demerged Company" means Triveni Engineering & Industries Limited, a company incorporated under the provisions of the Companies Act, 1913 having its registered office at Deoband, District – Saharanpur, Uttar Pradesh - 247554;

3.1.5 "Demerged Undertaking" means the Steam Turbine Business of the Demerged Company, on a going concern basis, comprising, inter alia, the assets and liabilities relating thereto and which shall mean and include (without limitation):

(i) all assets wherever situated, whether movable or immovable, tangible or intangible, leasehold or freehold, including all land, buildings, plant and machinery, offices, capital work-in-progress, furniture, fixtures, office equipment, appliances, accessories, etc. pertaining to the Demerged Undertaking;

(ii) all permits, quotas, rights (including rights under any contracts, government contracts, memorandum of understanding, etc.), entitlements, industrial and other licenses, municipal permissions, approvals, consents, tenancies in relation to the office and/or residential properties for the employees, offices and depots, patents, copyrights, all other intellectual property rights, investments and/or interest (whether vested, contingent or otherwise) in projects undertaken by the Demerged Undertaking, either solely or jointly with other parties, cash balances, benefit of any deposits, financial assets, bills of exchange, letters of intent and loans and advances appearing in the books of accounts, corporate guarantees issued by the Demerged Company and the benefits of any bank guarantees issued in relation to the Demerged Undertaking for the benefit of the Demerged Company, accounts and all other rights, benefits of all agreements, subsidies, grants, taxes, tax credits (including but not limited to credits in respect of income tax, sales tax, value added tax, turnover tax, excise duty, service tax, etc), deferred tax benefits, privileges, licenses, power and facilities of every kind, nature and description whatsoever, rights to use and avail of telephones, telexes, facsimile connections and installations, utilities, electricity and other services, provisions, funds, benefits of all agreements, contracts and arrangements and all other interests in connection with or relating to the Demerged Undertaking;

(iii) all earnest moneys, advances and/or security deposits paid by the Demerged Company in connection with or relating to the Demerged Undertaking;

(iv) all necessary records, files, papers, engineering and process information, computer programmes, drawings, manuals, data, catalogues, quotations, sales and advertising materials, lists of present and former customers and suppliers, customer credit information, customer pricing information, and other records whether in physical or electronic form in connection with or relating to the Demerged Undertaking;

(v) employees of the Demerged Company engaged in work related to the Demerged Undertaking;

(vi) all existing and future investments, contracts, memorandum of understanding, etc., entitlements, industrial and other licenses, municipal permissions, approvals, consents, tenancies in relation to any joint venture or other arrangement which may be entered into by the Demerged Company in respect of business relating or incidental to the Demerged Undertaking; and

(vii) the Transferred Liabilities;

3.1.6 "Demerger" shall mean the transfer by way of demerger of the Demerged Undertaking of the Demerged Company to the Resulting Company, and the consequent issue of Equity Shares by the Resulting Company, to the shareholders of the Demerged Company as set out in Part II of this Scheme;

3.1.7 "Effective Date" shall have the meaning ascribed to it in Clause 21. Any references in the Scheme to "upon the Scheme becoming effective" or "effectiveness of the Scheme" shall mean with respect to the "Effective Date".

3.1.8 "Proceedings" shall have the meaning ascribed to it in Clause 8.1 hereof;

3.1.9 "Record Date" means the date to be fixed by the Board of Directors or a committee thereof of the Demerged Company for the purpose of determining the members of the Demerged Company to whom Equity Shares of the Resulting Company will be issued and allotted pursuant to this Scheme in terms of Clause 16.1 hereof;

3.1.10 "Remaining Business" means all the business, assets and liabilities of the Demerged Company other than the Demerged Undertaking;

3.1.11 "Resulting Company" means Triveni Turbine Limited, a company incorporated under the Act, having its registered office at A-44, Hosiery Complex, Phase II Extension, Noida, Uttar Pradesh - 201305 and is a wholly owned subsidiary of the Demerged Company;

3.1.12 "Scheme" or "the Scheme" or "this Scheme" means this Scheme of Arrangement in accordance with Section 2(19AA) of the Income Tax Act, 1961 in its present form submitted to the High Court or with any modification(s) made under Clause 20 of this Scheme or with such other modifications / amendments as the High Court may direct;

3.1.13 "Steam Turbine Business" shall mean the business pertaining to designing, manufacturing, sales of steam turbines and spare parts thereof along with associated equipments and rendering services in relation thereto including but not limited to erection, commissioning, refurbishment, servicing; and

3.1.14 "Transferred Liabilities" shall have the meaning ascribed to it in Clause 7.2 hereof.

4. SHARE CAPITAL

4.1 The share capital structure of the Demerged Company as on September 30, 2009 was as follows:

PARTICULARS	AMOUNT (RS.)
Authorized Capital	
Equity Shares	
500,000,000 Equity Shares of Re. 1/- each.	500,000,000
Preference Shares	
20,000,000 Preference Shares of Rs.10/- each	200,000,000
Total	**700,000,000**
Issued Share Capital	
257,888,150 Equity Shares of Re. 1/- each	257,888,150
Total	**257,888,150**
Subscribed and Paid-up Capital	
257,880,150 Equity Shares of Re. 1/- each	257,880,150
Add: Paid up value of forfeited 8000 equity shares of Re. 1/- each	1,600
Total	**257,881,750**

There has been no change in the above share capital structure till July 31, 2010

Notes :

(i) The shareholders of the Demerged Company have pursuant to section 81(1A) of the Act passed a resolution by postal ballot on September 5, 2009 to issue, offer, allot equity shares or other financial instruments convertible into equity shares by way of public offering, preferential allotment or private placement basis including Qualified Institutional Placement etc. provided however that the issue of securities/equity shares shall not result in increase of the issued and subscribed equity share capital of the Demerged Company at the time of issue by more than 3 crore equity shares of the face value of Re. 1/- each.

(ii) The shareholders of the Demerged Company, at the Annual General Meeting held on December 29, 2009 have pursuant to Securities and Exchange Board of India (Employee Stock Options Scheme and Employees Stock Purchase Scheme) Guidelines 1999, ("SEBI Guidelines") approved an employee stock option scheme for the employees of the Demerged Company ("ESOP 2009") for grant of options to the permanent employees of the Demerged Company as may be decided by the compensation committee of the Demerged Company, which upon exercise could give rise to the issue of the equity shares not exceeding 0.25% of the total issued equity shares of the Demerged Company as on September 30, 2009. Pursuant to the ESOP 2009, the Demerged Company has granted 200,000 options to certain eligible employees of the Company till July 31, 2010.

4.2 The share capital structure of the Resulting Company as on March 31, 2010 was as follows:

PARTICULARS	AMOUNT (RS.)
Authorized Capital	
Equity Shares	
500,000,000 Equity Shares of Re. 1 each	*500,000,000*
Issued, Subscribed and Paid-up Capital	
Equity Shares	
100,000,000 Equity Shares of Re. 1 each	*100,000,000*

There has been no change in the above share capital structure till July 31, 2010

PART II – DEMERGER OF THE DEMERGED UNDERTAKING

5. TRANSFER AND VESTING OF THE DEMERGED UNDERTAKING

5.1 The Scheme set out herein in its present form or with any modification(s) approved or imposed or directed by the High Courts or made as per Clause 20 of the Scheme, shall be effective from the Appointed Date and subject to the Scheme, the Demerged Undertaking shall, subject to the provisions of this Clause in relation to the mode of vesting and pursuant to Section 394(2) of the Act and without any further act or deed, be demerged from, transferred to and vested in or be

deemed to have been demerged from, transferred to and vested in the Resulting Company as a going concern so as to become as and from the Appointed Date, the estate, assets, rights, title, interest and authorities including accretions and appurtenances, of the Resulting Company.

5.2 This Scheme has been drawn up to comply with the conditions relating to "Demerger" as specified under Section 2(19AA) of the Income Tax Act, 1961. If any terms or provisions of this Scheme are found or interpreted to be inconsistent with the said provisions at a later date including resulting from an amendment of law or for any other reason whatsoever, the provisions of the said section of the Income Tax Act, 1961 shall prevail and the Scheme shall stand modified to the extent determined necessary to comply with Section 2(19AA) of the Income Tax Act, 1961. Such modification will however not affect remaining parts of the Scheme.

5.3 It is clarified that since the Demerged Company beneficially owns 100% of the issued share capital of the Resulting Company, the transfer of the Demerged Undertaking in pursuance of this Scheme shall be eligible to the remission of stamp duty in the state of Uttar Pradesh, on instruments evidencing transfer of property, vide Finance Department Notification No. M.599/X-501, dated March 25, 1942 issued under Section 9(a) of the Indian Stamp Act, 1899.

6. ASSETS

6.1 Upon the Scheme becoming effective and with effect from the Appointed Date, the assets of the Demerged Undertaking shall stand transferred and vested in the following manner:-

6.1.1 In respect of such of the assets of the Demerged Undertaking as are movable in nature or are otherwise capable of being transferred by manual delivery, by paying over or by endorsement and delivery, the same shall be so transferred by the Demerged Company, without requiring any deed or instrument of conveyance for the same and shall become the property of the Resulting Company as an integral part of the Demerged Undertaking.

6.1.2 In respect of such of the assets belonging to the Demerged Undertaking other than those referred to in Clause 6.1.1 above, the same shall be transferred to and vested in and/or be deemed to be transferred to and vested in the Resulting Company on the Appointed Date pursuant to the provisions of Section 394 of the Act.

6.1.3 In relation to the assets belonging to the Demerged Undertaking that require execution of separate documents to effect transfer, the parties will execute the necessary documents, as and when required.

6.2 All assets, estate, rights, title, interest and authorities acquired by the Demerged Company after the Appointed Date and prior to the Effective Date for operation of the Demerged Undertaking shall also stand transferred to and vested in the Resulting Company with effect from the Effective Date, in accordance with the manner prescribed in Clause 6.1.

7. LIABILITIES

Upon the Scheme becoming effective and with effect from the Appointed Date, the liabilities of the Demerged Undertaking shall be transferred / dealt with in the following manner:

7.1 It is clarified that, with effect from the Effective Date, liabilities and obligations of the Demerged Company which arose out of the activities or operations of the Demerged Undertaking as on the Appointed Date shall be deemed to have been transferred to the Resulting Company and to the extent they are outstanding on the Effective Date shall, without any further act or deed be and stand transferred to the Resulting Company, and shall become the liabilities and obligations of the Resulting Company which shall meet, discharge and satisfy the same.

7.2 All liabilities (including loan & borrowings) present, future and contingent liabilities including the liabilities of the Demerged Company allocable or pertaining to the steam turbine business including guarantees in respect of borrowings pertaining to or relatable to the Demerged Undertaking (collectively the "Transferred Liabilities") being a part of the Demerged Undertaking shall, without any further act or deed, become liabilities, loans and borrowings of the Resulting Company, and all rights, powers, duties and obligations in relation thereto shall be and stand transferred to and vested in and shall be exercised by or against the Resulting Company as if it had entered into such loans and incurred such borrowings. For the purpose of this Scheme, it is clarified that Transferred Liabilities shall include:

(i) The liabilities which arise out of the activities or operations of the Demerged Undertaking;

(ii) The specific loans or borrowings raised, incurred and utilized solely for the activities or operations of the Demerged Undertaking; and

(iii) In cases, other than those referred to in Sub-Clauses (i) and (ii), so much of the amounts of general or multipurpose borrowings of the Demerged Company, allocable to the Demerged Undertaking as stand in the same proportion which the value of the assets transferred under this Scheme bears to the total value of the assets of the Demerged Company immediately before the demerger, as prescribed under the Income Tax Act, 1961.

7.3 Subject to Clause 7.2 and from the Effective Date, the Resulting Company alone shall be liable to perform all obligations in respect of the Transferred Liabilities as the borrower/issuer thereof, and the Demerged Company shall not have any obligations in respect of the Transferred Liabilities.

7.4 It is expressly provided that, save as mentioned in this Clause 7, no other term or condition of the Transferred Liabilities shall be modified except to the extent that such amendment is required by necessary implication.

7.5 Where any of the liabilities and obligations of the Demerged Company as on the Appointed Date deemed to be transferred to the Resulting Company have been discharged by the Demerged Company after the Appointed Date and prior to the Effective Date, such discharge shall be deemed to have been for and on account of the Resulting Company, and all loans raised and used and all liabilities and obligations incurred by the Demerged Company for the operations of the Demerged Undertaking after the Appointed Date and prior to the Effective Date shall be deemed to have been raised, used or incurred for and on behalf of the Resulting Company and to the extent they are outstanding on the Effective Date, shall also without any further act or deed be and stand transferred to the Resulting Company and shall become the liabilities and obligations of the Resulting Company which shall meet, discharge and satisfy the same.

7.6 The provisions of this Clause 7 shall operate notwithstanding anything to the contrary contained in any deed or writing or the terms of sanction or issue or any security document, all of which instruments shall stand modified and/or superseded by the foregoing provisions.

8. LEGAL PROCEEDINGS

Upon the Scheme becoming effective and with effect from the Appointed Date, all legal, taxation and others proceedings of the Demerged Undertaking shall be transferred / dealt with in the following manner:

8.1 From the Effective Date, all legal, taxation or other proceedings (including before any statutory or quasi-judicial authority or tribunal) ("Proceedings") by or against the Demerged Company under any statute, whether pending on the Appointed Date, or which may be instituted any time in the future and in each case relating to the Demerged Undertaking shall be continued and enforced by or against the Resulting Company after the Effective Date, to the extent legally permissible. To the extent, such Proceedings cannot be taken over by the Resulting Company, the Proceedings shall be pursued by the Demerged Company as per the instructions of and entirely at the costs and expenses of the Resulting Company.

8.2 If the Proceedings are taken against the Demerged Company in respect of the matters referred to in Clause 8.1 above, it shall defend the same in accordance with the advice of the Resulting Company and at the cost of the Resulting Company, and the latter shall reimburse and indemnify and hold harmless the Demerged Company against all liabilities and obligations incurred by the Demerged Company in respect thereof.

9. CONTRACTS, LICENSES, APPROVALS & PERMITS

Upon the Scheme becoming effective and with effect from the Appointed Date, all contracts, license, approvals, permits, etc of the Demerged Undertaking shall be transferred / dealt with in the following manner:

9.1 With effect from the Effective Date and subject to the provisions of this Scheme, all contracts, deeds, bonds, agreements, schemes, arrangements and other instruments of whatsoever nature in relation to the Demerged Undertaking to which the Demerged Company is a party or to the benefit of which the Demerged Company may be eligible, and which are subsisting or having effect immediately before the Effective Date, shall be in full force and effect on or against or in favour, as the case may be, of the Resulting Company and may be enforced as fully and effectually as if, instead of the Demerged Company, the Resulting Company had been a party or beneficiary or obligee thereto.

9.2 Without prejudice to the other provisions of the Scheme and notwithstanding that the vesting of the Demerged Undertaking with the Resulting Company occurs by virtue of this Scheme itself, the Resulting Company may, at any time after the coming into effect of this Scheme in accordance with the provisions hereof, if so required, under any law or otherwise, execute deeds, confirmations or other writings or tripartite arrangements with any party to any contract or arrangement to which the Demerged Company is a party or any writings as may be necessary to be executed merely in order to give formal effect to the above provisions. The Demerged Company will, if necessary, also be a party to the above. The Resulting Company shall, under the provisions of this Scheme, be deemed to be authorised to execute any such writings on behalf of the Demerged Company and to carry out or perform all such formalities or compliances referred to above on the part of the Demerged Company to be carried out or performed.

9.3 For the avoidance of doubt and without prejudice to the generality of the foregoing, it is clarified that with effect from the Effective Date, all consents, permissions, licenses, certificates, authorities given by, issued to or executed in favour of the Demerged Company in relation to the Demerged Undertaking shall stand transferred to the Resulting Company as if the same were originally given by, issued to or executed in favour of the Resulting Company, and the Resulting Company shall file the relevant intimations, if any, for the record of the statutory authorities who shall take them on file, pursuant to the Scheme coming into effect.

9.4 It is hereby clarified that if any contract, deeds, bonds, agreements, schemes, arrangements or other instruments of whatsoever nature in relation to the Demerged Undertaking to which the Demerged Company is a party to, cannot be transferred to the Resulting Company for any reason whatsoever, the Demerged Company shall hold such contract, deeds, bonds, agreements, schemes, arrangements or other instruments of whatsoever nature in trust for the benefit of the Resulting Company.

9.5 Upon coming into effect of this Scheme, the past track record of the Demerged Company relating to the Demerged Undertaking, including without limitation, the profitability, production volumes, experience, credentials and market share, shall be deemed to be the track record of the Resulting Company for all commercial and regulatory purposes including for the purpose of eligibility, standing, evaluation and participation of the Resulting company in all existing and future bids, tenders and contracts of all authorities, agencies and clients.

10. EMPLOYEES

10.1 Upon the Scheme becoming effective and with effect from the Appointed Date:

10.1.1 All the employees of the Demerged Company who are part of the Demerged Undertaking ("the Employees") shall stand transferred to the Resulting Company on terms and conditions not less favourable than those on which they are engaged by the Demerged Company, (including in relation to the level of remuneration and contractual and statutory benefits, incentive plans, terminal benefits, gratuity plans, provident plans, superannuation plans and any other retirement benefits) without any interruption in service as a result of transfer of the Demerged Undertaking of the Demerged Company to the Resulting Company.

10.1.2 The Resulting Company agrees that the services of all Employees with the Demerged Company prior to the transfer, as aforesaid, shall be taken into account for the purposes of all benefits to which the said Employees may be eligible, including in relation to the level of remuneration and contractual and statutory benefits, incentive plans, terminal benefits, gratuity plans, provident plans, superannuation plans and any other retirement benefits and accordingly, shall be reckoned therefore from the date of their respective appointment in the Demerged Company.

10.1.3 The existing provident fund, superannuation fund and gratuity fund, if any, of which the Employees of the Demerged Company, being transferred under Clause 10.1.1 above to the Resulting Company, are members or beneficiaries along with all accumulated contributions therein till the Effective Date, shall, with the approval of the concerned authorities, be transferred to and continued without any break, to be administered by the Resulting Company for the benefit of such Employees on the same terms and conditions. Accordingly, the provident fund, superannuation fund and gratuity fund dues, if any, of the said Employees of the Demerged Company, and at the discretion of the Resulting Company, shall either be continued as separate funds of the Resulting Company for the benefit of such Employees or be transferred to and merged with other similar funds of the Resulting Company. In the event that the Resulting Company does not have its own funds in respect of any of the above, the Resulting Company may, subject to necessary approvals and permissions, continue to contribute to the relevant funds of the Demerged Company, until such time that the Resulting Company creates its own fund / arrangement, at which time the funds and the investments and contributions pertaining to the concerned Employees shall be transferred to the funds created by the Resulting Company.

11. TAX TREATMENT

Upon the Scheme becoming effective:

11.1 It is clarified that all the taxes and duties payable by the Demerged Company, relating to the Demerged Undertaking, from the Appointed Date onwards including all advance tax payments, tax deducted at source, tax liabilities or any refund and claims shall, for all purposes, be treated as advance tax payments, tax deducted at source, tax liabilities or refunds and claims of the Resulting Company. Accordingly, upon the Scheme becoming effective, the Demerged Company is expressly permitted to revise and file and the Resulting Company is expressly permitted to revise and file their respective, income tax returns including tax deducted at source certificates, sales tax/value added tax returns, excise returns, service tax returns and other tax returns, and to claim refunds/credits, pursuant to the provisions of this Scheme.

11.2 In accordance with the MODVAT / CENVAT/ VAT rules framed under the Central Excise Act, 1944 or relevant state legislations, as are prevalent on the effective date, the unutilized credits relating to excise duties and value added taxes paid on inputs/ capital goods lying to the account of the demerged undertaking shall be permitted to be transferred to the credit of the resulting company, as if all such unutilized credits were lying to the account of the resulting company. The Resulting Company shall accordingly be entitled to set off all such unutilized credits against the excise duty / applicable value added tax payable by it.

12. SECURITY

Upon the Scheme becoming effective:

12.1 In so far as assets comprised in the Demerged Undertaking are concerned, the security, existing charges, mortgages and encumbrances, if any, over or in respect of any of the assets or any part thereof or charge over such assets relating to any loans or borrowings of the Demerged Company shall, without any further act or deed, be released and discharged from the same and shall no longer be available as security in relation to those liabilities of the Remaining Business.

12.2 In so far as the assets of the Remaining Business are concerned, the security over such assets, to the extent they relate to the Transferred Liabilities shall, without any further act, instrument or deed be released and discharged from such security. The absence of any formal amendment which may be required by a lender or third party in order to effect such release shall not affect the operation of the foregoing sentence.

12.3 Without prejudice to the foregoing and with effect from the Effective Date, the Demerged Company and the Resulting Company shall mutually agree, subject to necessary consents from the creditors and execute any instruments or documents or do all the acts and deeds as may be required, including the filing of necessary particulars and/or modification(s) of charge, with the concerned Registrar of Companies to give formal effect to the above provisions, if required.

13. SAVING OF CONCLUDED TRANSACTIONS AND CONDUCT OF BUSINESS TILL EFFECTIVE DATE

13.1 The transfer and vesting of the assets, liabilities and obligations of the Demerged Undertaking as per this Scheme and the continuance of the Proceedings by or against the Resulting Company under Clause 8 hereof shall not affect any transaction or proceedings already completed by the Demerged Company on or before the Appointed Date to the end and intent that the Resulting Company accepts all acts, deeds and things done and executed by and/or on behalf of the Demerged Company as acts deeds and things done and executed by and on behalf of the Resulting Company.

13.2 With effect from the Appointed Date and up to and including the Effective Date, the Demerged Company shall be deemed to have been carrying on and to be carrying on all business and activities relating to the Demerged Undertaking for and on account of and in trust for the Resulting Company.

13.3 All profits accruing to the Demerged Company, or losses arising or incurred by it (including the effect of taxes if any thereon), relating to the demerged undertaking shall for all purposes, be treated as the profits, taxes or losses, as the case may be, of the Resulting Company.

13.4 The Demerged Company hereby confirms that it has, and shall continue upto the Effective Date, to preserve and carry on the Demerged Undertaking with due diligence, prudence and that it will not, without the prior consultation with the Resulting Company, alienate, charge or otherwise deal with or dispose of the Demerged Undertaking or any part thereof (in each case except in the ordinary course of business) or undertake substantial expansion of the Demerged Undertaking, other than expansions which have already commenced prior to the Appointed Date.

13.5 The Demerged Company and the Resulting Company shall be entitled to declare and pay dividends, whether interim or final, to their respective shareholders in respect of the accounting period prior to the Effective Date. It is clarified that the aforesaid provision in respect of declaration of dividends is an enabling provision only and shall not be deemed to confer any right on any member of the Demerged Company or the Resulting Company to demand or claim any dividends which, subject to the provisions of the Act, shall be entirely at the discretion of the Board of Directors of the Demerged Company and the Resulting Company, as the case may be, subject to such approval of the respective shareholders, as may be required.

14. REMAINING BUSINESS

14.1 The Remaining Business and all the assets, liabilities and obligations pertaining thereto shall continue to belong to and be vested in and be managed by the Demerged Company.

14.2 Any legal or other proceedings by or against the Demerged Company under any statute, whether pending on the Appointed Date or which may be instituted in future whether or not in respect of any matter arising before the Effective Date and relating to the Remaining Business (including those relating to any property, right, power, liability, obligation or duties of the Demerged Company in respect of the Remaining Business) shall be continued and enforced by or against the Demerged Company, which shall keep the Resulting Company fully indemnified in that regard. The Resulting Company shall in no event be responsible or liable in relation to any such legal or other proceeding against the Demerged Company.

15. CONVERSION OF THE EQUITY SHARE CAPITAL OF THE RESULTING COMPANY

15.1 Upon the Scheme becoming effective:

(a) the existing Authorised Capital of the Resulting Company shall be reclassified from 500,000,000 Equity Shares of Re. 1 each to 450,000,000 Equity Shares of Re. 1 each and 5,000,000 8% Cumulative Redeemable Preference Shares of Rs. 10 each; and

(b) out of the existing Issued, Subscribed and Paid-up capital of 100,000,000 Equity Shares of Re. 1 each entirely held by the Demerged Company, 28,000,000 Equity Shares of Re. 1/- each shall stand converted into 2,800,000 8% Cumulative Redeemable Preference Shares of Rs. 10 each fully paid up. The terms and conditions of such Cumulative Redeemable Preference Shares are stipulated in Schedule-I to the Scheme.

15.2 Consequent to the conversion as provided in Clause 15.1 (b) above, but prior to allotment of Equity Shares pursuant to Clause 16 below, the Issued, Subscribed and Paid-up Capital of the Resulting shall be as follows:

PARTICULARS	**AMOUNT (RS.)**
Authorized Capital	
Equity Shares	
450,000,000 Equity Shares of Re. 1 each	450,000,000
Preference Shares	
5,000,000 8% Cumulative Redeemable Preference Shares of Rs. 10 each	50,000,000
Total	**500,000,000**
Issued, Subscribed and Paid-up Capital	
Equity Shares	
72,000,000 Equity Shares of Re. 1 each	72,000,000
Preference Shares	
2,800,000 8% Cumulative Redeemable Preference Shares of Rs. 10 each	28,000,000
Total	**100,000,000**

15.3 Upon coming into effect of the Scheme, Clause [V] of the Memorandum of Association of the Resulting Company be and is hereby replaced with the following:

'[V] The Capital of the Company is Rs. 500,000,000 divided into 450,000,000 Equity Shares of Re. 1 each and 5,000,000 Cumulative Redeemable Preference Shares of Rs. 10 each.'

15.4 The Resulting Company shall make the requisite allotment and issue new share certificates to the Demerged Company in accordance with the abovementioned conversion / reclassification of the share capital structure of the Resulting Company. The Preference Shares allotted in terms of the Scheme shall not be listed on any Stock Exchange.

15.5 It shall be deemed that the members of the Resulting Company have also resolved and accorded all relevant consents under the applicable provisions of the Act with respect to the abovementioned conversion / reclassification of the share capital structure of the Resulting Company.

16. CONSIDERATION - ISSUE OF SHARES

16.1 Upon the Scheme becoming effective and subject to the terms and conditions of this Scheme and as may determined by the board of directors of the Demerged Company and the Resulting Company, in consideration of the transfer of the Demerged Undertaking by the Demerged Company to the Resulting Company in terms of this Scheme, the Resulting Company shall issue and allot to the equity shareholders of the Demerged Company holding fully paid up Equity Shares in the Demerged Company and whose name appears in the Register of Members of the Demerged Company on the Record Date, 1 (One) Equity Share of Re. 1/- each, credited as fully paid in the capital of the Resulting Company for every 1 (One) Equity Shares of Re. 1/- each held by them in the Demerged Company (the "New Equity Shares").

16.2 The total number of New Equity Shares to be issued and allotted to members of the Demerged Company pursuant to Clause 16.1 shall be at par, credited as fully paid up and shall have rights attached thereto as follows:

16.2.1 The New Equity Shares to be issued and allotted pursuant to Clause 16.1 hereof shall in all respects, rank pari-passu with the existing Equity Shares of the Resulting Company;

16.2.2 The New Equity Shares to be issued and allotted in terms hereof will be subject to the applicable provisions of the Memorandum and Articles of Association of the Resulting Company;

16.3 In respect of the equity shares in Demerged Company already held in dematerialized form, the New Equity Shares to be issued by the Resulting Company in lieu thereof shall also be issued in dematerialized form with the shares being credited to the existing depository accounts of the members of Demerged Company entitled thereto, unless otherwise notified in writing by the shareholders of Demerged Company to the Resulting Company on or before the Record Date. In respect of the equity shares in Demerged Company held in the physical form, each member of Demerged Company holding such shares shall have the option, to be exercised by way of giving a notice to the Resulting Company on or before the Record Date, to receive the New Equity Shares of the Resulting Company either in physical form or in dematerialized form, provided however, in case of the latter, the said notice shall contain the details of the relevant depository account. In the event that such notice has not been received by the Resulting Company in respect of any member, the New Equity Shares of the Resulting Company shall be issued to such members in physical form.

16.4 The New Equity Shares to be issued by the Resulting Company along with the existing Equity Shares issued by the Resulting Company shall, subject to the execution of the listing agreement and payment of the appropriate fee, be listed and admitted for

trading on the Bombay Stock Exchange Limited ("BSE") and the National Stock Exchange of India Limited ("NSE") in pursuance of the relevant regulations including the Circular No. SEBI/CFD/SCRR/01/2009/03/09 dated September 3, 2009 issued by the Securities and Exchange Board of India in relation to application under sub-rule (7) of rule 19 of the Securities Contracts (Regulation) Rules, 1957 for relaxing strict enforcement of clause (b) to sub-rule (2) of rule 19 thereof. The shares allotted pursuant to the Scheme shall remain frozen in the depositories system till listing/trading permission is given by the designated stock exchange.

16.5 Equity shares to be issued by the Resulting Company pursuant to Clause 16.1 of this Scheme, in respect of any equity shares of the Demerged Company which are held in abeyance under the provisions of section 206A of the Act or otherwise, shall pending allotment or settlement of dispute by order of court or otherwise be held by the trustees appointed by the Resulting Company.

16.6 In the event of there being any pending and valid share transfers, whether lodged or outstanding, of any shareholder of the Demerged Company, the board of directors or any committee thereof of the Demerged Company shall be empowered in appropriate cases, even subsequent to the Record Date or the Effective Date, as the case may be, to effectuate such a transfer in the Demerged Company, as if such changes in registered holder were operative as on the Record Date, in order to remove any difficulties arising to the Demerged / Resulting Company of such shares.

16.7 There shall be no change in the shareholding pattern or control in the Resulting Company between the Record Date and the date of listing of the shares of the Resulting Company pursuant to the Scheme, save and except pursuant to the issuance of shares/reorganization of capital under this Scheme.

17 STOCK OPTIONS

17.1 Pursuant to the shareholders approval for the ESOP 2009, the Stock Exchanges have granted their in-principle approval for issue and allotment of a maximum of 644,700 Equity shares, which may arise out of exercise of the stock options as and when exercised under the ESOP 2009. The Demerged Company has pursuant to such approvals granted 200,000 options to certain eligible employees of the Demerged Company till July 31, 2010.

17.2 Subject to receipt of necessary approvals from the Securities and Exchange Board of India ("SEBI")/BSE/NSE under the SEBI Guidelines and upon the Scheme becoming effective:

17.2.1 In respect of the stock options granted to employees of the Demerged Company (including the Employees) to whom as on the Record Date , stock options have been granted (whether the same are vested or not) (the "Specified Employees"), the Resulting Company shall, for every one (1) stock option held by such Specified Employees in the Demerged Company, issue one (1) employee stock option under a stock option scheme (which shall have terms and conditions similar to the ESOP 2009), to be created by the Resulting Company ("New Stock Option Scheme"). It is hereby clarified that each stock option under the New Stock Option Scheme, when exercised shall entitle the Specified Employees holding such stock option one (1) equity share of Rs 1/- each of the Resulting Company.

17.2.2 The stock options granted under the ESOP 2009 would continue to be held in the hands of the Specified Employees and the ESOP 2009 shall pursuant to this Scheme and the approval of the SEBI/BSE/NSE, be modified by the Demerged Company as considered appropriate or necessary by the board of the Demerged Company to enable the continuance of the same in the hands of the Specified Employees.

17.2.3 The existing exercise price of the stock options under the ESOP 2009 shall be suitably changed in an appropriate manner as determined by the board of the Demerged Company in consultation with the board of the Resulting Company and consequently the exercise price of the stock options under the ESOP 2009 shall stand adjusted and the balance of the exercise price shall become the exercise price of the stock options issued under the New Stock Option Scheme.

17.2.4 Subject to the requirements of the SEBI Guidelines, in relation to the vesting period of the stock options granted under the New Stock Option Scheme, the period during which the Specified Employees held stock options granted by the Demerged Company under the ESOP 2009 prior to the issuance of the stock options under the New Stock Option Scheme, shall be taken into account for determining the minimum vesting period required for stock options granted under the New Stock Option Scheme.

17.2.5 The consent of the shareholders of the Demerged Company to this Scheme shall be deemed to be their consent in relation to all matters relating to the ESOP 2009 as mentioned above. This approval shall without limitation, be in respect of effecting necessary changes to the ESOP 2009 for changes to the exercise price of the stock options, exercise of stock options by the Employees and any other related or pertinent matters.

17.2.6 The consent of the shareholders of the Resulting Company to this Scheme shall be deemed to be their consent in relation to all matters relating to the New Stock Option Scheme as mentioned above. This approval shall without limitation, be in respect of all matters relating to creation of / modification of the New Stock Option Scheme, the exercise price of the stock options, exercise of the stock options by the Specified Employees and all other related or pertinent matters under the New Stock Option Scheme.

17.3 In the event that necessary approvals of the SEBI /BSE/NSE is not received for the matters specified in Clause 17.2 above and upon the Scheme becoming effective:

17.3.1 In accordance with the provisions of the SEBI Guidelines, the outstanding stock options held by the employees of the Demerged Company, other than the Employees, the existing exercise price of the stock options and the share entitlement on exercise of a stock option under the ESOP 2009 shall be suitably changed in an appropriate manner as determined by the board of the Demerged Company in consultation with the board of the Resulting Company and consequently the exercise price and the share entitlement of each of the stock options under the ESOP 2009 shall stand adjusted. The outstanding stock options held by the Employees shall lapse.

17.3.2 The Resulting Company in consultation with the Board of the Demerged Company and subject to the SEBI Guidelines shall issue to all the Employees, one (1) stock option under the New Stock Option Scheme for every one (1) outstanding employee stock option held by such Employee in the Demerged Company on the Effective Date on terms as to exercise price and share entitlement on exercise as considered appropriate.

17.3.3 It is hereby clarified that the provisions of Clauses 17.2.2, 17.2.3, 17.2.4, 17.2.5 and 17.2.6 shall be applicable mutatis mutandis to the actions under Clauses 17.3.1 and 17.3.2 above.

17.4 The boards of the Demerged Company and the Resulting Company shall take such actions and execute all necessary documents required or desirable for giving effect to the provisions of this Clause.

18 ACCOUNTING TREATMENT

18.1 In the books of the Resulting Company, on the Scheme becoming effective:

18.1.1 Resulting Company shall record the assets and liabilities, of the Demerged Undertaking vested in it pursuant to this Scheme, at the respective book values thereof as appearing in the books of the Demerged Company at the close of business of the day immediately preceding the Appointed Date.

18.1.2 Resulting Company shall credit to its Share Capital Account in its books of account the aggregate face value of the New Equity Shares issued by it to the members of the Demerged Company pursuant to this Scheme.

18.1.3 The excess of the value of the assets over the value of liabilities of the Demerged Undertaking and the amount credited to share capital as per clause 18.1.2, pursuant to the Scheme shall be credited to Capital Reserve account. However, where the value of liabilities and the amount credited to share capital as per clause 18.1.2, pursuant to the scheme exceeds the value of assets of the Demerged Undertaking, such excess shall debited by the Resulting Company to the Goodwill account.

18.1.4 The Resulting Company shall determine and recognize the deferred tax asset and the deferred tax liability as on the Appointed Date based on the assets and liabilities of the Demerged Undertaking and adjust the same against the “Capital Reserve Account” or the “Goodwill”, as the case may be.

18.2 In the books of the Demerged Company, on the Scheme becoming effective with effect from the Appointed Date:

18.2.1 Where the book value of the assets of the Demerged Company that are transferred to the Resulting Company exceed the book value of the liabilities transferred, such an excess of the assets over liabilities shall be adjusted against the following balances as appearing in the books of the Demerged Company, in the following order:

i) Amalgamation Reserve Account

ii) General Reserve Account

18.2.2 In case the book value of the liabilities of the Demerged Company that are transferred to the Resulting company pursuant to the Scheme exceed the book value of the assets transferred, such an excess of liabilities over assets shall be adjusted against the Capital Reserve Account of the Demerged Company.

18.2.3 With effect from the Appointed Date, the Demerged Company shall adjust the deferred tax asset and the deferred tax liability to give effect to the transfer of assets and liabilities of the Demerged Undertaking to the Resulting Company against the “General Reserve Account”.

19 APPLICATIONS TO THE HIGH COURT

19.1 The Demerged Company and the Resulting Company shall, with all reasonable dispatch, make applications to the Hon’ble High Court of Uttar Pradesh at Allahabad, under whose jurisdiction their respective registered offices are situated, for sanctioning this Scheme under Sections 391 to 394 of the Act for an order or orders thereof.

20 MODIFICATIONS/AMENDMENTS TO THE SCHEME

20.1 Notwithstanding anything to the contrary contained in this Scheme, the Demerged Company and the Resulting Company by their respective board of directors or such other person or persons, as the respective board of directors may authorize including any committee or sub-committee thereof, may make and/or consent to any modifications / amendments (i) to the Scheme (including but not limited to the terms and conditions thereof) or (ii) to any conditions or limitations that the Court or any other authority may deem fit to direct or impose; or (iii) which may otherwise be considered necessary, desirable or appropriate by them.

20.2 The Demerged Company and the Resulting Company by their respective board of directors or such other person or persons, as the respective board of directors may authorize including any committee or sub-committee thereof, shall be authorised to take all such steps as may be necessary, desirable or proper to resolve any doubts, difficulties or questions whether by reason of any directive or orders of the Court or any other authorities or otherwise howsoever arising out of or under or by virtue of the Scheme and/or any matter concerned or connected therewith.

20.3 For the purpose of giving effect to this Scheme or to any modifications or amendments thereof or additions thereto, the delegate of the Demerged Company and Resulting Company may give and are hereby authorised to determine and give all such directions as are necessary including directions for settling or removing any question or doubt or difficulty that may arise and such determination or directions, as the case may be, shall be binding on all parties, in the same manner as if the same were specifically incorporated in this Scheme.

21 CONDITIONALITY AND EFFECTIVENESS OF THE SCHEME

21.1 The Scheme is conditional upon and subject to:

21.1.1 Approval of the Scheme by the requisite majority of the respective members and such class of persons of the Demerged Company and the Resulting Company as may be directed by the High Court;

21.1.2 Sanctions and Orders under the provisions of Sections 391 to 394 of the Act being obtained by the Demerged Company and the Resulting Company from the High Court;

21.1.3 The approval of the Government of India and/or Reserve Bank of India and/or Securities and Exchange Board of India, if required and the prior consent of The Bombay Stock Exchange Limited, Mumbai and The National Stock Exchange of India Limited, Mumbai where such approval or consent is necessary; and

21.1.4 All other sanctions and approvals as may be required by law in respect of this Scheme being obtained.

21.2 This Scheme, although to come into operation with effect from the Appointed Date, shall not become effective until the last of the following dates, namely:

21.2.1 That on which the last of the aforesaid consents, approvals, permissions, resolutions and orders as mentioned in Clause 21.1 shall be obtained or passed; or

21.2.2 That on which all necessary certified copies of orders under Sections 391 to 394 of the Act shall be duly filed with the Registrar of Companies, Kanpur.

The last of such dates shall be the “Effective Date” for the purpose of this Scheme.

22 COSTS

22.1 Stamp duty and registration fee, if any, of any deed, document, instrument or Court’s order including this Scheme or in relation to or in connection with negotiations leading upto the Scheme and of carrying out and implementing the terms and provisions of this Scheme shall be borne by the Resulting Company. All other costs, charges and expenses incidental to the completion of arrangement in pursuance of this Scheme shall be borne by the Demerged Company.

23 REVOCATION OF THE SCHEME

23.1 In the event of any of the said sanctions and approvals referred to in Clause 21 above not being obtained and/or complied with and/or satisfied and/or this Scheme not being sanctioned by the High Court and/or order or orders not being passed as aforesaid before June 30, 2011 or such later date as may be mutually agreed upon by the respective board of directors of the Demerged Company and the Resulting Company (who are hereby empowered and authorised to agree to and extend the aforesaid period from time to time without any limitations in exercise of their powers through and by their respective delegate(s)), this Scheme shall stand revoked, cancelled and be of no effect and in that event, no rights and liabilities whatsoever shall accrue to or be incurred inter se between the Demerged Company and the Resulting Company or their respective shareholders or creditors or employees or any other person save and except in respect of any act or deed done prior thereto as is contemplated hereunder or as to any right, liability or obligation which has arisen or accrued pursuant thereto and which shall be governed and be preserved or worked out in accordance with the applicable law and in such case, each party shall bear its own costs unless otherwise mutually agreed.

23.2 The board of directors of the Demerged Company and the Resulting Company shall be entitled to revoke, cancel and declare the Scheme of no effect if such boards are of view that the coming into effect of the Scheme in terms of the provisions of this Scheme or filing of the drawn up orders with any authority could have adverse implication on all/any of the companies or in case any condition or alteration imposed by the High Court or any other authority is not on terms acceptable to them.

23.3 If any part of this Scheme hereof is invalid, ruled illegal by any court of competent jurisdiction, or unenforceable under present or future laws, then it is the intention of the parties that such part shall be severable from the remainder of the Scheme, and the Scheme shall not be affected thereby, unless the deletion of such part shall cause this Scheme to become materially adverse to any party, in which case the parties shall attempt to bring about a modification in the Scheme, as will best preserve for the parties the benefits and obligations of the Scheme, including but not limited to such part.

SCHEDULE – I

TERMS AND CONDITIONS OF CUMULATIVE REDEEMABLE PREFERENCE SHARES

Issuer	Triveni Turbine Limited
Instrument	Cumulative Redeemable Preference Shares
Face value	Rs. 10
Coupon Rate	8 % per annum
Redemption	Subject to the provisions of the Act, the Preference Shares to be redeemed at par at the end of 5 years from the date of allotment. However, the Resulting Company will have an option to redeem the Preference Shares at any time after the end of 6 months from the date of allotment.

IN THE HIGH COURT OF JUDICATURE AT ALLAHABAD
ORIGINAL JURISDICTION
EXPLANATORY STATEMENT
UNDER SECTION 393 OF THE COMPANIES ACT, 1956
ANNEXED TO THE NOTICES CONVENING THE
MEETINGS OF EQUITY SHAREHOLDERS, SECURED CREDITORS AND UNSECURED CREDITORS
PURSUANT TO THE ORDER DATED 9TH SEPTEMBER, 2010 PASSED BY THE HON'BLE ALLAHABAD HIGH COURT
IN
COMPANY APPLICATION NO. 15 OF 2010

[Under Section 391 read with Section 394 of the Companies Act]
IN THE MATTER OF :
SCHEME OF ARRANGEMENT PROVIDING FOR DEMERGER OF
STEAM TURBINE BUSINESS OF
TRIVENI ENGINEERING & INDUSTRIES LIMITED
[DEMERGED COMPANY]
AND ITS MERGER IN
TRIVENI TURBINE LIMITED
[RESULTING COMPANY]
DISTRICT : SAHARANPUR

1. TRIVENI ENGINEERING & INDUSTRIES LIMITED
having its registered office at
Deoband - 247554
District: Saharanpur (UP) ..... [DEMERGED COMPANY]
2. TRIVENI TURBINE LIMITED
having its registered office at
A-44, Hosiery Complex, Phase II Extension
NOIDA - 201305 (UP) .....[RESULTING COMPANY]

..... APPLICANTS

1. The above-named Companies have moved a Company Application, being Company Application No. 15 of 2010, in the Hon'ble Allahabad High Court seeking directions to convene meetings of the Equity Shareholders and the Creditors of the Demerged Company, for considering and, if thought fit, approving, with or without modification, the proposed Scheme of Arrangement providing for demerger of the Steam Turbine Business from the Demerged Company and its merger with the Resulting Company aforesaid, and other directions incidental thereto, and for dispensation of the meetings of the Equity Shareholders and the Creditors of the Resulting Company.
2. On the above Application, the Hon'ble Court has passed Order dated 9th September, 2010 convening separate meetings of the Equity Shareholders, Secured Creditors and Unsecured Creditors of the Demerged Company and given other directions incidental thereto. The Hon'ble Court has dispensed with the meetings of the Equity Shareholders and the Creditors of the Resulting Company.
3. The above Scheme of Arrangement has been duly approved by the Board of Directors of the Demerged Company vide their resolution dated 12-03-2010, subsequently amended by the Demerger Committee of the said Company vide their resolution dated 19-04-2010, Board of Directors of the Demerged Company vide their resolution dated 31-07-2010 and Demerger Committee vide their resolution dated 26-08-2010. The Scheme has also been approved by the Board of Directors of the Resulting Company vide their resolution dated 12-03-2010 subsequently amended vide resolutions dated 19-04-2010, 31-07-2010 and 26-08-2010.
4. **Reg. DEMERGED COMPANY :**
[TRIVENI ENGINEERING & INDUSTRIES LIMITED]
   (i) The Demerged Company was incorporated on 27-7-1932 as a public limited company under the Companies Act, 1913, in the name of 'The Ganga Sugar Corporation Limited'. Subsequently on 3-4-1973, the name of the Company was changed to 'Gangeshwar Limited' and a fresh Certificate of Incorporation was issued by the Registrar of Companies, Delhi & Haryana, New Delhi. The registered office of the company was subsequently shifted from Delhi to Uttar Pradesh after completing all the necessary legal formalities. The name of the Company was again changed under a Scheme of Amalgamation to 'Triveni Engineering & Industries Limited' w.e.f. 31-3-2000 and a fresh Certificate of Incorporation was issued by the Registrar of Companies, U.P, Kanpur. The copies of certificates of incorporation form part of the Memorandum and Articles of Association of the company.
   (ii) The registered office of the Company is situate at Deoband in the District of Saharanpur (U.P.).
   (iii) The Company received Certificate of Commencement of Business on 6-2-1933 which forms part of the Memorandum and Articles of Association of the Company. The company has been in business since then.
   (iv) The objects of the Company are set out in the Objects Clause of the above Memorandum of Association. Presently the Company is engaged in the business of :

(a) manufacture and sale of sugar at its Plants at Khatauli, Deoband, Ramkola, Rani Nangal, Chandanpur, Sabitgarh and Milak Narayanpur, all in the State of Uttar Pradesh ;

(b) cogeneration of power using surplus bagasse at its plants at Khatauli and Deoband, both in the State of Uttar Pradesh.

(c) Manufacture of industrial alcohol (SDS), rectified spirit(RS), extra neutral alcohol (ENA) and also ethanol at its distillery at Muzaffarnagar in the State of Uttar Pradesh.

(d) manufacture and sale of steam turbines at its Works at Bangalore ;

(e) manufacture and sale of high speed reduction gears and gear boxes at its Mysore Unit ;

(f) water & waste water treatment through its works located at Noida in Uttar Pradesh.

(v) The Authorized, Issued, Subscribed and Paid up Share Capital of the Company as on 30th September, 2009 has been as under-

PARTICULARS	**AMOUNT (RS.)**
Authorized Capital	
Equity Shares	
500,000,000 Equity Shares of Re. 1/- each.	500,000,000
Preference Shares	
20,000,000 Preference Shares of Rs. 10/- each	200,000,000
Total	**700,000,000**
Issued Share Capital	
257,888,150 Equity Shares of Re. 1/- each	257,888,150
Total	**257,888,150**
Subscribed and Paid-up Capital	
257,880,150 Equity Shares of Re. 1/- each	257,880,150
Add: Paid up value of forfeited 8000 equity shares	
of Re. 1/- each	1,600
Total	**257,881,750**

There has been no change in the Authorized, Issued, Subscribed and Paid up Share Capital after 30th September, 2009.

(vi) The audited accounts of the Company have been presented to the shareholders up to the financial year ended on 30th September, 2009. These are the latest audited accounts. The summarized financial position of the Company as per the latest Audited Accounts is as under :

As on 30th September, 2009

PARTICULARS	**AMOUNT Rs. in Millions**
SOURCES OF FUNDS :	
Share Capital	257.88
Reserves and Surplus	8,972.04
Secured Loans	7,587.47
Unsecured Loans	750.48
Deferred Tax Liability(Net)	933.82
TOTAL	**18,501.69**
APPLICATION OF FUNDS :	
Net Fixed Assets	12,399.39
Capital-work-in-progress	189.34
Intangible Assets	100.57
Discarded Fixed Assets pending disposal/sale	2.66
Plant & Machinery acquired under lease	147.04
Investments	269.84
Current Assets/Loans/Advances 11,448.62	
Less Current Liabilities/Provisions 6,068.78	
Net Current Assets	5,379.84
Miscellaneous Expenditure not written off	13.01
TOTAL	**18,501.69**

There has been no material change in the financial position of the Company after 30th September, 2009, except in the normal course of business.

5. Reg. RESULTING COMPANY :
[TRIVENI TURBINE LIMITED]

(i) The Resulting Company was incorporated as a private limited company on 27-06-1995 in the NCT of Delhi under the Companies Act, 1956, in the name of 'Triveni SRI Private Limited'. The Certificate of Incorporation granted by the Registrar of Companies, NCT of Delhi & Haryana forms part of the Memorandum and Articles of Association of the Company. The Company became a public company with effect from 29-04-1996 and the Certificate of Incorporation was changed accordingly. The name of the company was changed to 'Triveni Retail Ventures Limited' with effect from 19-01-2007. The name was changed to its present name i.e. 'Triveni Turbine Limited' with effect from 08-03-2010. Fresh Certificates of Incorporation were issued by the Registrar of Companies, NCT of Delhi and Haryana as and when above changes in name took place. The copies of certificates of incorporation form part of the Memorandum and Articles of Association of the company.

(ii) The registered office of the Company has been shifted from NCT of Delhi to the State of Uttar Pradesh with effect from 09-07-2010 after completing all the legal formalities. The registered office is presently situate at A-44, Hosiery Complex, Phase II Extension, NOIDA.

(iii) In view of the fact that the Company was incorporated as a private limited company, it did not require any Certificate of Commencement of Business. The Company has been in business after its incorporation.

(iv) The objects of the Company are set out in the Objects Clause of the above Memorandum of Association. The main objects of the company inter alia, include designing, engineering, manufacturing, buying and selling steam turbines, turbo generators, and otherwise dealing in all kinds of light and heavy engineering products, plant and machinery. The Applicants beg to refer to the objects stated in the Object Clause of the Memorandum of Association at the time of hearing of this Application. The Company intends to carry on activities relating to manufacturing of Turbines and power related activities on the effectiveness of Scheme.

(v) The Authorized, Issued, Subscribed and Paid up Share Capital of the Company as on 31st March, 2010 has been as under -

PARTICULARS	**AMOUNT (RS.)**
Authorized Capital	
Equity Shares	
500,000,000 Equity Shares of Re. 1 each	500,000,000
Issued, Subscribed and Paid-up Capital	
Equity Shares	
100,000,000 Equity Shares of Re. 1 each	100,000,000

There has been no change in the Authorized, Issued, Subscribed and Paid up Share Capital after 31st March, 2010.

(vi) The entire share capital of the company is owned by the Demerged Company i.e. Triveni Engineering & Industries Limited. Thus the Resulting Company is a wholly owned subsidiary of the Demerged Company.

(vii) The audited accounts of the Company have been presented to the shareholders up to the financial year ended on 31st March, 2010. These are the latest audited accounts. The summarized financial position of the Company as per the latest Audited Accounts is as under :

AS ON 31ST MARCH, 2010

PARTICULARS		**AMOUNT Rs. in Millions**
SOURCES OF FUNDS :		
Share Capital		100.00
Secured Loans		0.15
Unsecured Loans		175.24
TOTAL		**275.39**
APPLICATION OF FUNDS :		
Net Fixed Assets		4.62
Deferred Tax Assets		6.08
Current Assets/Loans/Advances	9.07	
Less Current Liabilities/Provisions	2.25	
Net Current Assets		6,82
Debit Balance in P& L Account		257.87
TOTAL		**275.39**

There has been no material change in the financial position of the Company after 31st March, 2010, except in the normal course of business.

6. The proposed Scheme of Arrangement, inter alia, contemplates transfer of the entire Steam Turbine Business of the Demerged Company to the Resulting Company with all its assets and liabilities and its merger in the Resulting Company on terms and conditions stated in the Scheme. The salient features of the proposed Scheme are as under -

[Para numbers mentioned below are as assigned in the Scheme]

3.1.2 "Appointed Date" means the opening of business on 1st October, 2010 ;

3.1.5 "Demerged Undertaking" means the Steam Turbine Business of the Demerged Company, on a going concern basis, comprising, inter alia, the assets and liabilities relating thereto and which shall mean and include (without limitation):

(i) all assets wherever situated, whether movable or immovable, tangible or intangible, leasehold or freehold, including all land, buildings, plant and machinery, offices, capital work-in-progress, furniture, fixtures, office equipment, appliances, accessories, etc. pertaining to the Demerged Undertaking;

(ii) all permits, quotas, rights (including rights under any contracts, government contracts, memorandum of understanding, etc.), entitlements, industrial and other licenses, municipal permissions, approvals, consents, tenancies in relation to the office and/or residential properties for the employees, offices and depots, patents, copyrights, all other intellectual property rights, investments and/or interest (whether vested, contingent or otherwise) in projects undertaken by the Demerged Undertaking, either solely or jointly with other parties, cash balances, benefit of any deposits, financial assets, bills of exchange, letters of intent and loans and advances appearing in the books of accounts, corporate guarantees issued by the Demerged Company and the benefits of any bank guarantees issued in relation to the Demerged Undertaking for the benefit of the Demerged Company, accounts and all other rights, benefits of all agreements, subsidies, grants, taxes, tax credits (including but not limited to credits in respect of income tax, sales tax, value added tax, turnover tax, excise duty, service tax, etc), deferred tax benefits, privileges, licenses, power and facilities of every kind, nature and description whatsoever, rights to use and avail of telephones, telexes, facsimile connections and installations, utilities, electricity and other services, provisions, funds, benefits of all agreements, contracts and arrangements and all other interests in connection with or relating to the Demerged Undertaking;

(iii) all earnest moneys, advances and/or security deposits paid by the Demerged Company in connection with or relating to the Demerged Undertaking;

(iv) all necessary records, files, papers, engineering and process information, computer programmes, drawings, manuals, data, catalogues, quotations, sales and advertising materials, lists of present and former customers and suppliers, customer credit information, customer pricing information, and other records whether in physical or electronic form in connection with or relating to the Demerged Undertaking;

(v) employees of the Demerged Company engaged in work related to the Demerged Undertaking;

(vi) all existing and future investments, contracts, memorandum of understanding, etc., entitlements, industrial and other licenses, municipal permissions, approvals, consents, tenancies in relation to any joint venture or other arrangement which may be entered into by the Demerged Company in respect of business relating or incidental to the Demerged Undertaking; and

(vii) the Transferred Liabilities;

3.1.7 "Effective Date" shall have the meaning ascribed to it in Clause 21. Any references in the Scheme to "upon the Scheme becoming effective" or "effectiveness of the Scheme" shall mean with respect to the "Effective Date".

5. TRANSFER AND VESTING OF THE DEMERGED UNDERTAKING

5.1 The Scheme set out herein in its present form or with any modification(s) approved or imposed or directed by the High Courts or made as per Clause 20 of the Scheme, shall be effective from the Appointed Date and subject to the Scheme, the Demerged Undertaking shall, subject to the provisions of this Clause in relation to the mode of vesting and pursuant to Section 394(2) of the Act and without any further act or deed, be demerged from, transferred to and vested in or be deemed to have been demerged from, transferred to and vested in the Resulting Company as a going concern so as to become as and from the Appointed Date, the estate, assets, rights, title, interest and authorities including accretions and appurtenances, of the Resulting Company.

5.2 This Scheme has been drawn up to comply with the conditions relating to "Demerger" as specified under Section 2(19AA) of the Income Tax Act, 1961. If any terms or provisions of this Scheme are found or interpreted to be inconsistent with the said provisions at a later date including resulting from an amendment of law or for any other reason whatsoever, the provisions of the said section of the Income Tax Act, 1961 shall prevail and the Scheme shall stand modified to the extent determined necessary to comply with Section 2(19AA) of the Income Tax Act, 1961. Such modification will however not affect remaining parts of the Scheme.

5.3 It is clarified that since the Demerged Company beneficially owns 100% of the issued share capital of the Resulting Company, the transfer of the Demerged Undertaking in pursuance of this Scheme shall be eligible to the remission of stamp

duty in the state of Uttar Pradesh, on instruments evidencing transfer of property, vide Finance Department Notification No. M.599/X-501, dated March 25, 1942 issued under Section 9(a) of the Indian Stamp Act, 1899.

6. ASSETS

6.1 Upon the Scheme becoming effective and with effect from the Appointed Date, the assets of the Demerged Undertaking shall stand transferred and vested in the following manner:-

6.1.1 In respect of such of the assets of the Demerged Undertaking as are movable in nature or are otherwise capable of being transferred by manual delivery, by paying over or by endorsement and delivery, the same shall be so transferred by the Demerged Company, without requiring any deed or instrument of conveyance for the same and shall become the property of the Resulting Company as an integral part of the Demerged Undertaking.

6.1.2 In respect of such of the assets belonging to the Demerged Undertaking other than those referred to in Clause 6.1.1 above, the same shall be transferred to and vested in and/or be deemed to be transferred to and vested in the Resulting Company on the Appointed Date pursuant to the provisions of Section 394 of the Act.

6.1.3 In relation to the assets belonging to the Demerged Undertaking that require execution of separate documents to effect transfer, the parties will execute the necessary documents, as and when required.

6.2 All assets, estate, rights, title, interest and authorities acquired by the Demerged Company after the Appointed Date and prior to the Effective Date for operation of the Demerged Undertaking shall also stand transferred to and vested in the Resulting Company with effect from the Effective Date, in accordance with the manner prescribed in Clause 6.1.

7. LIABILITIES

Upon the Scheme becoming effective and with effect from the Appointed Date, the liabilities of the Demerged Undertaking shall be transferred / dealt with in the following manner:

7.1 It is clarified that, with effect from the Effective Date, liabilities and obligations of the Demerged Company which arose out of the activities or operations of the Demerged Undertaking as on the Appointed Date shall be deemed to have been transferred to the Resulting Company and to the extent they are outstanding on the Effective Date shall, without any further act or deed be and stand transferred to the Resulting Company, and shall become the liabilities and obligations of the Resulting Company which shall meet, discharge and satisfy the same.

7.2 All liabilities (including loan & borrowings) present, future and contingent liabilities including the liabilities of the Demerged Company allocable or pertaining to the steam turbine business including guarantees in respect of borrowings pertaining to or relatable to the Demerged Undertaking (collectively the "Transferred Liabilities") being a part of the Demerged Undertaking shall, without any further act or deed, become liabilities, loans and borrowings of the Resulting Company, and all rights, powers, duties and obligations in relation thereto shall be and stand transferred to and vested in and shall be exercised by or against the Resulting Company as if it had entered into such loans and incurred such borrowings. For the purpose of this Scheme, it is clarified that Transferred Liabilities shall include:

(i) The liabilities which arise out of the activities or operations of the Demerged Undertaking;

(ii) The specific loans or borrowings raised, incurred and utilized solely for the activities or operations of the Demerged Undertaking; and

(iii) In cases, other than those referred to in Sub-Clauses (i) and (ii), so much of the amounts of general or multipurpose borrowings of the Demerged Company, allocable to the Demerged Undertaking as stand in the same proportion which the value of the assets transferred under this Scheme bears to the total value of the assets of the Demerged Company immediately before the demerger, as prescribed under the Income Tax Act, 1961.

7.3 Subject to Clause 7.2 and from the Effective Date, the Resulting Company alone shall be liable to perform all obligations in respect of the Transferred Liabilities as the borrower/issuer thereof, and the Demerged Company shall not have any obligations in respect of the Transferred Liabilities.

7.4 It is expressly provided that, save as mentioned in this Clause 7, no other term or condition of the Transferred Liabilities shall be modified except to the extent that such amendment is required by necessary implication.

7.5 Where any of the liabilities and obligations of the Demerged Company as on the Appointed Date deemed to be transferred to the Resulting Company have been discharged by the Demerged Company after the Appointed Date and prior to the Effective Date, such discharge shall be deemed to have been for and on account of the Resulting Company, and all loans raised and used and all liabilities and obligations incurred by the Demerged Company for the operations of the Demerged Undertaking after the Appointed Date and prior to the Effective Date shall be deemed to have been raised, used or incurred for and on behalf of the Resulting Company and to the extent they are outstanding on the Effective Date, shall also without any further act or deed be and stand transferred to the Resulting Company and shall become the liabilities and obligations of the Resulting Company which shall meet, discharge and satisfy the same.

7.6 The provisions of this Clause 7 shall operate notwithstanding anything to the contrary contained in any deed or writing or the terms of sanction or issue or any security document, all of which instruments shall stand modified and/or superseded by the foregoing provisions.

8. LEGAL PROCEEDINGS

Upon the Scheme becoming effective and with effect from the Appointed Date, all legal, taxation and others proceedings of the Demerged Undertaking shall be transferred / dealt with in the following manner:

8.1 From the Effective Date, all legal, taxation or other proceedings (including before any statutory or quasi-judicial authority or tribunal) ("Proceedings") by or against the Demerged Company under any statute, whether pending on the Appointed Date, or which may be instituted any time in the future and in each case relating to the Demerged Undertaking shall be continued and enforced by or against the Resulting Company after the Effective Date, to the extent legally permissible. To the extent, such Proceedings cannot be taken over by the Resulting Company, the Proceedings shall be pursued by the Demerged Company as per the instructions of and entirely at the costs and expenses of the Resulting Company.

8.2 If the Proceedings are taken against the Demerged Company in respect of the matters referred to in Clause 8.1 above, it shall defend the same in accordance with the advice of the Resulting Company and at the cost of the Resulting Company, and the latter shall reimburse and indemnify and hold harmless the Demerged Company against all liabilities and obligations incurred by the Demerged Company in respect thereof.

9. CONTRACTS, LICENSES, APPROVALS & PERMITS

Upon the Scheme becoming effective and with effect from the Appointed Date, all contracts, license, approvals, permits, etc of the Demerged Undertaking shall be transferred / dealt with in the following manner:

9.1 With effect from the Effective Date and subject to the provisions of this Scheme, all contracts, deeds, bonds, agreements, schemes, arrangements and other instruments of whatsoever nature in relation to the Demerged Undertaking to which the Demerged Company is a party or to the benefit of which the Demerged Company may be eligible, and which are subsisting or having effect immediately before the Effective Date, shall be in full force and effect on or against or in favour, as the case may be, of the Resulting Company and may be enforced as fully and effectually as if, instead of the Demerged Company, the Resulting Company had been a party or beneficiary or obligee thereto.

9.2 Without prejudice to the other provisions of the Scheme and notwithstanding that the vesting of the Demerged Undertaking with the Resulting Company occurs by virtue of this Scheme itself, the Resulting Company may, at any time after the coming into effect of this Scheme in accordance with the provisions hereof, if so required, under any law or otherwise, execute deeds, confirmations or other writings or tripartite arrangements with any party to any contract or arrangement to which the Demerged Company is a party or any writings as may be necessary to be executed merely in order to give formal effect to the above provisions. The Demerged Company will, if necessary, also be a party to the above. The Resulting Company shall, under the provisions of this Scheme, be deemed to be authorised to execute any such writings on behalf of the Demerged Company and to carry out or perform all such formalities or compliances referred to above on the part of the Demerged Company to be carried out or performed.

9.3 For the avoidance of doubt and without prejudice to the generality of the foregoing, it is clarified that with effect from the Effective Date, all consents, permissions, licenses, certificates, authorities given by, issued to or executed in favour of the Demerged Company in relation to the Demerged Undertaking shall stand transferred to the Resulting Company as if the same were originally given by, issued to or executed in favour of the Resulting Company, and the Resulting Company shall file the relevant intimations, if any, for the record of the statutory authorities who shall take them on file, pursuant to the Scheme coming into effect.

9.4 It is hereby clarified that if any contract, deeds, bonds, agreements, schemes, arrangements or other instruments of whatsoever nature in relation to the Demerged Undertaking to which the Demerged Company is a party to, cannot be transferred to the Resulting Company for any reason whatsoever, the Demerged Company shall hold such contract, deeds, bonds, agreements, schemes, arrangements or other instruments of whatsoever nature in trust for the benefit of the Resulting Company.

9.5 Upon coming into effect of this Scheme, the past track record of the Demerged Company relating to the Demerged Undertaking, including without limitation, the profitability, production volumes, experience, credentials and market share, shall be deemed to be the track record of the Resulting Company for all commercial and regulatory purposes including for the purpose of eligibility, standing, evaluation and participation of the Resulting company in all existing and future bids, tenders and contracts of all authorities, agencies and clients.

10. EMPLOYEES

10.1 Upon the Scheme becoming effective and with effect from the Appointed Date:

10.1.1 All the employees of the Demerged Company who are part of the Demerged Undertaking ("the Employees") shall stand transferred to the Resulting Company on terms and conditions not less favourable than those on which they are engaged by the Demerged Company, (including in relation to the level of remuneration and contractual and statutory benefits, incentive plans, terminal benefits, gratuity plans, provident plans, superannuation plans and any

other retirement benefits) without any interruption in service as a result of transfer of the Demerged Undertaking of the Demerged Company to the Resulting Company.

10.1.2 The Resulting Company agrees that the services of all Employees with the Demerged Company prior to the transfer, as aforesaid, shall be taken into account for the purposes of all benefits to which the said Employees may be eligible, including in relation to the level of remuneration and contractual and statutory benefits, incentive plans, terminal benefits, gratuity plans, provident plans, superannuation plans and any other retirement benefits and accordingly, shall be reckoned therefore from the date of their respective appointment in the Demerged Company.

10.1.3 The existing provident fund, superannuation fund and gratuity fund, if any, of which the Employees of the Demerged Company, being transferred under Clause 10.1.1 above to the Resulting Company, are members or beneficiaries along with all accumulated contributions therein till the Effective Date, shall, with the approval of the concerned authorities, be transferred to and continued without any break, to be administered by the Resulting Company for the benefit of such Employees on the same terms and conditions. Accordingly, the provident fund, superannuation fund and gratuity fund dues, if any, of the said Employees of the Demerged Company, and at the discretion of the Resulting Company, shall either be continued as separate funds of the Resulting Company for the benefit of such Employees or be transferred to and merged with other similar funds of the Resulting Company. In the event that the Resulting Company does not have its own funds in respect of any of the above, the Resulting Company may, subject to necessary approvals and permissions, continue to contribute to the relevant funds of the Demerged Company, until such time that the Resulting Company creates its own fund / arrangement, at which time the funds and the investments and contributions pertaining to the concerned Employees shall be transferred to the funds created by the Resulting Company.

11. TAX TREATMENT

Upon the Scheme becoming effective:

11.1 It is clarified that all the taxes and duties payable by the Demerged Company, relating to the Demerged Undertaking, from the Appointed Date onwards including all advance tax payments, tax deducted at source, tax liabilities or any refund and claims shall, for all purposes, be treated as advance tax payments, tax deducted at source, tax liabilities or refunds and claims of the Resulting Company. Accordingly, upon the Scheme becoming effective, the Demerged Company is expressly permitted to revise and file and the Resulting Company is expressly permitted to revise and file their respective, income tax returns including tax deducted at source certificates, sales tax/value added tax returns, excise returns, service tax returns and other tax returns, and to claim refunds/credits, pursuant to the provisions of this Scheme.

11.2 In accordance with the MODVAT / CENVAT/ VAT rules framed under the Central Excise Act, 1944 or relevant state legislations, as are prevalent on the effective date, the unutilized credits relating to excise duties and value added taxes paid on inputs/ capital goods lying to the account of the demerged undertaking shall be permitted to be transferred to the credit of the resulting company, as if all such unutilized credits were lying to the account of the resulting company. The Resulting Company shall accordingly be entitled to set off all such unutilized credits against the excise duty / applicable value added tax payable by it.

12. SECURITY

Upon the Scheme becoming effective:

12.1 In so far as assets comprised in the Demerged Undertaking are concerned, the security, existing charges, mortgages and encumbrances, if any, over or in respect of any of the assets or any part thereof or charge over such assets relating to any loans or borrowings of the Demerged Company shall, without any further act or deed, be released and discharged from the same and shall no longer be available as security in relation to those liabilities of the Remaining Business.

12.2 In so far as the assets of the Remaining Business are concerned, the security over such assets, to the extent they relate to the Transferred Liabilities shall, without any further act, instrument or deed be released and discharged from such security. The absence of any formal amendment which may be required by a lender or third party in order to effect such release shall not affect the operation of the foregoing sentence.

12.3 Without prejudice to the foregoing and with effect from the Effective Date, the Demerged Company and the Resulting Company shall mutually agree, subject to necessary consents from the creditors and execute any instruments or documents or do all the acts and deeds as may be required, including the filing of necessary particulars and/or modification(s) of charge, with the concerned Registrar of Companies to give formal effect to the above provisions, if required.

13. SAVING OF CONCLUDED TRANSACTIONS AND CONDUCT OF BUSINESS TILL EFFECTIVE DATE

13.1 The transfer and vesting of the assets, liabilities and obligations of the Demerged Undertaking as per this Scheme and the continuance of the Proceedings by or against the Resulting Company under Clause 8 hereof shall not affect any transaction or proceedings already completed by the Demerged Company on or before the Appointed Date to the end and intent that the Resulting Company accepts all acts, deeds and things done and executed by and/or on behalf of the Demerged Company as acts deeds and things done and executed by and on behalf of the Resulting Company.

13.2 With effect from the Appointed Date and up to and including the Effective Date, the Demerged Company shall be deemed

to have been carrying on and to be carrying on all business and activities relating to the Demerged Undertaking for and on account of and in trust for the Resulting Company.

13.3 All profits accruing to the Demerged Company, or losses arising or incurred by it (including the effect of taxes if any thereon), relating to the demerged undertaking shall for all purposes, be treated as the profits, taxes or losses, as the case may be, of the Resulting Company.

13.4 The Demerged Company hereby confirms that it has, and shall continue upto the Effective Date, to preserve and carry on the Demerged Undertaking with due diligence, prudence and that it will not, without the prior consultation with the Resulting Company, alienate, charge or otherwise deal with or dispose of the Demerged Undertaking or any part thereof (in each case except in the ordinary course of business) or undertake substantial expansion of the Demerged Undertaking, other than expansions which have already commenced prior to the Appointed Date.

13.5 The Demerged Company and the Resulting Company shall be entitled to declare and pay dividends, whether interim or final, to their respective shareholders in respect of the accounting period prior to the Effective Date. It is clarified that the aforesaid provision in respect of declaration of dividends is an enabling provision only and shall not be deemed to confer any right on any member of the Demerged Company or the Resulting Company to demand or claim any dividends which, subject to the provisions of the Act, shall be entirely at the discretion of the Board of Directors of the Demerged Company and the Resulting Company, as the case may be, subject to such approval of the respective shareholders, as may be required.

14. REMAINING BUSINESS

14.1 The Remaining Business and all the assets, liabilities and obligations pertaining thereto shall continue to belong to and be vested in and be managed by the Demerged Company.

14.2 Any legal or other proceedings by or against the Demerged Company under any statute, whether pending on the Appointed Date or which may be instituted in future whether or not in respect of any matter arising before the Effective Date and relating to the Remaining Business (including those relating to any property, right, power, liability, obligation or duties of the Demerged Company in respect of the Remaining Business) shall be continued and enforced by or against the Demerged Company, which shall keep the Resulting Company fully indemnified in that regard. The Resulting Company shall in no event be responsible or liable in relation to any such legal or other proceeding against the Demerged Company.

15. CONVERSION OF THE EQUITY SHARE CAPITAL OF THE RESULTING COMPANY

15.1 Upon the Scheme becoming effective:

(a) the existing Authorised Capital of the Resulting Company shall be reclassified from 500,000,000 Equity Shares of Re. 1 each to 450,000,000 Equity Shares of Re. 1 each and 5,000,000 8% Cumulative Redeemable Preference Shares of Rs. 10 each; and

(b) out of the existing Issued, Subscribed and Paid-up capital of 100,000,000 Equity Shares of Re. 1 each entirely held by the Demerged Company, 28,000,000 Equity Shares of Re. 1/- each shall stand converted into 2,800,000 8% Cumulative Redeemable Preference Shares of Rs. 10 each fully paid up. The terms and conditions of such Cumulative Redeemable Preference Shares are stipulated in Schedule-I to the Scheme.

15.2 Consequent to the conversion as provided in Clause 15.1(b) above, but prior to allotment of Equity Shares pursuant to Clause 16 below, the Issued, Subscribed and Paid-up Capital of the Resulting shall be as follows:

PARTICULARS	AMOUNT (RS.)
Authorized Capital	
Equity Shares	
450,000,000 Equity Shares of Re. 1 each	450,000,000
Preference Shares	
5,000,000 8% Cumulative Redeemable Preference Shares of Rs. 10 each	50,000,000
Total	**500,000,000**
Issued, Subscribed and Paid-up Capital	
Equity Shares	
72,000,000 Equity Shares of Re. 1 each	72,000,000
Preference Shares	
2,800,000 8% Cumulative Redeemable Preference Shares of Rs. 10 each	28,000,000
Total	**100,000,000**

15.3 Upon coming into effect of the Scheme, Clause [V] of the Memorandum of Association of the Resulting Company be and is hereby replaced with the following:

'[V] The Capital of the Company is Rs. 500,000,000 divided into 450,000,000 Equity Shares of Re. 1 each and 5,000,000 Cumulative Redeemable Preference Shares of Rs. 10 each.'

15.4 The Resulting Company shall make the requisite allotment and issue new share certificates to the Demerged Company in accordance with the abovementioned conversion / reclassification of the share capital structure of the Resulting Company. The Preference Shares allotted in terms of the Scheme shall not be listed on any Stock Exchange.

15.5 It shall be deemed that the members of the Resulting Company have also resolved and accorded all relevant consents under the applicable provisions of the Act with respect to the abovementioned conversion / reclassification of the share capital structure of the Resulting Company.

16. CONSIDERATION - ISSUE OF SHARES

16.1 Upon the Scheme becoming effective and subject to the terms and conditions of this Scheme and as may determined by the board of directors of the Demerged Company and the Resulting Company, in consideration of the transfer of the Demerged Undertaking by the Demerged Company to the Resulting Company in terms of this Scheme, the Resulting Company shall issue and allot to the equity shareholders of the Demerged Company holding fully paid up Equity Shares in the Demerged Company and whose name appears in the Register of Members of the Demerged Company on the Record Date, 1 (One) Equity Share of Re. 1/- each, credited as fully paid in the capital of the Resulting Company for every 1 (One) Equity Shares of Re. 1/- each held by them in the Demerged Company (the "New Equity Shares").

16.2 The total number of New Equity Shares to be issued and allotted to members of the Demerged Company pursuant to Clause 16.1 shall be at par, credited as fully paid up and shall have rights attached thereto as follows:

16.2.1 The New Equity Shares to be issued and allotted pursuant to Clause 16.1 hereof shall in all respects, rank pari-passu with the existing Equity Shares of the Resulting Company;

16.2.2 The New Equity Shares to be issued and allotted in terms hereof will be subject to the applicable provisions of the Memorandum and Articles of Association of the Resulting Company;

16.3 In respect of the equity shares in Demerged Company already held in dematerialized form, the New Equity Shares to be issued by the Resulting Company in lieu thereof shall also be issued in dematerialized form with the shares being credited to the existing depository accounts of the members of Demerged Company entitled thereto, unless otherwise notified in writing by the shareholders of Demerged Company to the Resulting Company on or before the Record Date. In respect of the equity shares in Demerged Company held in the physical form, each member of Demerged Company holding such shares shall have the option, to be exercised by way of giving a notice to the Resulting Company on or before the Record Date, to receive the New Equity Shares of the Resulting Company either in physical form or in dematerialized form, provided however, in case of the latter, the said notice shall contain the details of the relevant depository account. In the event that such notice has not been received by the Resulting Company in respect of any member, the New Equity Shares of the Resulting Company shall be issued to such members in physical form.

16.4 The New Equity Shares to be issued by the Resulting Company along with the existing Equity Shares issued by the Resulting Company shall, subject to the execution of the listing agreement and payment of the appropriate fee, be listed and admitted for trading on the Bombay Stock Exchange Limited ("BSE") and the National Stock Exchange of India Limited ("NSE") in pursuance of the relevant regulations including the Circular No. SEBI/CFD/SCRR/01/2009/03/09 dated September 3, 2009 issued by the Securities and Exchange Board of India in relation to application under sub-rule (7) of rule 19 of the Securities Contracts (Regulation) Rules, 1957 for relaxing strict enforcement of clause (b) to sub-rule (2) of rule 19 thereof. The shares allotted pursuant to the Scheme shall remain frozen in the depositories system till listing/trading permission is given by the designated stock exchange.

16.5 Equity shares to be issued by the Resulting Company pursuant to Clause 16.1 of this Scheme, in respect of any equity shares of the Demerged Company which are held in abeyance under the provisions of section 206A of the Act or otherwise, shall pending allotment or settlement of dispute by order of court or otherwise be held by the trustees appointed by the Resulting Company.

16.6 In the event of there being any pending and valid share transfers, whether lodged or outstanding, of any shareholder of the Demerged Company, the board of directors or any committee thereof of the Demerged Company shall be empowered in appropriate cases, even subsequent to the Record Date or the Effective Date, as the case may be, to effectuate such a transfer in the Demerged Company, as if such changes in registered holder were operative as on the Record Date, in order to remove any difficulties arising to the Demerged / Resulting Company of such shares.

16.7 There shall be no change in the shareholding pattern or control in the Resulting Company between the Record Date and the date of listing of the shares of the Resulting Company pursuant to the Scheme, save and except pursuant to the issuance of shares/reorganization of capital under this Scheme.

17. STOCK OPTIONS

17.1 Pursuant to the shareholders approval for the ESOP 2009, the Stock Exchanges have granted their in-principle approval for issue and allotment of a maximum of 644,700 Equity shares, which are likely to arise out of exercise of the stock options as and when exercised under the ESOP 2009. The Demerged Company has pursuant to such approvals granted 200,000 options to certain eligible employees of the Demerged Company till July 31, 2010.

17.2 Subject to receipt of necessary approvals from the Securities and Exchange Board of India ("SEBI")/BSE/NSE under the SEBI Guidelines and upon the Scheme becoming effective:

17.2.1 In respect of the stock options granted to employees of the Demerged Company (including the Employees) to whom as on the Record Date , stock options have been granted (whether the same are vested or not) (the "Specified Employees"), the Resulting Company shall, for every one (1) stock option held by such Specified Employees in the Demerged Company, issue one (1) employee stock option under a stock option scheme (which shall have terms and conditions similar to the ESOP 2009), to be created by the Resulting Company ("New Stock Option Scheme"). It is hereby clarified that each stock option under the New Stock Option Scheme, when exercised shall entitle the Specified Employees holding such stock option one (1) equity share of Rs 1/- each of the Resulting Company.

17.2.2 The stock options granted under the ESOP 2009 would continue to be held in the hands of the Specified Employees and the ESOP 2009 shall pursuant to this Scheme and the approval of the SEBI/BSE/NSE, be modified by the Demerged Company as considered appropriate or necessary by the board of the Demerged Company to enable the continuance of the same in the hands of the Specified Employees.

17.2.3 The existing exercise price of the stock options under the ESOP 2009 shall be suitably changed in an appropriate manner as determined by the board of the Demerged Company in consultation with the board of the Resulting Company and consequently the exercise price of the stock options under the ESOP 2009 shall stand adjusted and the balance of the exercise price shall become the exercise price of the stock options issued under the New Stock Option Scheme.

17.2.4 Subject to the requirements of the SEBI Guidelines, in relation to the vesting period of the stock options granted under the New Stock Option Scheme, the period during which the Specified Employees held stock options granted by the Demerged Company under the ESOP 2009 prior to the issuance of the stock options under the New Stock Option Scheme, shall be taken into account for determining the minimum vesting period required for stock options granted under the New Stock Option Scheme.

17.2.5 The consent of the shareholders of the Demerged Company to this Scheme shall be deemed to be their consent in relation to all matters relating to the ESOP 2009 as mentioned above. This approval shall without limitation, be in respect of effecting necessary changes to the ESOP 2009 for changes to the exercise price of the stock options, exercise of stock options by the Employees and any other related or pertinent matters.

17.2.6 The consent of the shareholders of the Resulting Company to this Scheme shall be deemed to be their consent in relation to all matters relating to the New Stock Option Scheme as mentioned above. This approval shall without limitation, be in respect of all matters relating to creation of / modification of the New Stock Option Scheme, the exercise price of the stock options, exercise of the stock options by the Specified Employees and all other related or pertinent matters under the New Stock Option Scheme.

17.3 In the event that necessary approvals of the SEBI /BSE/NSE is not received for the matters specified in Clause 17.2 above and upon the Scheme becoming effective:

17.3.1 In accordance with the provisions of the SEBI Guidelines, the outstanding stock options held by the employees of the Demerged Company, other than the Employees, the existing exercise price of the stock options and the share entitlement on exercise of a stock option under the ESOP 2009 shall be suitably changed in an appropriate manner as determined by the board of the Demerged Company in consultation with the board of the Resulting Company and consequently the exercise price and the share entitlement of each of the stock options under the ESOP 2009 shall stand adjusted. The outstanding stock options held by the Employees shall lapse.

17.3.2 The Resulting Company in consultation with the Board of the Demerged Company and subject to the SEBI Guidelines shall issue to all the Employees, one (1) stock option under the New Stock Option Scheme for every one (1) outstanding employee stock option held by such Employee in the Demerged Company on the Effective Date on terms as to exercise price and share entitlement on exercise as considered appropriate.

17.3.3 It is hereby clarified that the provisions of Clauses 17.2.2, 17.2.3, 17.2.4, 17.2.5 and 17.2.6 shall be applicable mutatis mutandis to the actions under Clauses 17.3.1 and 17.3.2 above.

17.4 The boards of the Demerged Company and the Resulting Company shall take such actions and execute all necessary documents required or desirable for giving effect to the provisions of this Clause.

18. ACCOUNTING TREATMENT

18.1 In the books of the Resulting Company, on the Scheme becoming effective:

18.1.1 Resulting Company shall record the assets and liabilities, of the Demerged Undertaking vested in it pursuant to this Scheme, at the respective book values thereof as appearing in the books of the Demerged Company at the close of business of the day immediately preceding the Appointed Date.

18.1.2 Resulting Company shall credit to its Share Capital Account in its books of account the aggregate face value of the New Equity Shares issued by it to the members of the Demerged Company pursuant to this Scheme.

18.1.3 The excess of the value of the assets over the value of liabilities of the Demerged Undertaking and the amount credited to share capital as per clause 18.1.2, pursuant to the Scheme shall be credited to Capital Reserve account. However, where the value of liabilities and the amount credited to share capital as per clause 18.1.2, pursuant to the scheme exceeds the value of assets of the Demerged Undertaking, such excess shall debited by the Resulting Company to the Goodwill account.

18.1.4 The Resulting Company shall determine and recognize the deferred tax asset and the deferred tax liability as on the Appointed Date based on the assets and liabilities of the Demerged Undertaking and adjust the same against the “Capital Reserve Account” or the “Goodwill”, as the case may be.

18.2 In the books of the Demerged Company, on the Scheme becoming effective with effect from the Appointed Date:

18.2.1 Where the book value of the assets of the Demerged Company that are transferred to the Resulting Company exceed the book value of the liabilities transferred, such an excess of the assets over liabilities shall be adjusted against the following balances as appearing in the books of the Demerged Company, in the following order:

i) Amalgamation Reserve Account

ii) General Reserve Account

18.2.2 In case the book value of the liabilities of the Demerged Company that are transferred to the Resulting company pursuant to the Scheme exceed the book value of the assets transferred, such an excess of liabilities over assets shall be adjusted against the Capital Reserve Account of the Demerged Company.

18.2.3 With effect from the Appointed Date, the Demerged Company shall adjust the deferred tax asset and the deferred tax liability to give effect to the transfer of assets and liabilities of the Demerged Undertaking to the Resulting Company against the “General Reserve Account”.

20. MODIFICATIONS/AMENDMENTS TO THE SCHEME

20.1 Notwithstanding anything to the contrary contained in this Scheme, the Demerged Company and the Resulting Company by their respective board of directors or such other person or persons, as the respective board of directors may authorize including any committee or sub-committee thereof, may make and/or consent to any modifications / amendments (i) to the Scheme (including but not limited to the terms and conditions thereof) or (ii) to any conditions or limitations that the Court or any other authority may deem fit to direct or impose; or (iii) which may otherwise be considered necessary, desirable or appropriate by them.

20.2 The Demerged Company and the Resulting Company by their respective board of directors or such other person or persons, as the respective board of directors may authorize including any committee or sub-committee thereof, shall be authorised to take all such steps as may be necessary, desirable or proper to resolve any doubts, difficulties or questions whether by reason of any directive or orders of the Court or any other authorities or otherwise howsoever arising out of or under or by virtue of the Scheme and/or any matter concerned or connected therewith.

20.3 For the purpose of giving effect to this Scheme or to any modifications or amendments thereof or additions thereto, the delegate of the Demerged Company and Resulting Company may give and are hereby authorised to determine and give all such directions as are necessary including directions for settling or removing any question or doubt or difficulty that may arise and such determination or directions, as the case may be, shall be binding on all parties, in the same manner as if the same were specifically incorporated in this Scheme.

21. CONDITIONALITY AND EFFECTIVENESS OF THE SCHEME

21.1 The Scheme is conditional upon and subject to:

21.1.1 Approval of the Scheme by the requisite majority of the respective members and such class of persons of the Demerged Company and the Resulting Company as may be directed by the High Court;

21.1.2 Sanctions and Orders under the provisions of Sections 391 to 394 of the Act being obtained by the Demerged Company and the Resulting Company from the High Court;

21.1.3 The approval of the Government of India and/or Reserve Bank of India and/or Securities and Exchange Board of India, if required and the prior consent of The Bombay Stock Exchange Limited, Mumbai and The National Stock Exchange of India Limited, Mumbai where such approval or consent is necessary; and

21.1.4 All other sanctions and approvals as may be required by law in respect of this Scheme being obtained.

21.2 This Scheme, although to come into operation with effect from the Appointed Date, shall not become effective until the last of the following dates, namely:

21.2.1 That on which the last of the aforesaid consents, approvals, permissions, resolutions and orders as mentioned in Clause 21.1 shall be obtained or passed; or

21.2.2 That on which all necessary certified copies of orders under Sections 391 to 394 of the Act shall be duly filed with the Registrar of Companies, Kanpur.

The last of such dates shall be the **"Effective Date"** for the purpose of this Scheme.

22. COSTS

22.1 Stamp duty and registration fee, if any, of any deed, document, instrument or Court's order including this Scheme or in relation to or in connection with negotiations leading upto the Scheme and of carrying out and implementing the terms and provisions of this Scheme shall be borne by the Resulting Company. All other costs, charges and expenses incidental to the completion of arrangement in pursuance of this Scheme shall be borne by the Demerged Company.

23. REVOCATION OF THE SCHEME

23.1 In the event of any of the said sanctions and approvals referred to in Clause 21 above not being obtained and/or complied with and/or satisfied and/or this Scheme not being sanctioned by the High Court and/or order or orders not being passed as aforesaid before June 30, 2011 or such later date as may be mutually agreed upon by the respective board of directors of the Demerged Company and the Resulting Company (who are hereby empowered and authorised to agree to and extend the aforesaid period from time to time without any limitations in exercise of their powers through and by their respective delegate(s)), this Scheme shall stand revoked, cancelled and be of no effect and in that event, no rights and liabilities whatsoever shall accrue to or be incurred inter se between the Demerged Company and the Resulting Company or their respective shareholders or creditors or employees or any other person save and except in respect of any act or deed done prior thereto as is contemplated hereunder or as to any right, liability or obligation which has arisen or accrued pursuant thereto and which shall be governed and be preserved or worked out in accordance with the applicable law and in such case, each party shall bear its own costs unless otherwise mutually agreed.

23.2 The board of directors of the Demerged Company and the Resulting Company shall be entitled to revoke, cancel and declare the Scheme of no effect if such boards are of view that the coming into effect of the Scheme in terms of the provisions of this Scheme or filing of the drawn up orders with any authority could have adverse implication on all/any of the companies or in case any condition or alteration imposed by the High Court or any other authority is not on terms acceptable to them.

23.3 If any part of this Scheme hereof is invalid, ruled illegal by any court of competent jurisdiction, or unenforceable under present or future laws, then it is the intention of the parties that such part shall be severable from the remainder of the Scheme, and the Scheme shall not be affected thereby, unless the deletion of such part shall cause this Scheme to become materially adverse to any party, in which case the parties shall attempt to bring about a modification in the Scheme, as will best preserve for the parties the benefits and obligations of the Scheme, including but not limited to such part.

The detailed and complete terms of the proposed arrangement are given in the Scheme of Arrangement.

7. The fairness of the proposed allotment of one equity share of Triveni Turbine Limited of Re. 1 each fully paid up for every one equity share of Triveni Engineering & Industries Limited of Re. 1 each fully paid up as of October 1, 2010, as provided in the Scheme, has been examined by M/s Ernst & Young Pvt. Ltd., and independent merchant banker and they have opined that the said share allotment ratio is fair.

8. The circumstances which have necessitated the proposed Scheme and the objects sought to be achieved are explained below-

As already stated earlier, the Demerged Company is a multi-activities company having diverse business interests namely sugar, cogeneration of power, distillery, steam turbines, high speed reduction gears and gear boxes, , water and waste water treatment. The steam turbine business is a high specialty business and has bright prospects of large scale expansion in times to come and require focused attention of the management to achieve its planned growth. The management of the Demerged Company is of the view that full potential of the emerging business opportunities can be realized by the proposed demerger of turbine business from the Demerged Company and vesting the same as an independent business activity under the management and control of the Resulting Company. The management of the Demerged Company is of the view that the proposed demerger is in the interest of all concerned including the shareholders, creditors, employees and the general public as it would provide:

a. Focused management orientation due to individual specialization and leadership vision;

b. Opportunities for strategic partnership for growth of the business; and

c. Flexibility for fund raising capability for future growth and expansion and create a structure geared to take advantage of growth opportunities

d. The demerger of steam turbine business would result in issuance of equity shares to the shareholders of the Demerged Company by the Resulting Company, thereby, resulting in unlocking and maximizing shareholders value.

e. The Resulting Company post demerger will have better financial and business prospects. The Scheme shall be beneficial and in the best interests of the shareholders and creditors of both the Demerged Company and the Resulting Company. The Scheme shall not in any manner be prejudicial to the interests of concerned members, creditors, employees or general public at large.

9. The directors of the Applicant Companies have no material interest, direct or indirect, in the proposed Scheme of Arrangement otherwise than as shareholders in general and to extent the said directors are common directors in both the Companies. Upon demerger, the directors of the Applicant Companies will get shares in the Resulting Company in terms of the Scheme like any other shareholders of the Demerged Company. The details of shareholdings of directors of the Applicant Companies as on 31-07-2010 are given below –

Sl. No.	NAMES OF DIRECTORS	NUMBER OF SHARES HELD	
		In Demerged Company	In Resulting Company
A	**DIRECTORS OF DEMERGED COMPANY :**		
1.	Mr. Dhruv M. Sawhney	36124645	-
2.	Mr. Tarun Sawhney	14266775	-
3.	Mr. Nikhil Sawhney	15071557	-
4.	Mr. R.C. Sharma	444900	-
5.	Mr. M.K. Daga	800	-
6.	Mr. Shekhar Datta	10000	-
7.	Dr. F.C. Kohli	-	-
8.	Mr. K.N. Shenoy	-	-
9.	Lt. Gen. K.K. Hazari (Retd.)	-	-
10.	Mr. Amal Ganguli	-	-
B	**DIRECTORS OF RESULTING COMPANY :**		
1.	Lt. Gen. K.K. Hazari (Retd)	-	-
2.	Mr. Tarun Sawhney	14266775	-
3.	Mr. A.K. Tanwar	-	-
4.	Mr. Suresh Taneja	-	-
5.	Mr. Sameer Sinha	2673	-

10. As stated earlier the entire paid up share capital of the Resulting Company is beneficially held by the Demerged Company and it is a wholly-owned subsidiary of the Demerged Company. As such its shares are not listed on any stock exchange at present. However, the Scheme provides that after the issue and allotment of shares by the Resulting Company in terms of the Scheme, the equity shares of the Resulting Company shall be listed on Bombay Stock Exchange Limited and the National Stock Exchange of India Limited.

11. The present requirements for listing of shares stipulate that public shareholding should at least be 25% of the post Scheme paid up shares capital of the resulting company. To meet this condition of listing, provision has been made in the Scheme vide Clause 15.1, which provides that out of the existing Issued, Subscribed and Paid-up capital of 100,000,000 Equity Shares of Re. 1 each held by the Demerged Company in the Resulting Company, 28,000,000 Equity Shares of Re. 1/- each shall stand converted into 2,800,000 - 8% Cumulative Redeemable Preference Shares of Rs. 10 each fully paid up. The terms and conditions of such Cumulative Redeemable Preference Shares are stipulated in Schedule-I to the Scheme. The Board of Demerged Company has already agreed for this provision by approving the Scheme. The Demerged Company itself is an Applicant in the present Application. Thus due compliance with the listing requirements and other provisions of the companies Act have been made.

12. The equity shares of the Demerged Company are listed on the Bombay Stock Exchange Limited (BSE) and the National Stock Exchange of India Limited (NSE). In terms of the Listing Agreements, the Demerged Company has served copies of the proposed Scheme of Arrangement on both the Stock Exchanges and both the Stock Exchanges have conveyed their 'No Objection' to the proposed Scheme.

13. M/s J.C. Bhalla & Co., Chartered Accountants, being the Statutory Auditors of the Demerged Company, have certified that the accounting treatment contained in the Scheme is in compliance with all the Accounting Standards specified by the Central Government in Section 211(3C) of the Companies Act, 1956.

14. The pre-demerger and expected post-demerger voting/shareholding pattern of the Demerged Company and the Resulting Company as on 31st July, 2010 is shown below -

Pre & post demerger shareholding pattern of the Demerged Company

Sl. No	Category of Shareholder	Pre & post demerger shareholding	
		No. of Shares	%
(A)	**Shareholding of Promoter and Promoter Group**		
(1)	**Indian**		
(a)	Individual/Hindu Undivided Family	87992116	34.121
(b)	Central Government /State Government(s)	-	-
(c)	Bodies Corporate	87330417	33.865
(d)	Financial Institutions/ Banks	-	-
	Any other	-	-
	Sub- Total (A) (1)	**175322533**	**67.986**
(2)	**Foreign**		
(a)	Individual (Non- Resident individual/Foreign Individuals)	-	-
(b)	Bodies Corporate	-	-
(c)	Institutions	-	-
(d)	Any other	-	-
	Sub- Total (A) (2)	**-**	**-**
	Total Shareholding of Promoter and Promoter Group (A) = (A) (1) + (A) (2)	**175322533**	**67.986**
(B)	**Public Shareholding**		
(1)	**Institutions**		
(a)	Mutual Funds/UTI	19222743	7.454
(b)	Financial Institutions/Banks	12850	0.005
(c)	Central Government/State Government(s)	-	-
(d)	Venture Capital Funds	-	-
(e)	Insurance Companies	2261005	0.877
(f)	Foreign Institutional Investor	42791212	16.593
(g)	Foreign Venture Capital Investors	-	-
(h)	Any other	-	-
	Sub- Total (B) (1)	**64287810**	**24.929**
(2)	**Non – Institutions**		
(a)	Bodies Corporate	3979990	1.543
(b)	Individuals		
	i. Individual Shareholders holding nominal Share capital upto Rs I lakh	10456785	4.055
	ii. Individual Shareholders holding nominal Share capital in excess of Rs I lakh	2280405	0.884
(c)	Any other		
	i) Non Resident Indians	1128698	0.438
	ii) Hindu Undivided Family	260988	0.101
	iii) Clearing Members	150741	0.058
	iv) Trust	12200	0.005
	v) Overseas Corporate Bodies	-	-
	Sub-Total (B) (2)	**18269807**	**7.085**
	Total Public Shareholding (B) = (B) (1) + (B) (2)	**82557617**	**32.014**
	TOTAL (A) + (B)	**257880150**	**100.00**
(C)	**Shares held by custodian and against which Depository Receipts have been issued**	-	-
	GRAND TOTAL (A) + (B) + (C)	**257880150**	**100.00**

Pre & post demerger shareholding pattern of the Resulting Company

Sl. No.	Category of Shareholder	No of Shares pre demerger	%	No of Shares post demerger	%
(A)	**Shareholding of Promoter and Promoter Group**				
(1)	**Indian**				
(a)	Individual/Hindu Undivided Family	-	-	87992116	26.674
(b)	Central Government /State Government(s)	-	-	-	-
(c)	Bodies Corporate	100000000	100.00	159330417	48.299
(d)	Financial Institutions/ Banks	-	-	-	-
	Any other	-	-	-	-
	Sub- Total (A) (1)	**100000000**	**100.00**	**247322533**	**74.973**
(2)	**Foreign**				
(a)	Individual (Non- Resident individual/ Foreign Individuals)	-	-	-	-
(b)	Bodies Corporate	-	-	-	-
(c)	Institutions	-	-	-	-
(d)	Any other	-	-	-	-
	Sub- Total (A) (2)	**-**	**-**	**-**	**-**
	Total Shareholding of Promoter and Promoter Group (A) = (A) (1) + (A) (2)	**100000000**	**100.00**	**247322533**	**74.973**
(B)	**Public Shareholding**				
(1)	**Institutions**				
(a)	Mutual Funds/UTI	-	-	19222743	5.827
(b)	Financial Institutions/Banks	-	-	12850	0.004
(c)	Central Government/State Government(s)	-	-	-	-
(d)	Venture Capital Funds	-	-	-	-
(e)	Insurance Companies	-	-	2261005	0.685
(f)	Foreign Institutional Investor	-	-	42791212	12.972
(g)	Foreign Venture Capital Investors	-	-	-	-
(h)	Any other	-	-	-	-
	Sub- Total (B) (1)	**-**	**-**	**64287810**	**19.488**
(2)	**Non – Institutions**				
(a)	Bodies Corporate	-	-	3979990	1.206
(b)	Individuals				
	i. Individual Shareholders holding nominal Share capital upto Rs I lakh	-	-	10456785	3.170
	ii. Individual Shareholders holding nominal Share capital in excess of Rs I lakh	-	-	2280405	0.691
(c)	Any other				
	i) Non Resident Indians	-	-	1128698	0.342
	ii) Hindu Undivided Family	-	-	260988	0.079
	iii) Clearing Members	-	-	150741	0.046
	iv) Trust	-	-	12200	0.004
	v) Overseas Corporate Bodies	-	-	-	-
	Sub- Total (B) (2)	**-**	**-**	**18269807**	**5.538**
	Total Public Shareholding (B)= (B) (1) + (B) (2)	**-**	**-**	**82557617**	**25.027**
	TOTAL (A) + (B)	**100000000**	**100.00**	**329880150**	**100.00**
(C)	**Shares held by custodian and against which Depository Receipts have been issued**	**-**	**-**	**-**	**-**
	GRAND TOTAL (A) + (B) + (C)	**100000000**	**100.00**	**329880150**	**100.00**

Pre demerger & expected post demerger Capital Structure of the Demerged Company is as under:

PARTICULARS	**Pre and Post Demerger**
Authorized Capital	**AMOUNT (RS.)**
Equity Shares	
500,000,000 Equity Shares of Re. 1/- each.	500,000,000
Preference Shares	
20,000,000 Preference Shares of Rs. 10/- each	200,000,000
Total	**700,000,000**
Issued Share Capital	
257,888,150 Equity Shares of Re. 1/- each	257,888,150
Total	**257,888,150**

Subscribed and Paid-up Capital	
257,880,150 Equity Shares of Re. 1/- each	257,880,150
Add: Paid up value of forfeited 8000 equity shares of Re. 1/- each	1,600
Total	**257,881,750**

Pre demerger & expected post demerger Capital Structure of the Resulting Company is as under:

Particulars	**[Pre-Demerger] Amount (Rs.)**	**Post Demerger Amount (Rs.)**
Authorized Capital		
Equity Shares		
[500,000,000] 450,000,000 Equity Shares of Re. 1 each	500,000,000	450,000,000
Preference Shares		
[Nil] 5,000,000 8% Cumulative Redeemable Preference Shares of Rs. 10 each	-	50,000,000
Total	**500,000,000**	**500,000,000**
Issued, Subscribed and Paid-up Capital		
Equity Shares		
[100,000,000] 329,880,150 Equity Shares of Re. 1 each	100,000,000	329,880,150
Preference Shares		
[Nil] 2,800,000 8% Cumulative Redeemable Preference Shares of Rs. 10 each	-	28,000,000
Total	**100,000,000**	**357,880,150**

15. The proposed Scheme of Arrangement is between the Applicant Companies and their respective shareholders and creditors. The proposed Scheme will not prejudicially affect the interests of any creditors, secured or unsecured or debenture-holders, as the proposed Scheme does not contemplate distribution of any part of the assets to the shareholders of the Applicant Companies. The assets of the two Applicant Companies after the implementation of the Scheme, would be more than sufficient to discharge their respective liabilities.
16. No investigation proceedings have been instituted or are pending under sections 235 to 251 of the companies act 1956 against the applicant companies
17. The following documents will be available for inspection on all working days during business hours at the Registered Offices of the Applicant Companies till the conclusion of the meetings –
    (i) Copy of the Order dated 9th September, 2010 passed by the Hon'ble Allahabad High Court in Company Application No. 15 of 2010
    (ii) Complete set of the Company Application No. 15 of 2010 filed by the Applicant Companies in the High Court
    (iii) Copies of resolutions dated 12-03-2010,19-04-2010,31-07-2010 and 26-08-2010 passed by the Board of Directors/ Demerger Committee of Applicant Companies
    (iv) Copy of Audited Accounts of Demerged Company for the financial year ended on 30th September, 2009
    (v) Memorandum & Articles of Association of the Demerged Company
    (vi) Copy of Audited Accounts of Resulting Company for the financial year ended on 31st March, 2010
    (vii) Memorandum & Articles of Association of Resulting Company
    (viii) Fairness Opinion on share allotment ratio submitted by Ernst & Young Pvt. Ltd. dated 12-03-2010, 31-07-2010 and 02-08-2010 and Merchant Banker dated 12-03-2010 and 31-07-2010
    (ix) Copies of no objection letters dated 12-08-2010 and 18-08-2010 received from NSE and BSE. The letters will be able on the Demerged Company's website www.trivenigroup.com
    (x) Certificates dated 31-07-2010 and 30-08-2010 issued by M/s J.C.Bhalla & Co. Chartered Accountants
    (xi) Lists of equity shareholders and creditors (secured and unsecured) of the Demerged Company
    (xii) Copy of Scheme of Arrangement

    In addition to above, all statutory records which are required to be kept open for inspection at the general meetings of shareholders under law, will be available for inspection on the date of the meetings.

[MANU KHARE]
ADVOCATE
Chairman for the Meeting
of Equity Shareholders

[RISHI RAJ KAPOOR]
ADVOCATE
Chairman for the Meeting
of Secured Creditors

[AJAY BHANOT]
ADVOCATE
Chairman for the Meeting
of Unsecured Creditors

[R.P.AGARWAL]
ADVOCATE
of Applicant Companies

[GEETA BHALLA]
Company Secretary /Authorised Officer
of Applicant Companies

IN THE HON'BLE HIGH COURT OF JUDICATURE AT ALLAHABAD
ORIGINAL JURISDICTION
IN THE MATTER OF COMPANIES ACT, 1956
AND IN THE MATTER OF:
COMPANY APPLICATION NO. 15 OF 2010
[Under Section 391 of the Companies Act]

IN THE MATTER OF SCHEME OF ARRANGEMENT

1. Triveni Engineering & Industries Limited
having its registered office at
Deoband, District Saharanpur - 247554 (UP) - Demerged Company
2. Triveni Turbine Limited
having its registered office at
A-44, Hosiery Complex, Phase II Extension, Noida - 201305 (UP) - Resulting Company

…….. APPLICANTS

FORM OF PROXY

(Rule 73 of Companies Court rule, 1959)

I/We, the undersigned, as Unsecured Creditor of the above-named Demerged Company hereby appoint :

……of……

and failing him/her

.....of.....

as my/our proxy, to act for me/us at the meeting of the Unsecured Creditors to be held at the Registered office of the said company at Deoband, District Saharanpur 247554 (UP), [at Company's Guest House within the Deoband Sugar Unit Complex], on Friday the 15th day of October 2010 at 3:00 P.M. for the purpose of considering and, if thought fit, approving, with or without modification, the SCHEME OF ARRANGEMENT proposed to be made between the Applicant Companies and their Equity Shareholders and Creditors at such meeting and any adjournment thereof, to vote for me/us and in my/our name(s) **FOR/AGAINST** the said SCHEME OF ARRANGEMENT either with or without modification as my/our proxy may approve.

Dated this …….. day of …….2010.

Affix Revenue Stamp

Name : .....

Designation .....

Address : .....

..... Signature

Notes : In case of persons other than individuals, please sign under the rubber stamp of the organization and state the name and designation of the person executing the proxy.

IN THE HON'BLE HIGH COURT OF JUDICATURE AT ALLAHABAD
ORIGINAL JURISDICTION
IN THE MATTER OF COMPANIES ACT, 1956
AND IN THE MATTER OF:
COMPANY APPLICATION NO. 15 OF 2010
[Under Section 391 of the Companies Act]

IN THE MATTER OF SCHEME OF ARRANGEMENT

ENTRY SLIP FOR THE
COURT CONVENED MEETING OF THE UNSECURED CREDITORS ON FRIDAY, THE 15TH OCTOBER, 2010 AT 3:00 P.M.

Please fill this Entry Slip and hand it over at the entrance of the meeting hall

_____ _____
Signature of the Unsecured Creditor Signature of Proxy holder

Name: .....Designation .....

Address : .....

Notes:

1. Unsecured Creditor(s)/Proxy(ies) are requested to bring this Entry Slip with them when they come to the meeting and hand it over at the gate after affixing their signature on it.
2. Unsecured Creditor(s)/Proxy(ies) who come to attend the meeting are requested to bring copy of the complete set of Notice.

BOOK POST
(Under Certificate of Posting)

If undelivered, please return to:

Triveni Engineering & Industries Limited

Corp. Office: 8th Floor, Express Trade Towers,
15-16, Sector 16-A, Noida-201301, U.P., India