

Ref: SIPL/2019-20/0065

19th October, 2019

To,
The Manager (Listing)
Corporate Relationship Dept.
BSE Limited
P J Tower,
Dalal Street,
Mumbai - 400 001

The Manager (Listing)
National Stock Exchange of India Limited
“Exchange Plaza”,
Plot No C/1, G Block
BandraKurla Complex, Bandra (E)
Mumbai - 400 051

Company Code: 539346 (BSE)

NSE Symbol: SADBHIN (NSE)

Dear Sir / madam,

Sub: Media Release

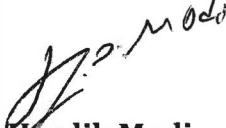
With reference to above, please find enclosed herewith Media Release on Merger announcement of Sadbhav Infrastructure Project Limited with Sadbhav Engineering Limited.

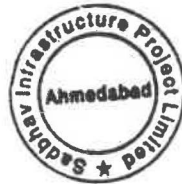
You are requested to take the same on record.

Thanking You,

Yours Faithfully,

For Sadbhav Infrastructure Project Limited


Hardik Modi
Company Secretary
Membership No. F9193
Encl: a.a





**Media Release on
Merger Announcement
of
Sadbhav Infrastructure Project Limited
with
Sadbhav Engineering Limited**



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Background

Overview

Sadbhav Engineering Limited (SEL)

Sadbhav Engineering Limited (SEL), the flagship company of the group, is engaged in the engineering, procurement & construction (EPC) business for Transport, Mining & Irrigation sector

- Order book of ₹ 10,809.7 cr as on 30th June 2019
 - Transport: ₹ 8,287.7 cr
 - Irrigation: ₹ 392.7 cr
 - Mining: ₹ 2,129.3 cr
- 1 Operational Annuity project*

Standalone Financials (₹ cr)	FY 19	1Qtr FY 20
Income from Operations	3,584.9	837.6
EBITDA	427.9/12.06%	104.6/12.49%
PAT	186.9/5.26%	39.5/4.71%
Networth	2,033.7	-
Debt	1,587.3	-

- Listing ⇨ BSE & NSE
- CMP/ Face Value ⇨ ₹ 139.35/Re. 1
- Market Capitalization (₹ crs) ⇨ ₹ 2,390.84
- 52 Week High/Low ⇨ ₹ 274.45/₹ 109.20
- Shares Outstanding ⇨ 17,15,70,800

Sadbhav Infrastructure Project Limited (SIPL)

Sadbhav Infrastructure Project Limited (SIPL), subsidiary of SEL, is engaged in development, construction as well as operation & maintenance of infrastructure projects. SIPL undertakes infrastructure development projects directly or indirectly through SPVs

- 11 Operational BOT Asset*
- 8 Under Construction HAM Projects
- 2 HAM projects yet to start construction

** On 1st July 2019, SIPL has signed a definitive agreements to sell 9 operational BOT projects (including one held under SEL) to IndInfravit*

Consolidated Financials (₹ cr)	FY 19	1Qtr FY 20
Income from Operations	3,547.9	795.9
EBITDA	1,230.4/34.68%	331.0/41.58%
PAT	(247.9)	(71.4)
Networth	(550.5)	-
Debt	9,853.0	-

- Listing : BSE & NSE
- Mkt Price / Face Value ⇨ ₹ 44.05/₹ 10
- Market Capitalization (₹ crs) ⇨ ₹ 1,551.55
- 52 Week High/Low ⇨ ₹ 113.00/₹ 37.60
- Shares Outstanding ⇨ 35,22,25,216

Order Book/Asset Book

Financials

Key Market Statistics

Current Corporate Structure

Sadbhav Engineering Limited (SEL)

- Promoter holding - 46.6%
- Public holding - 53.4%

EPC Business

- Promoter holding - 69.6%
- Public holding - 30.4%

Sadbhav Infrastructure Project Ltd (SIPL)

Transport	Irrigation	Mining	1 Operational BOT Assets**
<ul style="list-style-type: none"> ▪ Order Book of ₹ 8,287.7 cr - BOT/HAM: ₹ 5,208.5 cr - EPC: ₹ 3,079.2 cr 	<ul style="list-style-type: none"> ▪ Order Book of ₹ 392.7 cr 	<ul style="list-style-type: none"> ▪ Order Book of ₹ 2,129.3 cr 	<ul style="list-style-type: none"> ▪ 1 Annuity project ▪ 387 lane kms

3 Operational BOT Assets	8 Operational BOT Assets**	10 Under Construction HAM Projects	Maintenance of roads
<ul style="list-style-type: none"> ▪ MBCPNL: 24 check posts with balance concession of 14 years & 1 month ▪ RPTPL - 323 lane kms. Bal life of 16 years & 6 months. TPC of ₹ 11.61 bn ▪ RHTPL - 395 lane kms. Bal life of 16 years & 3 months. TPC of ₹ 12.71 bn 	<ul style="list-style-type: none"> ▪ 7 Toll & 1 Annuity projects ▪ 2,232 lane km 	<ul style="list-style-type: none"> ▪ 2,387 lane km ▪ TPC of ₹ 99.29 bn ▪ Equity Invested of c. ₹ 5.4 bn 	<ul style="list-style-type: none"> ▪ Continue routine maintenance and major maintenance of 9 transaction assets (₹ 40 bn contract over the asset life) along with continuing assets

* Order book is on 30th June 2019

** On 1st July 2019, SIPL has signed a definitive agreements to sell 9 operational BOT projects (including one held under SEL) to IndInfravit

Business Division

Subsidiary Company

SIPL - Asset Monetisation

Stake sale deal

Transaction

- SIPL has entered into definite agreements to sell 9 operational BOT projects (including one held under SEL) to IndInfravit Trust on 1st July 2019. Equity invested of INR 15.0 bn

Consideration

- Base amount of ₹ 25.5 bn
 - ₹ 19 bn in cash
 - ₹ 6.5 bn as upto 10% of units of IndInfravit Trust
- Additional upsides from car compensation of ARRIL & AJTL, extension in concession in AJTL and arbitration award

Highlights

- ROFO option to IndInfravit Trust for all current and future operational assets
- Continue routine maintenance and major maintenance of 9 transaction assets (₹ 40 bn contract over the asset life) along with continuing assets
- SIPL to get Project Management fees (linked to toll collections) for 9 transaction assets
- Partnership with best-in class roads platform and its marquee investors
- De-consolidation of net debt of INR 40.6 bn and further debt reduction at standalone level is planned from sales proceeds

Merger Rationale

Significant Value Creation

Combined Entity

- ✓ Facilitating simplified corporate structure & economies of scale
- ✓ Reduction in overheads and other expenses
- ✓ Reduced inter-company transactions
- ✓ Reduction in the multiplicity of legal and regulatory compliances
- ✓ Productive utilization of combined resources, operational and administrative efficiencies

Resources

Stronger Financial Muscle

- ✓ Increased networth due to consolidation of profits, enabling to bid for larger & more complex infrastructure projects
- ✓ Likely better credit rating due to better combined financial position
- ✓ Access to growth capital without dilution as a result of ROFO for all current and future operational projects
- ✓ Access to larger pool of funds due to increase in size

Scale

Complimentary Skills

- ✓ Focused strategic leadership
- ✓ Better supervision of the business
- ✓ Strong execution capability combined with successful development and operations of infrastructure projects

Culture

Enhanced Shareholder Value

- ✓ Direct holding for stakeholders
- ✓ Larger & diversified shareholder base
- ✓ Better trading & liquidity position of equity shares
- ✓ Relatively higher market capitalization
- ✓ Increased analyst coverage
- ✓ Elimination of Holding company discount

Market Power

Transaction Details

Appointed Date

- 1st April 2019

Merger of SEL with SIPL

- Sadbhav Infrastructure Project Limited to amalgamate into Sadbhav Engineering Limited subject to regulatory & statutory approvals

Swap Ratio

- Fair Equity Share Exchange Ratio of 1 (One) share of SEL of face value of INR 1 each (fully paid up) for every 3 (Three) shares of SIPL of face value of INR 10 each (fully paid up)
- Shares of SIPL held by SEL will be cancelled

Shareholding Pattern

SEL Shareholding Pattern

Category	Pre-Merger Shareholding No. of shares	Pre-Merger Shareholding Percentage	Post-Merger Shareholding	Post-Merger Shareholding Percentage
Promoter & Promoter Group	7,98,63,723	46.55%	8,05,39,551	38.74%
Public	9,17,07,077	53.45%	12,73,68,462	61.26%
Total	17,15,70,800	100.00%	20,79,08,013	100.00%

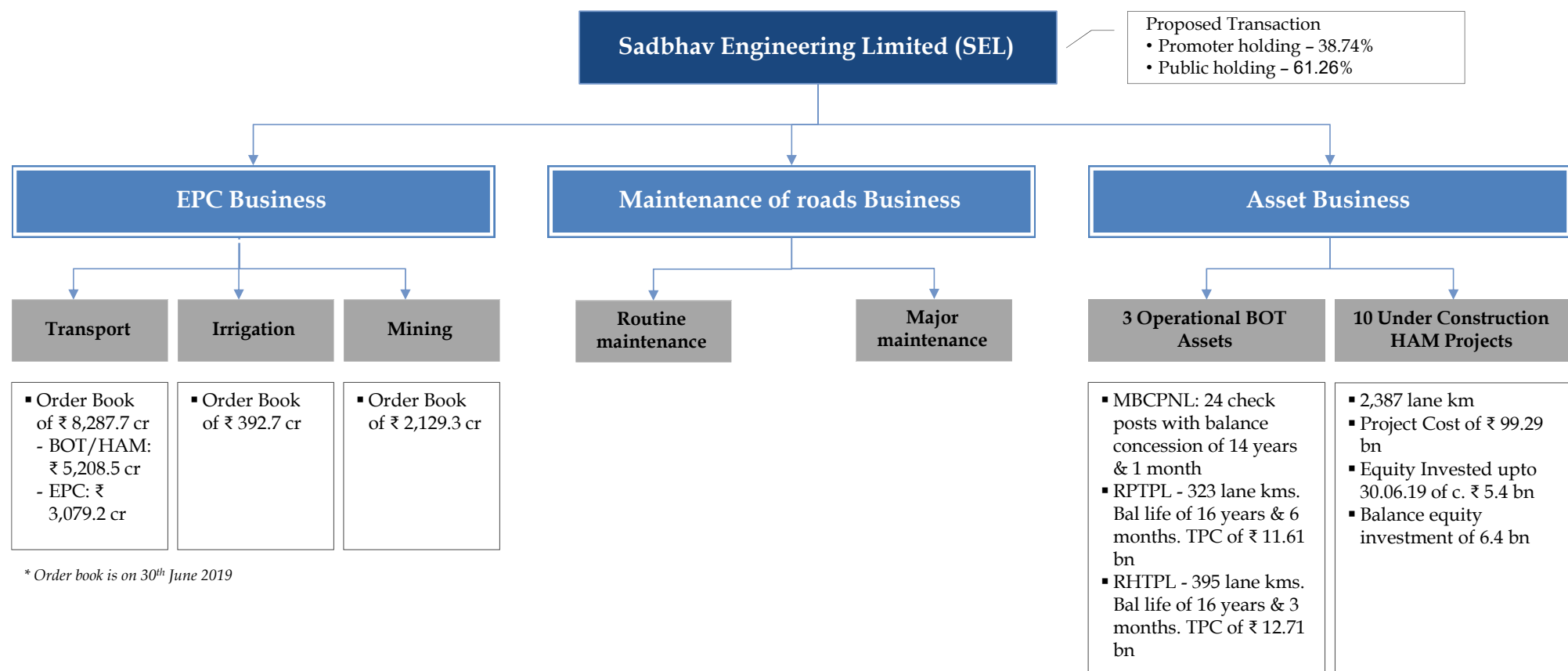
SIPL Shareholding Pattern

Category	Pre-Merger Shareholding	Pre-Merger Shareholding Percentage	Post-Merger Shareholding
Promoter & Promoter Group	24,52,41,061	69.63%	-
Public	10,69,84,155	30.37%	-
Total	35,22,25,216	100.00%	-

Expected Closing

- 6 to 9 months

Proposed Corporate Structure



* Order book is on 30th June 2019

* The above asset scenario is post the asset sale deal with IndInfravit

Business Division

Merger Advisors

Independent Valuers

- BSR & Associates LLP, Chartered Accountants
- Deloitte Haskins & Sells, Chartered Accountants

Registered Valuer

- Vikram Kailash Jain (Partner, SSPA & Co., Chartered Accountants)

Fairness Opinion Provider

- Inga Ventures Pvt Ltd

Legal Counsel

- Cyril Amarchand Mangaldas



THANK
YOU