

Annexure, D



**REPORT OF AUDIT COMMITTEE RECOMMENDING DRAFT SCHEME OF
MERGER BY WAY OF VESTING OF THE UNDERTAKING OF SADBHAV
INFRASTRUCTURE PROJECT LIMITED WITH SADBHAV ENGINEERING
LIMITED (THE SCHEME)**

The Securities and Exchange Board of India ("SEBI") vide its Circular No. CFD/DIL3/CIR/2017/21 dated March 10, 2017 as further clarified by Circular No. CFD/DIL3/CIR/2017/26 dated March 23, 2017, Circular No. CIR/IMD/DF/50/2017 dated May 26, 2017, Circular No. CFD/DIL3/CIR/2018/2 dated January 03, 2018 (Hereinafter collectively referred to as Circular) has amongst other requirements, sought a report from Audit Committee of Listed Companies recommending the draft scheme under section 230-232 of the Companies Act, 2013 (Including any statutory modification(s) or re-enactment(s) thereof) ('the Act').

Pursuant to the above, a Scheme of Merger by the way of vesting of the undertaking (as defined in the draft scheme) of Sadbhav Infrastructure Project Limited with the Sadbhav Engineering Limited was placed before the Audit Committee for its recommendation.

The Audit Committee at its meeting held on 19th October, 2019 has noted the background and rationale for the said scheme.

Sadbhav Infrastructure Project Limited (the Transferor Company) is a subsidiary of Sadbhav Engineering Limited (the Transferee Company), the proposed amalgamation will be beneficial to both the Transferor Company and the Transferee Company, their shareholders, creditors and other stakeholders as follows:

- (i) The Amalgamation will result in consolidation of the businesses of the companies resulting in expansion of the consolidated business, facilitating simplified corporate structures, productive utilization of combined resources, operational and administrative efficiencies, economies of scale, reduction in overheads & other expenses, reduced inter-company transactions and reduction in the multiplicity of legal and regulatory compliances and consequently creation of greater value for shareholders and all other stakeholders.
- (ii) The Amalgamation would be in the best interest of the public shareholders of the Transferor Company, as they would continue to play a part in the growth of Indian infrastructure through one of India's leading engineering, procurement and construction companies i.e., the Transferee Company.

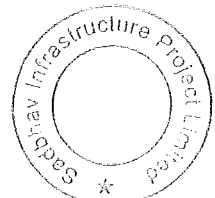
Certified True Copy

For Sadbhav infrastructure Project Ltd.

Sadbhav Infrastructure Project Ltd.

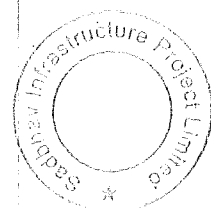
Regd Office : "Sadbhav House", Opp. Law Garden Police Chowki, Ellisbridge, Ahmedabad-380006
T : +91 79 26463384 F : +91 79 26400210 E : investor@sadbhavinfra.co.in Web : www.sadbhavinfra.co.in CIN : L45202GJ2007PLC049808

Company Secretary



- (iii) The Amalgamation is expected to result in stability and enhancement in earnings and cash flow.
- (iv) The Amalgamation is expected to result in operational effectiveness and cost optimisation, improved competitive position of the Transferee Company as the combined entity will have expanded business pre-qualifications, increased network to enable it to bid for larger and more complex infrastructure projects, improved credit rating due to better combined financial position, and provide better access to funds for growth opportunities.
- (v) The Amalgamation is expected to achieve a stronger balance sheet resulting in improved allocation of capital, broader access to capital markets and lower cost of capital.
- (vi) The Amalgamation would allow the Transferee Company to benefit from the complementary skills of the combined management team, which will in turn enhance the overall corporate capability, provide focused strategic leadership and facilitate better supervision of the business.
- (vii) The Amalgamation will result in all the shareholders of the Transferor Company and Transferee Company, deriving value for their shares as a result of their direct shareholding in the combined business, leading to a larger and diversified shareholder base, better trading and liquidity position in the equity shares and relatively higher market capitalization.
- (viii) The Amalgamation is in the interest of the shareholders, creditors and all other stakeholders of the respective companies and is not prejudicial to the interests of the concerned shareholders, creditors or the public at large.

The proposed appointed date for the merger by the way of transfer of undertakings of Sadbhav Infrastructure Project Limited with the Sadbhav Engineering Limited is 1st April, 2019.

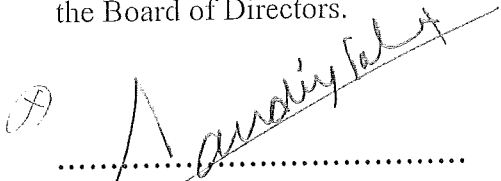


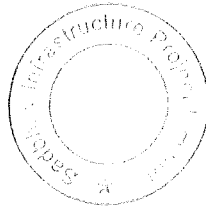
All assets and liabilities of Sadbhav Infrastructure Project Limited will be transferred to Sadbhav Engineering Limited.

It is therefore proposed that the undertaking of Sadbhav Infrastructure Project Limited be transferred to Sadbhav Engineering Limited, followed by dissolution without winding up of Sadbhav Infrastructure Project Limited and consequent cancellation of all equity shares held by Sadbhav Engineering Limited in Sadbhav Infrastructure Project Limited pursuant to section 230-232 and other relevant provisions of the Companies Act, 2013 as amended (including any statutory modification(s) or re-enactment(s) thereof).

After consideration of the draft scheme, Valuation Report and the Fairness Opinion thereto, the members of the Audit Committee formed an opinion that implementation of the proposed scheme of merger by way of transfer of undertakings of Sadbhav Infrastructure Project Limited with the Sadbhav Engineering Limited is in the best interest of the Company and its shareholders, creditors and other stakeholders.

Therefore, the Audit Committee recommends the draft scheme for consideration and approval by the Board of Directors.


.....
Sandip Patel
Chairman of Audit Committee
Sadbhav Infrastructure Project Limited
DIN: 00449028



Place: Ahmedabad

Date: 19/10/2019

Certified True Copy

For Sadbhav infrastructure Project Ltd.


Company Secretary

