

**REPORT PREPARED PURSUANT TO THE PROVISION OF SECTION 232(2)(c) OF THE COMPANIES ACT, 2013 AND ADOPTED BY THE BOARD OF DIRECTORS OF MACCAFERRI ENVIRONMENTAL SOLUTIONS PRIVATE LIMITED AT ITS MEETING HELD ON SATURDAY 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 Environmental Solutions Private Limited ('Maccaferri') and Maccaferri Infrastructure Private Limited ('Resulting Company') 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 Maccaferri ('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 of demerger 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 size of Maccaferri and significant growth in its business operations relating to the EPC business and with a view to achieve the aforesaid growth potential, the Board has decided to restructure Maccaferri by transferring the EPC business into the Resulting Company.

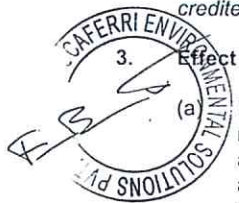
**2. Consideration and Share Entitlement Ratio**

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:

*"for every 100 (hundred) equity shares of the face value of INR 100/- (Rupees hundred) each held in the Maccaferri as on the record date, the equity shareholders of the 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 Maccaferri:** The demerger will enable Maccaferri to concentrate all its energies, resources and attention on the remaining business. Further, the remaining business will be able to grow independently of the EPC business with greater focus on the vision, strategies and operations of the remaining business. The demerger will also enable better and efficient management and control of the remaining business.

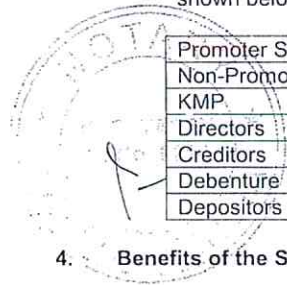


**E n g i n e e r i n g a B e t t e r S o l u t i o n**  
**Certify True Copy**

<b>Corporate Office</b> Maccaferri Environmental Solutions Pvt. Ltd. Unit no. 403-409, Fourth Floor, Suncity Success Tower, Main Golf Course Extension Road, Sector -45, Gurugram, Haryana-122005 Tel. : +91 124 2841400 Fax : +91 124 2841444 Email : info@in.maccaferri.com Web : www.maccaferri.com/in	<b>Offices in:</b> <b>Mumbai Office:</b> 1004, 10th Floor, The Affairs, Plot no:29, Sector-17, Palm Beach Road, Sarpada, Navi Mumbai - 400 705 Tel: +91 22 6164 2222 Fax: +91 22 6164 2233	<b>Kolkata Office:</b> KAMDHENU BUILDING Ho 6A, 5th Floor, T5-C Park Street, Kolkata - 700016 Tel: +91 33 4063 8158 Fax: +91 33 4063 9158	<b>Chennai Office:</b> 1A, First Floor, Sindhar Prestige Point, Old No.14, New No.33 Kasturba Nagar, 1st Main Road, Adyar, Chennai- 600020 Tel: +91 44 3010 0000 Fax: +91 44 3006 0842	<b>Factories in:</b> <b>Shrirur Factory &amp; Warehouse:</b> Gate No.1326, Survey No.753, Borhade Main, Village Shirur, Pune - Ahmednagar Highway, Tal Shirur, Dist- Pune, Pin 412210	<b>Siliguri Factory:</b> Nawapara, Binnaguri, Beside Nawapara Primary School, PO: Subudanga, New Jalpaiguri, Pin: 735135 Mob: +91- 91634 73333	<b>Pandoga Factory:</b> V.P.O. Pandoga - Kyanan, Sub -Tehsil Ispur, Dist. Una, Himachal Pradesh-177207 Tel: +91 1975-24122/2324/25	Me Inc Gr कार्यालय अंतिम संस्करण डी-40, पुरावादी वा. विवर, विवर ५
<b>Factory &amp; Regd. Office:</b> D40, MIDC Ranjangaon, Tal-Shirur, Dist. Pune - 412 220 Tel: +91 2138 393000, Fax: +91 2138 393030	<b>मुंबई कार्यालय:</b> १००४, १०वां मजला, द अफेयर्स, प्लॉट नं. २९, सेक्टर १७, पॉल्म बीच, सारपाडा, नवी मुंबई - ४००७०५ फोन: +९१ २२ ६१६४ २२२२ फॅक्स: +९१ २२ ६१६४ २२३३	<b>कलकत्ता अफिस:</b> कामधेनु बिल्डिंग हो ६ए, ५वां मजला, टी५-सी पार्क स्ट्रीट, कोलकाता - ७०००१६ फोन: +९१ ३३ ४०६३ ८१५८ फॅक्स: +९१ ३३ ४०६३ ९१५८	<b>चेन्नई कार्यालय:</b> ए.ए. १, फ्लॉर, सिंधार प्रेस्टिज प्वाइंट, ओल्ड नो. १४, न्यू नो. ३३ कास्तूरबा नगर, १वां मॉन रोड, अदियार, चेन्नई- ६०००२० टेल: +९१ ४४ ३०१० ०००० फॅक्स: +९१ ४४ ३००६ ०८४२	<b>शिरूर कारखाना:</b> गेट नं. १३२६, सर्वे नं. ७५३, पोस्ट बोर्होडे मॉन, विलेज शिरूर, पुणे - अहमदनगर रोड, तालुका शिरूर, जिल्हा पुणे, पिन ४१२२१०	<b>सिलिगुरी कारखाना:</b> नावापारा, बिनगाडी, बोर्होडे मॉन, नावापारा प्राथमिक शाळा, पो: सुबुदंगा, न्यू जालपागुरी, पिन: ७३५१३५ मोबाईल: +९१- ९१६३४ ७३३३३	<b>पंदोगा कारखाना:</b> व.पो. पंदोगा - क्यानान, उप-तेहसील इशूर, जिल्हा अना, हिमाचल प्रदेश - १७७२०७ टेल: +९१ १९७५-२४१२२/२३२४/२५	कार्यालय अंतिम संस्करण डी-४०, पुरावादी वा. विवर, विवर ५

- (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 Non-Promoter Shareholders:** The demerger will result in the allotment of shares in the Resulting Company to the non-promoter shareholders. The demerger will not adversely affect the rights and interests of the non-promoter shareholders.
- (d) **Effect on Key Managerial Personnel ('KMP'):** The KMP of Maccaferri do not hold any shares in Maccaferri or the Resulting Company. Accordingly, the KMP of Maccaferri do not have any interest in the demerger.

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



Promoter Shareholder	No adverse impact
Non-Promoter Shareholders	No adverse impact
KMP	No adverse impact
Directors	No adverse impact
Creditors	No adverse impact
Debtenture Holders	Not applicable
Depositors	Not applicable

#### 4. Benefits of the Scheme for Maccaferri and its Stakeholders

The demerger is expected to lead to significant benefits for Maccaferri as a whole, and as a result, the demerger is also expected to benefit its stakeholders, including shareholders, employees, creditors and key managerial personnel. These benefits include:

- (a) An increase in the strategic flexibility of Maccaferri in its remaining business;
- (b) Greater attention on the overall business capability and profitability of the remaining business in Maccaferri and thereby enhanced shareholder value and benefit to all stakeholders; and
- (c) 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 ENVIRONMENTAL SOLUTIONS PRIVATE LIMITED

*Handwritten signature of Francesco Brozzetti*

**Francesco Brozzetti**  
(Director)  
DIN: 07562332

Date: September 22, 2018  
Place: Gurgaon



ATTESTED  
*Handwritten signature of K. S. Yadav*  
(K. S. YADAV)  
ADVOCATE & NOTARY  
Distt. Gurgaon, Haryana (INDIA)  
**Certify True Copy**

## E n g i n e e r i n g a B e t t e r S o l u t i o n s

<b>Corporate Office</b> Maccaferri Environmental Solutions Pvt. Ltd. Unit no. 403-409, Fourth Floor, Suncoy Success Tower, Main Golf Course Extension Road, Sector-65, Gurgaon, Haryana-122005 Tel. : +91 124 2841400 Fax : +91 124 2841444 Email : info@m.maccaferri.com Web : www.maccaferri.com/in	<b>Offices In:</b> <b>Mumbai Office:</b> 1004, 10th Floor, The Afters, Plot no.09, Sector-17, Palm Beach Road, Sionpada, Navi Mumbai - 400 705 Tel: +91 22 6164 2222 Fax: +91 22 6164 2233	<b>Kolkata Office:</b> KAMDHENI BUILDING No 6/A, 6th Floor, 75-C Park Street, Kolkata - 700016 Tel: +91 33 4063 8199 Fax: +91 33 4063 8198	<b>Chennai Office:</b> 1A, First Floor, Sindhar Prestige Point, Old No.14, New No.33 Kasturba Nagar, 1st Main Road, Adyar, Chennai- 600020 Tel: +91 44 5010 0000 Fax: +91 44 5006 0642	<b>Factories In:</b> <b>Shirur Factory &amp; Warehouse:</b> Gate No.1326, Survey No.753, Borhade Mala, Village Shirur, Pune - Ahmednagar Highway, Tal Shirur, Dist. - Pune, Pin 412210	<b>Siliguri Factory:</b> Nawapara, Birnaguri, Beside Nawapara Primary School, PO: Sahadangi, New Jalpaiguri, Pin: 735135 Mob: +91-91634 73333	<b>Pandoga Factory:</b> V.P.O. Pandoga - Kyarian, Sub - Tehsil Ispur, Dist. Uda, Himsachal Pradesh-177207 Tel: +91 1975-241222/22426	
<b>Factory &amp; Regd. Office:</b> D40, MIDC Ranjanagan, Tal-Shirur, Dist. Pune - 412 220 Tel: +91 2138 393000, Fax: +91 2138 393030	<b>मुंबई कार्यालय :</b> 1004, 10वा मजला, २ अमलेंडी, प्लॉट नं. ९, सेक्टर १७, पाम बीच रोड, सायनपाडा, नवी मुंबई - ४००७०५	<b>कोलकाता ऑफिस:</b> कामधेनी बिल्डिंग, नंबर ६-ए, ६वा मजला, ७५-सी पार्क स्ट्रीट, कोलकाता - ७०००१६	<b>चेन्नई कार्यालय:</b> एडियर: १ए प्रिस्टीज प्रिस्टेज प्वाइंट, ओल्ड नंबर १४, न्यू नंबर ३३, कास्तूरबा नगर, १वा मजला, एडियर रोड, अहमदनगर हायवे, तालुका शिरूर, जिल्हा पुणे, पिन ४१२२१०	<b>शिरूर कारखाना:</b> गेट नंबर १३२६, सर्वे नंबर ७५३, बोर्होडे माला, विलाज शिरूर, पुणे - अहमदनगर हायवे, तालुका शिरूर, जिल्हा पुणे - ४१२२१०	<b>सिलिगुरी कारखाना:</b> नावापारा, बिरनागुरी (नावापारा प्राथमिक शाळा बरोबर) नावापारा, नवी जाल्पागुरी, पिन - ७३५१३५ मोबाईल: +९१-९१६३४ ७३३३३	<b>पंडोगा कारखाना:</b> व.प.ओ. पंडोगा-क्यारियन, सब-तेहसील इस्पर, जिल्हा उदा, हिमाचल प्रदेश - १७७२०७ टेलिफोन: +९१ १९७५-२४१२२२/२२४२६	<b>कारखाना ऑफिस:</b> डी४०, एम.डी.सी. रानजानग, तालुका शिरूर, जिल्हा पुणे - ४१२२२०