

REPORT PREPARED PURSUANT TO THE PROVISION OF SECTION 232(2)(c) OF THE COMPANIES ACT, 2013 AND ADOPTED BEFORE THE BOARD OF DIRECTORS OF MACCAFERRI INFRASTRUCTURE PRIVATE LIMITED AT ITS MEETING HELD ON SEPTEMBER 22, 2018 AT 403-409, Fourth Floor, Suncity Success Tower, Gurgaon EXPLAINING THE EFFECT OF THE SCHEME OF DEMERGER ON EACH CLASS OF SHAREHOLDERS, KEY MANAGERIAL PERSONNEL, PROMOTERS AND NON-PROMOTER SHAREHOLDERS

A draft scheme of demerger between Maccaferri Infrastructure Private Limited ('Resulting Company') and Maccaferri Environmental Solutions Private Limited ('Maccaferri') and their respective shareholders and creditors under sections 230 and 232 of the Companies Act, 2013 ('Act') and other applicable provisions of law ('Scheme') was placed before the board of directors of the Resulting Company ('Board') and approved by the Board vide resolution dated September 22, 2018.

Pursuant to section 232(2)(c) of the Act, the Board is required to prepare and adopt a report explaining the effect of the Scheme on each class of shareholders, key managerial personnel, promoters and non-promoter shareholders laying out in particular, the share exchange ratio and special valuation difficulties (if any).

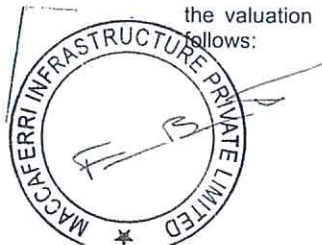
Having regard to the aforesaid provision, the Board after perusal, deliberation and review of the Scheme and related documents discussed and adopted the following:

1. Rationale of the Scheme

Maccaferri has 3 (three) distinct divisions under which it carries on its business activities, which are manufacturing, supply and EPC (Engineering, Procurement and Construction). In recent years, the EPC business has achieved diverse and strategic importance in terms of growth trajectories and value creation. Considering the significant growth potential of the EPC business and with the purpose of independently managing and enhancing the EPC business, it is proposed to transfer the EPC business from Maccaferri to the newly incorporated Resulting Company.

2. Consideration and Share Entitlement Ratio

Maccaferri and the Resulting Company have agreed that in consideration of the transfer and vesting of the EPC business of Maccaferri to the Resulting Company, the Resulting Company shall, without any further act, deed, matter or thing, issue and allot to the equity shareholders of Maccaferri equity shares in the Resulting Company. The shares proposed to be allotted is based on the independent valuation done by Corporate Professionals Capital Private Limited in their valuation report dated September 5, 2018. No special valuation difficulties were reported by Corporate Professionals Capital Private Limited in the valuation report. Pursuant to the valuation report, the share entitlement ratio is as follows:

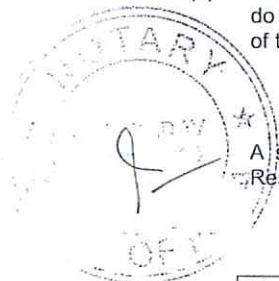


Certify True Copy

"for every 100 (hundred) equity shares of the face value of INR 100/- (Rupees hundred) each held in Maccaferri as on the record date, the equity shareholders of Maccaferri shall be issued 392 (three hundred and ninety two) equity shares of the face value INR 10/- (Rupees ten) each credited as fully paid-up in the Resulting Company."

3. Effect of the Demerger

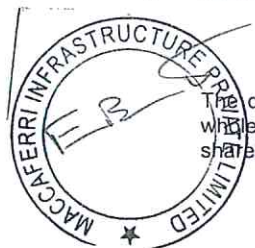
- (a) **Effect on the Resulting Company:** Since the EPC business of Maccaferri is a well-established business, the existing operations, assets, contracts, licenses, etc. of the EPC business will be valuable to the Resulting Company. Further, the Resulting Company will be able to take advantage of the high growth potential of the EPC business by independently developing and growing the said business.
- (b) **Effect on the Promoter Shareholder:** The demerger will result in the promoter of Maccaferri directly holding shares in the Resulting Company. This will demonstrate the promoter's direct commitment to, and engagement with, the Resulting Company. There will be no dilution or increase in the shareholding of the promoter shareholders of Maccaferri. Thus, the demerger will not adversely affect the rights and interests of the promoter shareholder.
- (c) **Effect on Key Managerial Personnel ('KMP'):** The KMP of the Resulting Company do not hold any shares in Maccaferri or Resulting Company. Accordingly, the KMP of the Resulting Company do not have any interest in the demerger.



A summary of the impact of the proposed demerger on the stakeholders of the Resulting Company is shown below:

Promoter Shareholder	No adverse impact
KMP	No adverse impact
Directors	No adverse impact
Creditors	Not applicable
Debenture Holders	Not applicable
Depositors	Not applicable

4. Benefits of the Scheme for the Resulting Company and its Stakeholders



The demerger is expected to provide significant benefits to the Resulting Company as a whole, and as a result, the demerger is also expected to benefit its stakeholders, including shareholders and key managerial personnel. These benefits include:

Certify True Copy

PRIVATE LIMITED

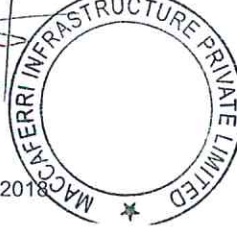
Registered Office
Flat No. 603, B-Wing, Motibhai Tower,
Bazarpeth Badlapur, Thane-Maharashtra
421503 Tel : +91 22 61642222
Fax: +91 22 61642233
CIN: U45100MH2017PTC293993

- (a) Greater attention on the overall business capability and profitability of the EPC business and thereby enhanced shareholder value and benefit to all stakeholders; and
- (b) Flexibility for shareholders and prospective investors in their investments as post the demerger, they can separately hold investments in areas which best suit their investment strategies and risk profiles.

FOR MACCAFERRI INFRASTRUCTURE PRIVATE LIMITED

FR
Francesco Brozzetti
(Director)
DIN: 07562332

Date: September 22, 2018
Place: Gurgaon



Certify True Copy



ATTESTED
CF
(CAV)
TARY
Dist. Gurgaon (INDIA)