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STRICTLY PRIVATE & CONFIDENTIAL

July 16, 2016

The Board of Directors

Gayatri Projects Limited

TSR Towers, B-1, 6-3-1090,
Rajbhavan Road, Somajiguda,
Hyderabad – 500082, Telangana.

The Board of Directors

Gayatri Infra Ventures Limited

1st Floor, TSR Towers, 6-3-1090,
Rajbhavan Road, Somajiguda,
Hyderabad – 500082, Telangana.

The Board of Directors

Gayatri Domicile Private Limited

1st Floor, TSR Towers, 6-3-1090,
Rajbhavan Road, Somajiguda,
Hyderabad – 500082, Telangana.

Re: Report on Recommendation of Share Entitlement Ratio for the Demerger of Infrastructure Road BOT Assets Business from Gayatri Projects Limited into Gayatri Domicile Private Limited

Dear Sirs,

We have been requested by the management of Gayatri Projects Limited (hereinafter referred to as the "Management") to issue this report in connection with the proposed restructuring exercise of Gayatri Projects Limited (hereinafter referred to as "GPL"), Gayatri Infra Ventures Limited (hereinafter referred to as "GIVL") and Gayatri Domicile Private Limited (hereinafter referred to as "GDPL").

1 BACKGROUND

1.1 GAYATRI PROJECTS LIMITED

1.1.1 GPL, the flagship company of Gayatri Group, is a public limited company incorporated on September 15, 1989 under the provisions of the Act under the name and style of "Andhra Coastal Constructions Private Limited". The name was then changed to



“Gayatri Projects Private Limited” on March 31, 1994, and subsequently on conversion into a public limited company the name was changed to its present name of “Gayatri Projects Limited”.

1.1.2 GPL is an infrastructure and construction company. GPL executes civil works, including industrial projects, roads, canals, airport runways, ports and harbours, dams and reservoirs and railways across India with a special focus on road and irrigation projects.

1.1.3 GIVL and Gayatri Energy Ventures Private Limited (hereinafter referred to as “GEVPL”) are the asset development arms of GPL. GIVL is engaged in the business of Public Private Partnership (PPP) projects through its subsidiaries and GPL is developing 3 power projects amounting to nearly 5,000 MW under GEVPL. Sai Maatarini Tollways Limited (hereinafter referred to as “SMTL”) and GDPL are other two subsidiaries of GPL.

1.1.4 The shares of GPL are listed on BSE Limited (‘BSE’) and National Stock Exchange of India Limited (‘NSE’).

1.2 **SAI MAATARINI TOLLWAYS LIMITED**

1.2.1 SMTL was incorporated on September 08, 2011 under the provisions of the Companies Act 1956, having its registered office at 1st Floor, TSR Towers, 6-3-1090, Rajbhavan Road, Somajiguda, Hyderabad, Telangana - 500082.

1.2.2 SMTL is a Special Purpose Company promoted by GPL to execute the contract obtained from NHAI. The project involves Four-Laning of Panikoili-Rimuli Section of NH-215 from Km.0.00 to Km.163.00 (Design Length 166.173) in the State of Orissa under NHDP Phase – III as BOT (Toll) project on Design, Construction, Finance, Operation and Maintenance under Private Public Partnership on “DBFOT” Basis.

1.2.3 SMTL is a wholly owned subsidiary of GPL.

1.3 **GAYATRI DOMICILE PRIVATE LIMITED**

1.3.1 GDPL was incorporated on December 28, 2006 under the provisions of the Companies Act 1956, having its registered office at 1st Floor, TSR Towers, 6-3-1090, Rajbhavan Road, Somajiguda, Hyderabad, Telangana - 500082.

1.3.2 GDPL is proposed to be engaged in the business of construction and other allied construction activities.

1.3.3 GDPL is a wholly owned subsidiary of GPL.

1.4 **GAYATRI INFRA VENTURES LIMITED**

1.4.1 GIVL was incorporated on January 22, 2008 under the provisions of the Companies Act



1956, having its registered office at 1st Floor, TSR Towers, 6-3-1090, Rajbhavan Road, Somajiguda, Hyderabad, Telangana - 500082.

1.4.2 GIVL is the holding company of majority of the Gayatri Group's BOT project SPVs. Currently GIVL has portfolio of 6 BOT projects, which comprises of 4 annuity BOT projects and 2 toll BOT project. All the projects have achieved their financial closures.

1.4.3 GIVL is a 70.59% subsidiary of GPL, while the balance shareholding of 29.41% is held by AMP Capital Finance Mauritius Limited. As informed by the Management, there is a definitive agreement in place between GPL and AMP Capital Finance Mauritius Limited for the acquisition of the balance shareholding in GIVL. Further it has been also been stated in the draft scheme that, the scheme is conditional upon and subject to the share purchase agreement between GPL and AMP Capital Finance Mauritius Limited for the acquisition of the 29.41% shareholding in GIVL by GPL, being completed and given effect. Thus for the purpose of this report, we have been requested to consider GIVL as a wholly-owned subsidiary of GPL.

1.5 **INFRASTRUCTURE ROAD BOT ASSETS BUSINESS**

1.5.1 Infrastructure Road BOT Assets Business means the Infrastructure Road BOT Assets Business of GIVL/GPL comprising of 8 BOT projects, which comprises of 4 annuity BOT projects and 2 toll BOT project. The Infrastructure Road BOT Assets Business is defined in the Scheme and the same is reproduced in **Annexure - I** to this Report.

2 **PROPOSED COMPOSITE SCHEME OF ARRANGEMENT**

Under the Composite Scheme of Arrangement it is proposed to carry out restructuring exercise as mentioned below:

2.1 **Part B of the Scheme - Transfer of investments in SMTL from GPL to GDPL**

2.1.1 We have been informed by the Management, that the investments in SMTL will be transferred to GDPL at book value i.e. cost in the books of GPL. As per the draft scheme, the lump-sum consideration of INR 18,016.03 lacs will be paid in the form of 1,24,60,000 equity shares of INR 10 each (fully paid) and 16,77,00,300 redeemable preference shares of INR 10 each (fully paid) of GDPL.

2.2 **Part C of the Scheme - Amalgamation of GIVL with GPL**

2.2.1 GIVL is proposed to be amalgamated with GPL. On amalgamation of GIVL with GPL (hereinafter referred as the "Amalgamation"), no shares would be issued to the

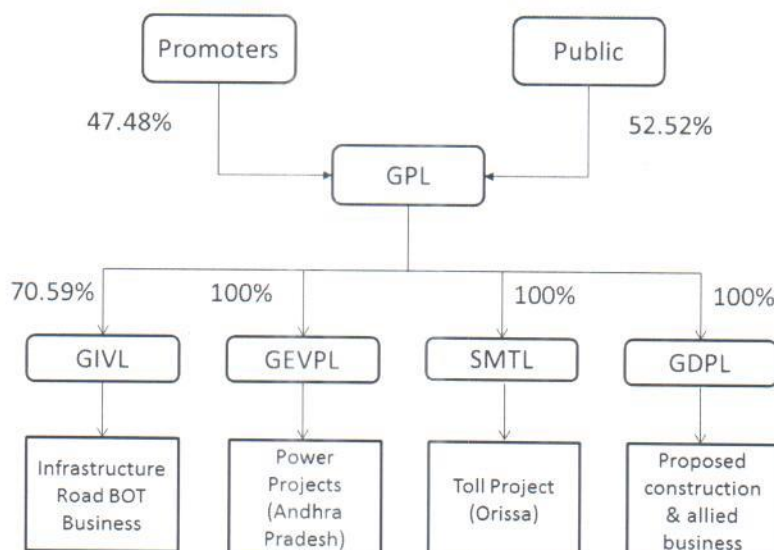


shareholders of GIVL since GIVL is considered a 100% subsidiary of GPL. The appointed date for the Amalgamation is April 1, 2016.

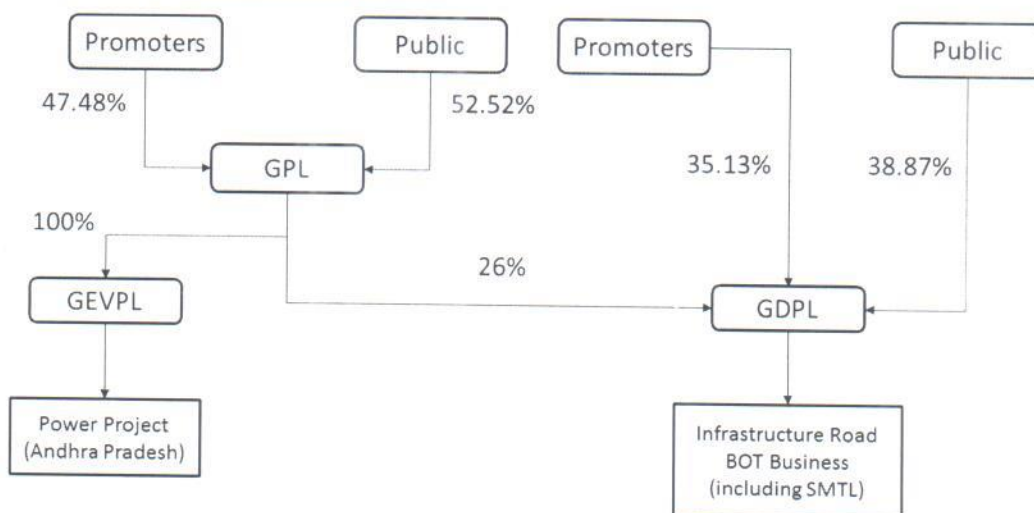
2.3 Part D of the Scheme - Demerger of the Infrastructure Road BOT Assets Business from GPL to GDPL

2.3.1 Upon amalgamation of GIVL with GPL, the Infrastructure Road BOT Assets Business is proposed to be demerged from GPL to GDPL. On demerger of Infrastructure Road BOT Assets Business of GPL to GDPL (hereinafter referred as the "Demerger"), GDPL would issue shares to the shareholders of GPL. The appointed date for the purpose of demerger of Infrastructure Road BOT Assets Business from GPL to GDPL shall be March 31, 2017.

2.4 Current Organizational Structure



2.5 Proposed Organizational Structure



- 2.6 The above composite scheme of arrangement is proposed under Sections 391 to 394 and other applicable provisions of the Companies Act, 1956 and provisions of the Companies Act, 2013, to the extent applicable (hereinafter referred to as the "Scheme").
- 2.7 GPL, GIVL, SMTL and GDPL hereinafter will be collectively referred to as the "Companies".

3 SOURCES OF INFORMATION

For the purposes of this exercise, we have relied upon the following sources of information:

- (a) Audited financial statements of GPL, GIVL, SMTL and GDPL for the financial year ended March 31, 2016.
- (b) Management certified estimated position of assets and liabilities of the Infrastructure Road BOT Assets Business as on March 31, 2016.
- (c) Draft Composite Scheme of Arrangement.
- (d) Such other information and explanations as we required and which have been provided by the management of the Companies.

4 LIMITATIONS & EXCLUSIONS

- 4.1 Our report is subject to the scope limitations detailed hereinafter. As such, the report is to be read in totality, and not in parts, in conjunction with the relevant documents referred to herein.
- 4.2 Our recommendation is dependent upon the information furnished to us being complete in all material respects.
- 4.3 This report has been prepared for the Board of Directors of GPL, GIVL and GDPL solely for the purpose of recommending the share entitlement ratio for the proposed demerger of Infrastructure Road BOT Assets Business of GPL into GDPL.
- 4.4 Our report should not be construed as our opining or certifying the compliance of the proposed restructuring exercise with the provisions of any law including companies, taxation and capital market related laws or as regards any legal implications or issues arising from such proposed restructuring exercise.



- 4.5 The information contained herein and our report is intended only for the sole use and information of the Boards of Directors of the respective Companies, and only in connection with the proposed restructuring exercise as aforesaid including for the purpose of obtaining requisite approvals. It is to be noted that any reproduction, copying or otherwise quoting of this report or any part thereof, other than in connection with the proposed Demerger as aforesaid, can be done only with our prior permission in writing.
- 4.6 No investigation on the Companies' claims to title of assets has been made for the purpose of this report and their claim to such rights has been assumed to be valid. Therefore, no responsibility is assumed for matters of a legal nature.
- 4.7 We assume no responsibility for any material errors in the information furnished by the Companies and consequential impact on the present exercise.
- 4.8 SSPA, nor its partners, managers, employees or agents of any of them, makes any representation or warranty, express or implied, as to the accuracy, reasonableness or completeness of the information, based on which this report is being issued. All such parties expressly disclaim any and all liability for, or based on or relating to any such information contained in this report.

5 RECOMMENDED RATIO

- 5.1 For amalgamation of GIVL with GPL (Part C of the Scheme):
- **As mentioned earlier, no shares are proposed to be issued by GPL in consideration of amalgamation of GIVL with itself as GIVL is considered to be a wholly owned subsidiary of GPL.**
- 5.2 For Demerger of the Infrastructure Road BOT Assets Business from GPL to GDPL (Part D of the Scheme):
- **The management of GPL has recommended a ratio of 1 (One) equity share of INR - 10 each fully paid up of GDPL for every 1 (One) equity share of GPL of INR 10 each fully paid up to equity shareholders of GPL in consideration for the demerger of the Infrastructure Road BOT Assets Business.**



6 CONCLUSION

- 6.1 We believe that the ratio of 1 (One) equity share of INR 10 each fully paid up of GDPL for every 1 (One) equity share of GPL of INR 10 each fully paid up to equity shareholders of GPL in consideration for the demerger of the Infrastructure Road BOT Assets Business is fair and reasonable considering that all the shareholders of GPL are and will, upon demerger, be the ultimate beneficial owners of GDPL and in the same ratio (inter se) as they hold shares in GPL.

Thank you,
Yours faithfully,

SSPA & Co



SSPA & CO.

Chartered Accountants

Firm Registration Number: 128851W

Place: Hyderabad

“Infrastructure Road BOT Assets Business” means the Infrastructure Road BOT Assets Business of the Demerged Company, comprising, inter alia, the assets and liabilities which shall mean and include (without limitation):

- i. all assets wherever situated, whether movable or immovable, tangible or intangible, all plant and machinery including buildings, vehicles, offices, investments, interest, furniture, fixtures, office equipments, appliances, computers, accessories, licenses, permits, quotas, approvals, registrations, lease, tenancy rights in relation to office and residential properties, incentives if any, municipal permissions, consents, or powers of every kind, nature and description whatsoever in connection with operating or relating to the Infrastructure Road BOT Assets Business of the Demerged Company and all other permissions, rights (including rights under any contracts, government contracts, memoranda of understanding, etc.), entitlements, copyrights, patents, trademarks, trade names, domain names and other industrial designs, trade secrets, or intellectual property rights of any nature and all other interest exclusively relating to the services being dealt with by the Infrastructure Road BOT Assets Business, and all deposits, advances and or moneys paid or received by the Demerged Company in connection with or pertaining or relating to the Infrastructure Road BOT Assets Business, all statutory licenses and / or permissions to carry on the operations of the Infrastructure Road BOT Assets Business and any financial assets, corporate guarantees issued by the Demerged Company and the benefits of any bank guarantees issued in relation to and for the benefit of the Infrastructure Road BOT Assets Business of the Demerged Company, deferred tax benefits, privileges, all other claims, rights and benefits, 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 Infrastructure Road BOT Assets Business of the Demerged Company together with all present and future liabilities (including contingent liabilities), etc. pertaining or relating to the Infrastructure Road BOT Assets Business;
- ii. all investments in Infrastructure Road BOT Assets of any nature including investments in Gayatri Jhansi Roadways Ltd (“GJRL”), Gayatri Lalitpur Roadways Ltd (“GLRL”), Hyderabad Expressways Ltd (“HEL”), Cyberabad Expressways Ltd (“CEL”), Indore Dewas Tollways Ltd (“IDTL”), Balaji Highways Holdings Pvt Ltd (“BHHPL”), HKR Roadways Ltd (“HKRRL”) and all other interest pertaining or relating to these investments in Infrastructure Road BOT Assets Business.
- iii. Without prejudice to the provisions of sub-clause 2.1.5(i) and 2.1.5(ii) above, the Infrastructure Road BOT Assets Business of the Demerged Company shall include all the debts, liabilities, duties and obligations and also including, without limitation, all properties and assets in connection with or pertaining or relating to the Infrastructure Road BOT Assets Business of the Demerged Company;



For the purpose of this Scheme, it is clarified that liabilities pertaining to the Infrastructure Road BOT Assets Business of the Demerged Company include:

- a. The liabilities, which arises out of the activities or operations of the Infrastructure Road BOT Assets Business of the Demerged Company;
 - b. Specific loans and borrowings raised, incurred and utilized for the activities or operations of the Infrastructure Road BOT Assets Business ;
 - c. Liabilities other than those referred to in Sub-Clause a) and b) above and not directly relatable to the remaining business of the Demerged Company, being the amounts of general or multipurpose borrowings of the Demerged Company shall be allocated to the Infrastructure Road BOT Assets Business of the Demerged Company as may be decided by the Board of Directors of the Demerged Company;
- iv. all deposits and balances with Government, Semi Government, Local and other authorities and bodies, customers and other persons, earnest moneys and / or security deposits paid or received by the Demerged Company directly or indirectly in connection with or relating to the Infrastructure Road BOT Assets Business;
- v. all necessary books, records, files, papers, product, specification, engineering and process information, records of standard operating procedures, computer programmes along with their licenses, 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 Infrastructure Road BOT Assets Business of the Demerged Company;
- vi. All permanent and / or temporary employees of the Demerged Company substantially engaged in the Infrastructure Road BOT Assets Business and those permanent and / or temporary employees that are determined by the Board of Directors of the Demerged Company, to be substantially engaged in or relatable to the Infrastructure Road BOT Assets Business of the Demerged Company;

