

REPORT ADOPTED BY THE AUDIT COMMITTEE OF TRIVENI ENGINEERING & INDUSTRIES LIMITED RECOMMENDING THE DRAFT COMPOSITE SCHEME OF ARRANGEMENT AMONGST TRIVENI ENGINEERING & INDUSTRIES LIMITED ("AMALGAMATED COMPANY"/ "THE COMPANY"/ "DEMERGED COMPANY") AND SIR SHADI LAL ENTERPRISES LIMITED ("AMALGAMATING COMPANY") AND TRIVENI POWER TRANSMISSION LIMITED ("RESULTING COMPANY") AND THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS UNDER SECTIONS 230 TO 232 AND OTHER APPLICABLE PROVISIONS, OF THE COMPANIES ACT, 2013, AT ITS MEETING HELD ON DECEMBER 10, 2024

Members Present

1. Dr Meena Hemchandra – Chairperson
2. Mr Siraj Azmat Chaudhry
3. Mr Tarun Sawhney

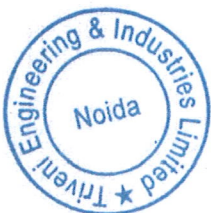
1. Background of the proposed scheme:

- 1.1 A meeting of the Audit Committee of Triveni Engineering & Industries Limited was held on December 10, 2024 to *inter-alia* consider, and recommend to the Board of Directors of the Company, the draft Composite Scheme of Arrangement, amongst Triveni Engineering & Industries Limited ("**Amalgamated Company**"/ "**Company**"/ "**Demerged Company**"), Sir Shadi Lal Enterprises Limited ("**Amalgamating Company**") and Triveni Power Transmission Limited ("**Resulting Company**") and their respective shareholders and their respective creditors under Section 230 to 232 and other applicable provisions, if any, of the Companies Act, 2013 ("**Act**"), read with the rules made thereunder ("**Scheme**")
- 1.2 In terms of the master circular bearing no. SEBI/HO/CFD/POD-2/P/CIR/2023/93 dated June 20, 2023 on (i) Scheme of Arrangement by Listed Entities and (ii) Relaxation under Sub-rule (7) of rule 19 of the Securities Contracts (Regulation) Rules, 1957, or any other circulars issued by the Securities and Exchange Board of India ("**SEBI**"), prescribing the compliance requirements for schemes of arrangement involving listed companies in each case, as amended from time to time, (collectively, the "**SEBI Master Circular**"), a report from the Audit Committee recommending the draft Scheme is required, taking into consideration, *inter-alia*, (a) Valuation Report (as defined hereinafter), and (b) commenting on the need for the Scheme, rationale of the Scheme, synergies of the business of entities involved in the Scheme, impact of the Scheme on the shareholders and cost benefit analysis of the Scheme.

This Audit Committee report is made in compliance with the requirements of the SEBI Master Circular issued by the SEBI pursuant to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("**Listing Regulations**").

2. Overview of the Scheme

- 2.1 The Scheme, *inter-alia* provides for the following:
 - (i) amalgamation of the Amalgamating Company with and into the Amalgamated Company and the consequent issuance of equity shares by the Amalgamated Company to the members of the Amalgamating Company, in terms of Section 2(1B) and other applicable provisions of the Income Tax Act, 1961 ("**IT Act**") and Sections 230 to 232 and other applicable provisions of the Act, as may be applicable, the listing of the equity shares of the Amalgamated Company which shall be issued as consideration to the members of the Amalgamating Company, and the cancellation of the SSEL Promoter Shareholding;



Meena

- (ii) the transfer and vesting of the PTB Undertaking of the Demerged Company to the Resulting Company and the consequent issuance of equity shares by the Resulting Company to the shareholders of the Demerged Company pursuant to Section 2(19AA) and other applicable provisions of the IT Act and Sections 230 to 232 and other applicable provisions of the Act;
 - (iii) listing of the Total Equity Shares of the Resulting Company, consisting of the Existing Equity Shares and the New Equity Shares, of the Resulting Company issued as consideration in terms of the Scheme to the shareholders of the Demerged Company, on the Stock Exchanges after the Scheme becomes effective in accordance with the provisions of the SEBI Master Circular; and
 - (iv) various other matters consequential or otherwise integrally connected therewith.
- 2.2 Words and expressions, used in capitalized form but not defined in this report, shall have the meaning ascribed to them in the Scheme.

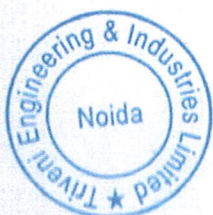
3. Need and Rationale of the Scheme:

A. For amalgamation of the Amalgamating Company with and into the Amalgamated Company:

- a) Both the Amalgamating Company and the Amalgamated Company have manufacturing verticals of sugar and distillery; therefore, the proposed amalgamation of the Amalgamating Company into the Amalgamated Company would lead to the consolidation of all operations pertaining to the manufacture of the sugar, alcohol, ethanol in one entity.
- b) The proposed amalgamation will create and provide operational synergies, economies of scale, optimum utilization of resources, simplification of business processes, elimination of duplication and rationalization of administrative expenses, which will lead to savings in the costs.
- c) It will help in achieving consolidation, greater integration and flexibility that will maximize overall shareholder's value and improve the competitive position and negotiating power of the combined entity.
- d) It will result in reduction of multiplicity of entities, thereby reducing compliance cost of multiple entities viz., statutory filings, regulatory compliances, labour law/ establishment related compliances.

B. For demerger of the PTB Undertaking of the Demerged Company into the Resulting Company:

- a) The demerger of the PTB Undertaking of the Demerged Company into the Resulting Company, pursuant to this Scheme shall be in the interest of all concerned stakeholders including shareholders, customers, creditors, employees and general public, in the following ways:
 - (i) The PTB and the Residual Business address different market segments with unique opportunities and dynamics in terms of business strategy, customer set, geographic focus, competition, capabilities set, talent needs and distinct capital requirements. The transfer of the PTB Undertaking into the Resulting Company will enable each business to sharpen its focus and organize its activities and resources to improve its offerings to their respective customers. This would help to improve its competitiveness, operational efficiency, agility and strengthen its position in relevant markets resulting in more sustainable growth and competitive advantage.



9

Meena

- (ii) PTB has attained a significant size, scale and has a large headroom for growth in its market. As PTB is entering the next phase of growth, the transfer and vesting of the PTB Undertaking into the Resulting Company pursuant to this Scheme would result in focused management attention and efficient administration to maximize its potential.
- (iii) Further, as PTB has separate growth trajectories, risk profile and capital requirement, the segregation of the PTB Undertaking and the Residual Business will enable independent value discovery and lead to unlocking of value for each business.

4. Consideration for the Scheme

A. Consideration for the amalgamation of the Amalgamating Company into and with the Amalgamated Company

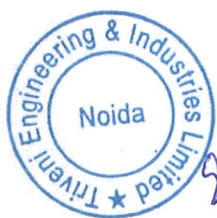
- a) Upon coming into effect of the Scheme and in consideration for the amalgamation of Amalgamating Company with the Amalgamated Company, the Amalgamated Company shall, without any further application or deed, on the basis of the Valuation Report, issue and allot equity shares of face value of INR 1/- each to the members of Amalgamating Company whose names appear in the register of members as on the Record Date 1 or to their respective heirs, executors, administrators or other legal representatives or the successors-in-title, as the case may be, in the following manner:

“For every 137 (One Hundred and Thirty Seven) equity shares of the Amalgamating Company of face value of INR 10 each held in the Amalgamating Company, every equity shareholder of the Amalgamating Company, shall without any application, act or deed, be entitled to receive 100 (One Hundred) equity shares of face value of INR 1 each of the Amalgamated Company, credited as fully paid”

- b) The SSEL Promoter Shareholding shall get cancelled at the time of allotment of shares to the shareholders of the Amalgamating Company by the Amalgamated Company. The above cancellation shall not be considered as a reduction of share capital and the order of the NCLT sanctioning the Scheme shall be deemed to be an order in compliance with all the provisions of the Act *inter-alia* including Section 66, if applicable and the said reduction would not involve either a diminution of liability in respect of unpaid share capital, if any or payment to any shareholder of any unpaid share capital;
- c) The above-mentioned equity shares to be issued by the Amalgamated Company to the members of the Amalgamating Company will be listed and/ or admitted to trading on the Stock Exchanges and, shall rank *pari passu* in all respects, with the existing equity shares in the Amalgamated Company.

B. Consideration for demerger of the PTB Undertaking of the Demerged Company into the Resulting Company

- a) Upon the Scheme becoming effective, and in consideration of the transfer and vesting of the PTB Undertaking from the Demerged Company into the Resulting Company, the Resulting Company shall, without any further application or deed, on the basis of the Valuation Report, issue and allot the following equity shares (“**New Equity Shares**”) to the shareholders of the Demerged Company whose name appears in the register of members of the Demerged Company as on the Record Date 2 (which for the avoidance of any doubt, shall include the New Triveni Shareholders), and/or his/her heirs, executors, administrators or the successors in title, as the case may be;



Meera

“For every 3 (Three) equity shares of the Demerged Company of face value of INR 1 each held in the Demerged Company, every equity shareholder of the Demerged Company, shall without any application, act or deed, be entitled to receive 1 (One) equity share of face value INR 2 each of the Resulting Company, credited as fully paid up on the same terms and conditions of issue as prevalent in the Demerged Company”.

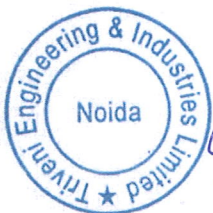
- b) The aforesaid issuance and allotment of the New Equity Shares by the Resulting Company to the shareholders of the Demerged Company, whose name appears in the register of members of the Demerged Company as on the Record Date 2, shall be made in such a manner, that Existing Equity Shares, shall continue to be held by the Demerged Company in the Resulting Company, without any requirement of any further act or deed on part of the Demerged Company.
- c) The Total Equity Shares of the Resulting Company issued in terms of the Scheme, shall be listed and/ or admitted to trading on the Stock Exchanges, and shall rank *pari passu* in all respects, with the Existing Equity Shares.

C. This Scheme shall be conditional upon and subject to:

- a) The compliances of the applicable requirements under the Listing Regulations, SEBI Master Circular and all other statutory directives of SEBI, as applicable.
- b) The approval by the requisite majorities of the classes of persons, including shareholders, creditors of the Amalgamating Company, Amalgamated Company and the Resulting Company, as may be directed by the NCLT under Sections 230-232 of the Act;

It is clarified that the Scheme shall be acted upon only if the number of votes cast by the public shareholders of the Amalgamating Company through e-voting in terms of paragraph 10 (a) and (b) of Part I of the SEBI Circular, in favour of this Scheme are more than the number of votes cast by the public shareholders of the Amalgamating Company against it;

- c) The sanctioning of this Scheme by the NCLT, whether with any modifications or amendments as NCLT may deem fit or otherwise;
 - d) The filing of the certified copies of the orders of the NCLT with the ROC, Uttar Pradesh, by the respective companies, as the case may be; and
 - e) Any other sanctions and orders, as may be directed by the NCLT in respect of the Scheme.
- D. The Amalgamation Appointed Date for the proposed Scheme is April 01, 2025 or such other date as may be approved by NCLT;
- E. The Demerger Appointed Date for the proposed Scheme is the same date as the Effective Date or such other date as may be mutually agreed by the Demerged Company and the Resulting Company, or such other date as may be directed by the NCLT;
- F. The Effective Date for the proposed Scheme is the date on which the Scheme shall become effective pursuant to Clause 7 of the Scheme.



Moana

5. Documents placed before the Audit Committee

The following documents were placed before the Audit Committee

- a) Draft of the Scheme, duly initialled by the Chairperson of the Audit Committee for the purpose of identification;
- b) Joint valuation report dated December 09, 2024 issued by (i) Finvox Analytics and (ii) SSPA & Co. Chartered Accountants, recommending (a) the fair equity share exchange ratio for amalgamation of the Amalgamating Company into and with the Amalgamated Company; and (b) the fair equity share entitlement ratio for demerger of the PTB Undertaking into the Resulting Company (“**Valuation Report**”);
- c) Fairness opinion dated December 09, 2024 issued by D&A Financial Services (P) Ltd., a SEBI Registered Category I Merchant Banker (“**Fairness Opinion**”);
- d) Auditors’ Certificate dated December 10, 2024 issued by S S Kothari Mehta & Co. LLP, Chartered Accountants, the statutory auditors of the Company, certifying that the accounting treatment in the draft Scheme is in accordance with applicable accounting standards and other generally accepted accounting principles;
- e) Undertaking in relation to the non-applicability of Paragraph A(10)(b) read with Paragraph A(10)(a) of Part I of the SEBI Master Circular; and certificate dated December 10, 2024, issued by S S Kothari Mehta & Co. LLP, Chartered Accountants, the statutory auditors of the Company, certifying the said undertaking; and
- f) Other presentations, reports, documents and information pertaining to the draft Scheme made available to/ circulated to the Audit Committee.

6. Synergies of business of the entities involved in the Scheme:

Upon effectiveness of the Scheme, the benefits and synergies as mentioned in paragraph 3 above is expected to be derived by the respective companies.

7. Cost Benefit Analysis of the Scheme:

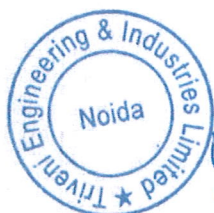
As mentioned in the rationale of the Scheme at paragraph 3 above, the proposed amalgamation of the Amalgamating Company into the Amalgamated Company will create and provide operational synergies, economies of scale, optimum utilisation of resources, elimination of duplication and rationalisation of administrative expenses. Further, the demerger of the PTB Undertaking into the Resulting Company would help to improve competitiveness, ability and strengthen the position of PTB in the relevant markets, resulting more sustainable growth and competitive advantage, and unlocking of value. Thus, the benefits of the Scheme, would over a longer period of time, outweigh the costs incurred towards implementation of the Scheme.

8. Impact of the Scheme on the shareholders of the Company:

In consideration for the amalgamation of the Amalgamating Company with the Amalgamated Company, all the members of the Amalgamating Company as on Record Date 1 shall receive equity shares of the Amalgamated Company, and the SSEL Promoter Shareholding shall get cancelled. Further, in consideration for the demerger of the PTB Undertaking into the Resulting Company, all the shareholders of the Demerged Company as on Record Date 2 shall receive equity shares of the Resulting Company in the same proportion as their holding in the Demerged Company, such that the Existing Equity Shares of the Demerged Company shall continue to be held by the Demerged Company in the Resulting Company.

Therefore, the Scheme is not detrimental to the shareholders of the Company.

Additionally, the share exchange ratio for the amalgamation and the share entitlement ratio of the demerger under the Scheme is fair, and in light of the rationale set out under the Scheme and hereinabove in paragraph 3, the Scheme is beneficial to the shareholders of the Company.



9. **Recommendation of the Audit Committee:**

The Audit Committee has reviewed the Valuation Report and noted the recommendations made therein. Further, the Fairness Opinion has confirmed that the equity share exchange ratio for the proposed amalgamation of the Amalgamating Company with the Amalgamated Company, and the equity share entitlement ratio for the proposed demerger of PTB Undertaking into the Resulting Company, recommended in the Valuation Report, is fair.

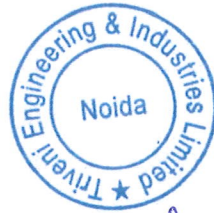
The Audit Committee took into consideration the documents including the draft of the Scheme, the Valuation Report, Fairness Opinion as placed before the Committee and also noted the rationale, cost-benefit analysis, synergies of business amongst the companies involved and impact of the Scheme on shareholders of the Company. Based on the foregoing, the Audit Committee recommends the Scheme to the Board of Directors of the Company for their consideration and approval.

By order of the Audit Committee

For and on behalf of Triveni Engineering & Industries Limited

Meena

Dr. Meena Hemchandra
Chairperson of the Audit Committee
DIN - 05337181



December 10, 2024
Noida, Uttar Pradesh

[Handwritten signature]