

**Annexure 5.**

Fairness Opinion dated 21<sup>st</sup> March, 2016 of M/s D & A  
Financial Services (P) Ltd., Independent Merchant Banker

# D & A

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## D & A FINANCIAL SERVICES (P) LIMITED

Merchant Banking & Corporate Advisory Services

To,  
Board of Directors  
Triveni Engineering and Industries Limited  
8<sup>th</sup> Floor, Express Trade Tower  
15-16, Sector-16A  
Noida-201301

(Certified)  
For Triveni Engineering and Industries Ltd.  
*Group Chairman & Company Secretary*

**Subject: Fairness Opinion on Share Entitlement Ratio for the purpose of the Proposed Scheme of Arrangement between Triveni Engineering and Industries Limited and Triveni Industries Limited and their respective shareholders and creditors**

Dear Sir/s,

In connection with the proposed Scheme of Arrangement between Triveni Engineering and Industries Limited ('TEIL' or the 'Company' or 'Transferor Company') and its wholly owned subsidiary, Triveni Industries Limited ('TIL' or 'Resulting Company') and their respective shareholders and creditors for the proposed demerger of Sugar Business of TEIL to TIL under the provisions of Sections 391 to 394 read with sections 100 to 103 of the Companies Act 1956 and corresponding section of the Companies Act 2013 and other applicable provisions of the Companies Act, 1956 and Companies Act, 2013, as and when notified and made applicable (the 'Scheme' or the 'Scheme of Arrangement').

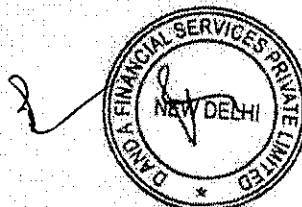
We, M/s D & A Financial Services (P) Ltd, SEBI registered Merchant Banker, having license no. INM000011484, have been engaged by you to give our fairness opinion on the share entitlement ratio recommended by M/s SS Kothari Mehta & Co., Chartered Accountants, vide their report dated March 19, 2016.

The Scheme shall be subject to (i) Receipt of approval from the High Court(s) of Judicature at Allahabad and (ii) other statutory approval(s) as may be required in this regard.



## 1. Background of the Scheme of Arrangement

- a. The Scheme envisages transfer and vesting of the Demerged Undertaking [defined in clause (b) referred to below] of Triveni Engineering & Industries Limited into Triveni Industries Limited including all related assets and liabilities and other consequential matters under the provisions of Sections 391 to 394 read with sections 100 to 103 of the Companies Act 1956 and corresponding sections of the Companies Act 2013 and other applicable provisions of the Companies Act, 1956 and Companies Act, 2013, as and when notified and made applicable.
- b. The Company's Demerged Undertaking means the Sugar Business of the Transferor Company including the following units: (a) Distillery unit located in District Muzaffarnagar, Uttar Pradesh; (b) Sugar manufacturing unit, Cogeneration unit, Fuel dispensing station and Branded goods division (including branded sugar) located in Khatauli, District Muzaffarnagar, Uttar Pradesh; (c) Sugar manufacturing unit and Cogeneration unit located in Deoband, District Saharanpur, Uttar Pradesh; (d) Sugar manufacturing unit including incidental cogeneration facilities located in Sabitgarh, District Bulandshahar, Uttar Pradesh; (e) Sugar manufacturing unit including incidental cogeneration facilities located in Chandanpur, District J.P. Nagar, Uttar Pradesh; (f) Sugar Manufacturing unit located in Rani Nangal, District Moradabad, Uttar Pradesh; (g) Sugar manufacturing unit including incidental cogeneration facilities located in Milak Narayanpur, District Rampur, Uttar Pradesh; (h) Sugar manufacturing unit located in Ramkola, District Kushinagar, Uttar Pradesh and administrative/corporate/sales offices pertaining to the aforesaid business, on a going concern basis, including inter-alia the assets and liabilities relating thereto, which is proposed to be demerged and vested into Triveni Industries Limited and the consideration for demerger to be discharged as under:
- "Equity shareholders of the Transferor Company holding paid up Equity Shares in the Transferor Company and whose names appear in Register of Members of the Transferor Company on the Record Date shall be issued 1 (One) Equity Share of Re. 1/- (one) each, credited as fully paid in the equity share capital of the Resulting Company for every 1(One) Equity Share of Re. 1/- each held by them in the Transferor Company."
- c. After the proposed restructuring, it is proposed to get TIL listed on BSE Limited and National Stock Exchange of India Limited. TIL will apply for listing in compliance with all applicable provisions under law,

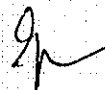



subject to necessary permissions, sanctions and/ or approvals of the statutory/ regulatory authorities.

- d. The Appointed Date for transfer and vesting of Sugar Undertaking would be commencement of business on 1st day of April, 2016.

**2. Objects and Rationale of the Scheme of Arrangement**

- 1.1 The Transferor Company is engaged in the businesses of manufacturing and refining of sugar, distillation of alcohol, generation of power, manufacturing of gears & gear boxes and providing water and waste water treatment/ management solutions. As part of an overall re-organization plan and in order to achieve greater efficiencies in its operations and with the intent of providing focus and greater attention to each of its businesses, it is considered desirable and expedient to transfer the Demerged Undertaking to the Resulting Company. This will result in separating Sugar Business and the Engineering Business and the transfer therefore will enable focused management orientation to each of the businesses due to individual specialization and leadership vision.
- 1.2 Opportunities for creating 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.
- 1.3 The businesses and activities of the Transferor Company and Resulting Company will be carried on more economically, conveniently and advantageously under the proposed Scheme and the same will have beneficial results for both the companies, their shareholders, stakeholders and all concerned.
- 1.4 The Transferor Company and the Resulting Company, post transfer and vesting of the Demerged Undertaking will have better financial, business and operational prospects including but not limited to efficient management of costs, better maintenance of the manufacturing facilities and improved administrative control on the said businesses.
- 1.5 The separation of Sugar Business and Engineering Business would also result in unlocking and maximizing shareholders' value.

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### 3. Scope and Purpose of the Opinion

Merchant Banking & Corporate Advisory Services

The Company has appointed M/s SS Kothari Mehta & Co, Chartered Accountants ('Valuer'), to recommend a fair and equitable share entitlement ratio for the proposed demerger, pursuant to which the Valuer has issued the Report which had recommended that the equity shareholders of TEIL will be entitled to receive 1 (One) equity shares of face value of Rs 1/- each of TEIL against 1 (One) equity share of Rs. 1/- each fully paid up and held by the equity shareholders in TEIL at the record date ('Share Entitlement Ratio').

The management of TEIL has engaged M/s D & A Financial Services (P) Ltd to submit an opinion to the Board of Directors of TEIL on the fairness of the Share Entitlement Ratio (the 'Fairness Opinion') recommended by the Valuer. The scope of this Fairness Opinion includes commenting on the fairness of the Share Entitlement Ratio recommended by the Valuer.

The Fairness Opinion is addressed to the Board of Directors of TEIL. Further, this Fairness Opinion has been issued as per the requirements of SEBI circular no. CIR/CFD/CMD/16/2015 dated 30<sup>th</sup> November, 2015.

The purpose of the opinion is to safeguard the interest of the shareholders and that of the companies involved in the Scheme and this opinion shall be made available to the shareholders of the relevant Companies at the time of their meeting to pass the necessary resolution for the Scheme and to any other relevant authority.

**Disclaimer:** We have assumed and relied upon, without independent verification, the accuracy and completeness of all information that was publicly available or provided or otherwise made available to us by management of TEIL for the purpose of this Opinion. We have not carried out any independent verification of the accuracy and completeness of all information as stated above. We have not reviewed any other documents of the Company other than those stated herein. We have not assumed any obligation to conduct, nor have we carried out any independent physical inspection or title verification of the property, investments etc. interests of TEIL and accept no responsibility therefore.

We have not reviewed any internal management information statements or any non-public reports and instead with your consent we have relied upon information that was publicly available or provided or otherwise made available to us by TEIL for the purpose of this valuation. We are not experts in the evaluation of litigation or other actual or threatened claims.

### 4. Sources of Information

For arriving at the opinion set forth below, we have:



1. Perused the Draft Scheme
2. Advisory Report recommending share entitlement ratio dated March 19, 2016 given by M/s SS Kothari Mehta & Co., Chartered Accountants, having its office at 146-148, Tribhuvan Complex, Ishwar Nagar, Mathura Road, New Delhi-110065.

#### **5. Approach followed for giving Fairness Opinion on Share Entitlement Ratio**

The management of the TEIL proposed that upon the Scheme becoming effective, the shareholders of TEIL will receive 1 (One) equity share of Re 1/- each fully paid up to be issued by TIL, the Resulting Company, for every 1 (One) equity share of Re 1/- each held in TEIL.

In determining the criteria for arriving at the fairness opinion on the Share Entitlement Ratio for the Scheme, the following approach has been adopted and taken in to consideration:

- Level of share capital in TIL having regard to its serviceability
- TIL is a wholly owned subsidiary of TEIL After demerger, TIL will have mirror shareholding of TEIL as upon the Scheme becoming effective, the existing equity shares held by TEIL in TIL shall stand cancelled.
- The entitlement ratio does not result in the dilution of effective holding of any one or more shareholders of TEIL and the shareholders of TEIL, instead of holding shares in one company, will hold shares in both the companies, directly or indirectly.

#### **6. Conclusion**

Based on our examination of the draft of the Proposed Scheme of Arrangement and the Report of M/s SS Kothari Mehta & Co., Chartered Accountants dated March 19, 2016, we are of the opinion that the proposed share entitlement ratio of issuance of 1 (One) equity share of face value of Re 1/- each of TIL fully paid-up against 1 (One) equity share of Re. 1/- each fully paid up held by the shareholders in TEIL at the record date is fair in relation to the Proposed Scheme of Arrangement.

Thanking You

For **D & A Financial Services (P) Ltd**

  
(Priyaranjan)

Vice President

Date: March 21,

Place: New Delhi

