

REPORT OF THE AUDIT COMMITTEE OF GAYATRI PROJECTS LIMITED FOR RECOMMENDING THE DRAFT COMPOSITE SCHEME OF ARRANGEMENT BETWEEN GAYATRI PROJECTS LIMITED, GAYATRI INFRA VENTURES LIMITED, GAYATRI DOMICILE PRIVATE LIMITED AND THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS AT ITS MEETING HELD ON 16TH JULY, 2016

MEMBERS PRESENT

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|------------------------------|----------|
| 1. Mr. Ch. Hari Vittal Rao - | Chairman |
| 2. Mr. G. Siva Kumar Reddy - | Member |
| 3. Mr. J N Karamchetti - | Member |

IN ATTENDANCE

- | | |
|------------------------|--|
| Mr. P. Sreedhar Babu - | Chief Financial Officer |
| Mr. Oomen Mani | M/s. MOS & Associates LLP - Statutory Auditors |

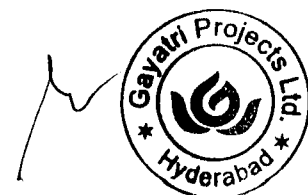
INVITEES

- | | |
|-----------------------|----------------------------------|
| Mr. Kaustubh Rane | -Inga Capital Pvt Ltd |
| Mr. Ashwani Deedwania | -Inga Capital Pvt Ltd |
| Mr. S. Karthikeyan | -Inga Capital Pvt Ltd |
| Mr. Parag S Ved | -SSPA & Co Chartered Accountants |

1. Background:

In terms of Circular dated 30 November 2015 bearing reference No. CIR/CFD/CMD/16/2015 issued by the Securities and Exchange Board of India ("**Circular**"), draft Composite Scheme of Arrangement between Gayatri Projects Limited ("the Company / GPL") and Gayatri Infra Ventures Limited ("GIVL") and Gayatri Domicile Private Limited ("GDPL") and their respective shareholders and creditors in terms of provisions of Section 391-394 of the Companies Act, 1956 and other relevant provisions of the Companies Act, 2013, as may be applicable ("**Scheme**") was placed before the Audit Committee for its consideration and its recommendations, to the board of directors of GPL.

This report is made by the Audit Committee after perusing *inter alia* the following necessary documents ("**Documents**"):

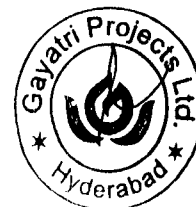


- a. Draft Scheme;
- b. Report on Recommendation of Share Entitlement Ratio for the draft Scheme dated 16th July, 2016 issued by M/s SSPA & Co., Chartered Accountants;
- c. Fairness Opinion dated 16th July, 2016 issued by Inga Capital Pvt. Ltd.;
- d. Audited financial statements of GPL, GIVL, SMTL and GDPL for the years ending March 31, 2016, March 31, 2015 and March 31, 2014;
- e. Certificate dated 16th July, 2016 issued by the Statutory Auditors of the Company, M/s. MOS & Associates LLP, Chartered Accountants, Hyderabad, certifying that the accounting treatment contained in the Scheme is in compliance with all the applicable accounting standards and other generally accepted accounting principles.

2. Proposed Scheme:

Salient features of the proposed Scheme are as follows:

- a. The Scheme provides for:
 - i. Transfer of investments in Sai Maatarini Tollways Limited ("SMTL") from the Company to GDPL
 - ii. Merger of GIVL with the Company
 - iii. Transfer of Infrastructure Road BOT Assets Business of the Company to GDPL
- b. The accounting treatment to be followed for the Composite Scheme of Arrangement will be in accordance with applicable Accounting Standard / Ind AS issued by the ICAI
- c. Proposed appointed date for the merger of GIVL with GPL is 1st April, 2016
Proposed appointed date for the demerger of Infrastructure Road Assets Business from the Company to GDPL is 31st March, 2017
- d. Based on the book value of SMTL investments appearing in the books of the Company, the consideration payable by GDPL to the Company for the transfer of investments shall be Rs. 180,16,03,000 (Rupees One Hundred and Eighty Crores Sixteen Lacs Three Thousand only). The consideration shall be payable in the form of 1,24,60,000 (One Crore Twenty-Four Lacs Sixty Thousand) equity shares of Rs. 10 each and 16,77,00,300 (Sixteen Crore Seventy-Seven Lacs Three Hundred) redeemable preference shares of Rs. 10 each, issued and redeemable at par.



- e. Based on the Share Purchase Agreement between the Company and AMP Capital Finance Mauritius Limited being given effect, GIVL would become a 100% subsidiary of the company. As per the provisions of the Scheme, GIVL would be a 100% subsidiary of the company before the scheme is given effect. Hence no shares would be issued for the merger of GIVL with the Company.
- f. Based on the Report on Recommendation of Share Entitlement Ratio of an independent valuer, M/s SSPA & Co., the share entitlement ratio for the demerger of Infrastructure Road BOT Assets Business from the Company to GDPL is as under:
"1(One) equity share of GDPL of INR 10 each fully paid up for every 1 (One) equity share of GPL of INR 10 each fully paid up"

3. Recommendation of the Audit Committee:

Having considered the Documents, the Audit Committee found the draft Scheme to be in the best interests of all the stakeholders of the Company and recommended the draft scheme for favorable consideration by the board of directors of the Company, the National Stock Exchange of India Limited, The Bombay Stock Exchange Limited and the Securities and Exchange Board of India.

Date: July 16th, 2016

Place: Hyderabad



Chairman