

Annexure 3.

Advisory Report on Share Entitlement Ratio dated
19th March, 2016 of M/s SS Kothari Mehta & Co.,
Chartered Accountants

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Advisory Report on Share Entitlement Ratio upon Demerger of Sugar division of TEIL into TIL

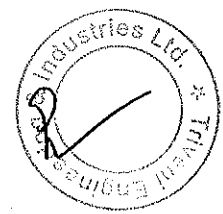
(Certified to be true copy)
For Triveni Engineering & Industries Ltd.

[Signature]
Group General Manager & Company Secretary

ADVISORY REPORT ON SHARE ENTITLEMENT RATIO UPON DEMERGER OF SUGAR DIVISION OF TRIVENI ENGINEERING & INDUSTRIES LTD. INTO TRIVENI INDUSTRIES LTD.

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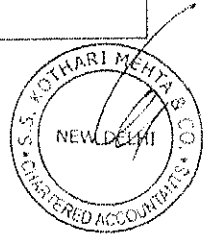
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List of Abbreviations

<u>Abbreviation</u>	<u>Description</u>
Scheme	Scheme of Arrangement between TEIL & TIL
SSKM	SS Kothari Mehta & Co.
Sugar Division	Sugar Undertaking of TEIL
TEIL	Triveni Engineering and Industries Ltd.
TEIL Residual	TEIL pursuant to demerger
TIL/ Transferee Co.	Triveni Industries Ltd.



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Chapter 1: Context and Purpose

1. Scope:

The management of Triveni Engineering and Industries Ltd. ("TEIL") has proposed to demerge Sugar division of Triveni Engineering & Industries Ltd. ("Sugar Division") to its wholly owned subsidiary Triveni Industries Ltd. ("TIL") on a going concern basis under a Scheme of Arrangement under Section 391 to 394 read with Sections 100 to 104 of the Companies Act, 1956 (or the corresponding section of Companies act 2013, if applicable).

SS Kothari Mehta & Co. ("SSKM") has been mandated by the management of TEIL for expressing view on reasonableness of Share Entitlement Ratio ("Ratio") proposed by the management for the said demerger.

Share Entitlement Ratio ("Ratio") is defined as the number of equity shares of TIL to which shareholders of TEIL would be entitled to, in proportion to their existing shareholdings in TEIL upon demerger of Sugar Division of TEIL into TIL.

2. Disclaimer

We have relied upon the information, data and explanations detailed in Para 4, for the purpose of expressing our view on the reasonableness of the Share Entitlement ratio of the equity shares of TIL to be issued to the shareholders of TEIL in connection with the proposed demerger of Sugar division of TEIL.

The Advisory Report on reasonableness of Share Entitlement Ratio has been prepared by SSKM from information extracted from desk research, published reports and other data supplied by the management of TEIL and other sources believed to be reliable and true. The Report cannot be distributed, published, reproduced or used, without the prior express written consent of SSKM.

TEIL have provided the factual data & business details. While the information provided herein is believed to be true and reliable to the best of our knowledge and belief, we do not make any representations or warranties, express or implied, as to the accuracy or completeness of such information.

Our scope of work does not enable us to accept responsibility for the accuracy and completeness of the financial and other information provided to us by the management. We have, therefore, not carried out any due diligence review, independent audit or other test or validation of such financial



and other information to establish the accuracy or sufficiency of the financial statements or of the information, explanations and representations provided to us by TEIL. Accordingly, we do not express any opinion or any other form of assurance thereon and accept no responsibility for the same.

In furnishing the Report, SSKM reserves the right to amend or replace the Report at any time. The information contained herein is based on certain assumptions and analysis of information provided by the management of TEIL, available at the time the Report was prepared.

The purpose of this Report is to express opinion on reasonableness of the Share Entitlement ratio pursuant to demerger of Sugar division of TEIL into TIL as on 1st April, 2016 ("Appointed Date").

This Report is prepared for the special committee of the Board of Directors of TEIL, and may be produced before the shareholders, merchant banker, stock exchanges, Securities and Exchange Board of India ("SEBI"), Registrar of Companies, High court or any other government authorities in connection with the demerger. It is not to be used, referred to or distributed for any other purpose or to any other person without our written permission.

3. Limitation

The Exercise for expressing view on reasonableness of Share Entitlement ratio is not a precise science and the conclusion arrived at in many cases will be subjective and dependent on the exercise of individual judgement. There is, therefore, no indisputable single ratio. While we have provided our opinion on the ratio based on the information available to us and within the scope and constraints of our engagement, others may have a different opinion as to the ratio in which the equity shares of TIL should be allotted to the shareholders of TEIL on the demerger of Sugar division of TEIL into TIL.

It may be noted that expressing an opinion on Share Entitlement ratio is a highly subjective exercise and it may differ from consultant to consultant depending on the individual perception of the attendant circumstances. At best, it is an expression of opinion or a recommendation based on certain assumptions.

This Report is to be considered only for the reasonableness of the Share Entitlement Ratio of equity shares of TIL to which shareholders of TEIL would be entitled to in proportion to his existing shareholdings in TEIL.



Our scope of work involves expressing opinion on the Share Entitlement ratio; however the decision to proceed with the demerger as well as the acceptance of the final ratio depends on the special committee of the Board of Directors, which will be responsible for the decision associated with the determination of share entitlement ratio and factors other than SSKM's work will need to be taken into account in determining the same.

While all reasonable care has been taken to ensure that the advice given in the Report is fair and equitable to all stakeholders, neither SSKM nor its constituents including its Partners & others shall in any way be responsible for any inadvertent error or any such inaccuracies in this Report that may have crept in or for any error in advising on the Share Entitlement Ratio pursuant to data provided by management of TEIL.

4. Information Relied Upon

The management of TEIL provided, inter alia, the following information to SSKM:

- Audited Financial Statements of Sugar Division and TEIL for the financial year ending 31.03.2015 and Management Certified Financial Statements (limited reviewed by Statutory Auditors) ending 31st December, 2015.
- Draft Scheme of Arrangement for the Demerger
- Shareholding Pattern of TEIL and TIL as on 31st December, 2015.
- Such other information, analysis and inquiries, as considered necessary

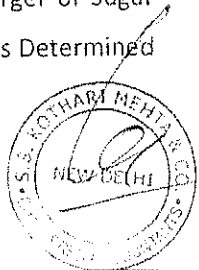
Wherever required, all the accounts and documents listed above have been certified by the management or by Company Secretary of TEIL.

We have also relied upon verbal explanations and information given to us by the management of TEIL during the course of our exercise and meetings held.

Some of the data required for the purpose of this exercise has been taken from Bombay Stock Exchange's website (www.bseindia.com), National Stock Exchange's website (www.nseindia.com) and other databases.

5. Appointed Date

It is proposed to keep 1st April, 2016 as the appointed date for the Proposed Demerger of Sugar Division of TEIL into TIL. Thus, for the purpose of this Report, Share Entitlement Ratio is Determined as on 1st April, 2016.



Chapter-2 Background

6. Background

6.1. Triveni Engineering and Industries Limited ("TEIL"/Transferor Company)

6.1.1. Company Profile

TEIL, listed on NSE and BSE, was incorporated in 1932 and is engaged in various businesses namely, 'Sugar Business' comprising of sugar manufacture, co-generation of power, and distillation of alcohol, and 'Engineering Business' comprising of manufacture of gear & gear boxes and providing products, solutions and execution of contracts involving water & waste-water treatment in the industrial and municipal sectors. The Company has its registered office at Deoband, Distt. Saharanpur, and Uttar Pradesh.

6.1.2. Capital Structure: (as on 31st December, 2015)

Particulars	Amount (Rs. in Lakhs)
Authorized Share Capital	
50,00,00,000 Equity Shares of Re1 each	5000
2,00,00,000 Preference Shares of Rs 10 each	2000
Total	7000
Subscribed and Paid up Share Capital	
25,79,45,110 Equity Shares of Re 1 each fully paid-up	2579.45
Add: Paid up value of 8000 Equity shares of Re 1 each forfeited	0.02
Total	2579.47

6.1.3. Shareholding Pattern (as on 31st December, 2015)

Name	No. of Shares	Shareholding %
Promoters		
Promoter and Promoter Group	17,59,57,229	68.21%
	17,59,57,229	68.21%
Non Promoters		
Institutional	1,84,18,309	7.14%
Bodies Corporate (Non Institutional)	1,85,40,547	7.19%
Other Public Shareholders	4,50,29,025	17.46%
	8,19,87,881	31.79%
Total	25,79,45,110	100%

6.2. Sugar Division

6.2.1. Division Profile

The Sugar division of Company is having three operating interconnected business segments:

a. Sugar Manufacturing Units:

TEIL-Sugar has 7 seven sugar manufacturing units with total Capacity of 61,000 TCD – three units at Khatauli, Deoband, Sabitgarh in Western UP, three at Chandanpur, Rani Nangal and Milak Narayanpur in Central UP and one at Ramkola located in Eastern UP.

b. Cogeneration Plants

The Western UP locations of Khatauli and Deoband have a Cogeneration Unit each. Other than these, Chandanpur, Sabitgarh and Milak Narayanpur have incidental cogeneration facilities.

c. Distillery

TEIL has a Distillery plant of Capacity of 160 KLPD at Muzaffarnagar (Western UP).

6.3. Triveni Industries Ltd. ("TIL"/ "Resulting Company")

6.3.1. Company Profile

TIL, incorporated on 22nd July, 2015 is a wholly owned Subsidiary of TEIL. It has the objects of manufacture and sale of sugar and allied products including co-generation of power, distillation of alcohol etc.

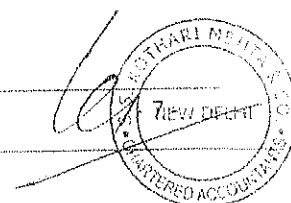
The company's registered office is situated at Deoband, District – Saharanpur, Uttar Pradesh.

6.3.2. Capital Structure – TIL (as on 31st December, 2015)

Particulars	Amount (Rs. in Lakhs)
Authorized Share Capital 50,000 equity shares of Re 1/- each	0.50
Issued, Subscribed and Paid up Capital 50,000 equity shares of Re 1/- each	0.50

6.3.3. Shareholding Pattern – TIL (as on 31st December, 2015)

Name	No. of Shares	Shareholding %
Triveni Engineering and Industries Ltd.	50,000	100%



Chapter 3: Objective of Report and Rationale of Demerger**7. Objective of this Report:**

The objective of this Report is to express an opinion on reasonableness on the Share Entitlement Ratio, as the number of equity shares of TIL to which shareholders of TEIL would be entitled to in proportion to their existing shareholdings in TEIL upon demerger of Sugar Division of TEIL into TIL.

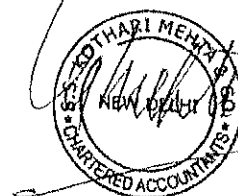
8. Rationale of Demerger

8.1 The separation of Sugar Business and the Engineering Business by way of demerger would enable focused management orientation to each of the business due to individual specialization and leadership vision which will result in efficient management of costs, better maintenance of manufacturing facility, improved administrative control and overall improved performance of both the businesses.

8.2 The separation of Sugar Business and Engineering Business will also provide opportunities for strategic partnership and flexibility of fund raising capability for future growth and expansion and to create a business structure which is geared to take advantage of possible growth opportunities.

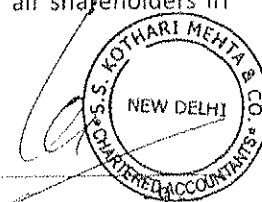
8.3 The businesses and activities of the Transferor Company and the Resulting Company will be carried on more economically, conveniently and advantageously and the same will have beneficial results for both the companies, their shareholders, stakeholders and all concerned.

8.4 The separation of Sugar Business and Engineering Business would also result in unlocking and maximizing the shareholders' value.



Chapter 4: Share Entitlement Ratio

9. The management has recommended a Share Entitlement Ratio of 1 (One) fully paid-up equity share (face value of Re. 1 each) of TIL (Resulting Company) for every 1 (One) fully paid up equity share (face value of Re. 1 each) of TEIL (Transferor Company) for issue of equity shares of TIL to the shareholders of TEIL in consideration for the Demerger.
10. We understand from the management that in the proposed demerger of Sugar Division of TEIL into TIL, the above Share Entitlement ratio is proposed by management of TEIL keeping into consideration that the transaction is value neutral, and therefore the shareholder will be entitled to hold shares in the same proportion.
11. As per the various clauses of the draft scheme provided to us and discussion with the management, we understand that upon demerger, transfer and vesting of the Sugar Division of TEIL into TIL, and issue of shares as per the proposed Entitlement ratio in this report, the beneficial/economic interest of the shareholders of TEIL in TIL will be in the same ratio inter se as it is in the share capital of TEIL; and there will be no reduction in existing shareholding of the shareholders in TEIL Residual. The scheme also provides that the Authorized Share Capital of TIL shall be accordingly increased to provide for issue of shares to the shareholders of TEIL.
12. The draft scheme also provides that upon the scheme coming into effect on the effective date and immediately after issuance of the Equity shares of TIL to the shareholders of TEIL, 50,000 equity shares of TIL having a face value of Re. 1 (one) each held by TEIL comprising 100% of the total issued and paid-up share capital of TIL as on the effective date shall stand cancelled without any further act or deed on the part of TIL.
13. Such reduction in share capital shall be effected as an integral part of the scheme in accordance with the provision of Section 100 to 104 of Companies Act 1956 (or the corresponding section of Companies act 2013, if applicable). The order of the court sanctioning the scheme shall be deemed to also be the order passed by the court under section 102 of Companies Act 1956 (or the corresponding section of Companies Act 2013, if applicable).
14. Therefore, the ultimate ownership of TIL and TEIL shall continue to vest with the same set of shareholders in the same ownership interest.
15. Based on above factors of the projected profitability, serviceability of share capital, attributable net assets, value neutrality and avoiding fraction and disturbance in the holdings of the shareholders, SSKM opines that the above Share Entitlement Ratio is fair and equitable to all shareholders in relation to the demerger.

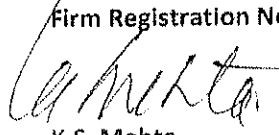


Advisory Report on Share Entitlement Ratio upon Demerger of Sugar division of TEIL into TIL

We would like to record our appreciation for the courtesy and co-operation received by us during the course of work and look forward to continuing our professional association.

The report is to be read in whole.

For SS Kothari Mehta & Co.
Chartered Accountants
Firm Registration No.: 00075604



K.S. Mehta
Managing Partner
Membership No. - 008883

Date: March 19, 2016
Place: New Delhi