

Ref: SEL/2019-20/42

October 19, 2019

To,  
The Dy Gen Manager  
Corporate Relationship Dept  
**BSE Limited**  
PJ Tower, Dalal Street,  
Mumbai- 400 001

To,  
**National Securities Depository Ltd.**  
4th Floor, 'A' Wing, Trade World,  
Kamla Mills Compound,  
Senapati Bapat Marg,  
Lower Parel,  
Mumbai: 400 013

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.

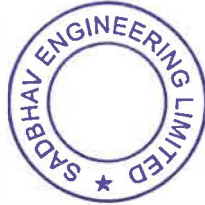
Thanking You,

Yours Faithfully,

**For Sadbhav Engineering Ltd.**



**Tushar Shah**  
Company Secretary  
Mem. No. F7216



**Encl : As Above**



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



# Disclaimer

---

This presentation and the accompanying slides (the “Presentation”), which have been prepared by Sadbhav Engineering Limited and Sadbhav Infrastructure Project Limited (the “Sadbhav Group”), solely for information purposes and do not constitute any offer, recommendation or invitation to purchase or subscribe for any securities, and shall not form the basis or be relied on in connection with any contract or binding commitment whatsoever. No offering of securities of Sadbhav Group will be made except by means of a statutory offering document containing detailed information about Sadbhav Group.

This Presentation has been prepared by Sadbhav Group based on information and data which Sadbhav Group considers reliable, but Sadbhav Group makes no representation or warranty, express or implied, whatsoever, and no reliance shall be placed on, the truth, accuracy, completeness, fairness and reasonableness of the contents of this Presentation. This Presentation may not be all inclusive and may not contain all of the information that you may consider material. Any liability in respect of the contents of, or any omission from, this Presentation is expressly excluded.

Certain matters discussed in this Presentation may contain statements regarding the Sadbhav Group’s market opportunity and business prospects that are individually and collectively forward – looking statements. Such forward-looking statements are not guarantees of future performance and are subject to known and unknown risks, uncertainties and assumptions that are difficult to predict. These risks and uncertainties include, but are not limited to, the performance of the Indian economy, the performance of the infrastructure industry in India and world - wide, competition, Sadbhav Group’s ability to successfully implement its strategy, Sadbhav Group’s future level so growth and expansion, technological implementation, changes and advancements, changes in revenue, income or cashflows, Sadbhav Group’s market preferences and its exposure to market risks, as well as other risks. Sadbhav Group’s factual results, level so activity, performance or achievements could differ materially and adversely from results expressed in or implied by this Presentation.

# 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 30<sup>th</sup> 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
<b>Income from Operations</b>	3,584.9	837.6
<b>EBITDA</b>	427.9/12.06%	104.6/12.49%
<b>PAT</b>	186.9/5.26%	39.5/4.71%
<b>Networth</b>	2,033.7	-
<b>Debt</b>	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 1<sup>st</sup> 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
<b>Income from Operations</b>	3,547.9	795.9
<b>EBITDA</b>	1,230.4/34.68%	331.0/41.58%
<b>PAT</b>	(247.9)	(71.4)
<b>Networth</b>	(550.5)	-
<b>Debt</b>	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"> <li>▪ Order Book of ₹ 8,287.7 cr</li> <li>- BOT/HAM: ₹ 5,208.5 cr</li> <li>- EPC: ₹ 3,079.2 cr</li> </ul>	<ul style="list-style-type: none"> <li>▪ Order Book of ₹ 392.7 cr</li> </ul>	<ul style="list-style-type: none"> <li>▪ Order Book of ₹ 2,129.3 cr</li> </ul>	<ul style="list-style-type: none"> <li>▪ 1 Annuity project</li> <li>▪ 387 lane kms</li> </ul>

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

\* Order book is on 30th June 2019

\*\* On 1<sup>st</sup> 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

- 1<sup>st</sup> 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%
<b>Total</b>	<b>17,15,70,800</b>	<b>100.00%</b>	<b>20,79,08,013</b>	<b>100.00%</b>

### SIPL Shareholding Pattern

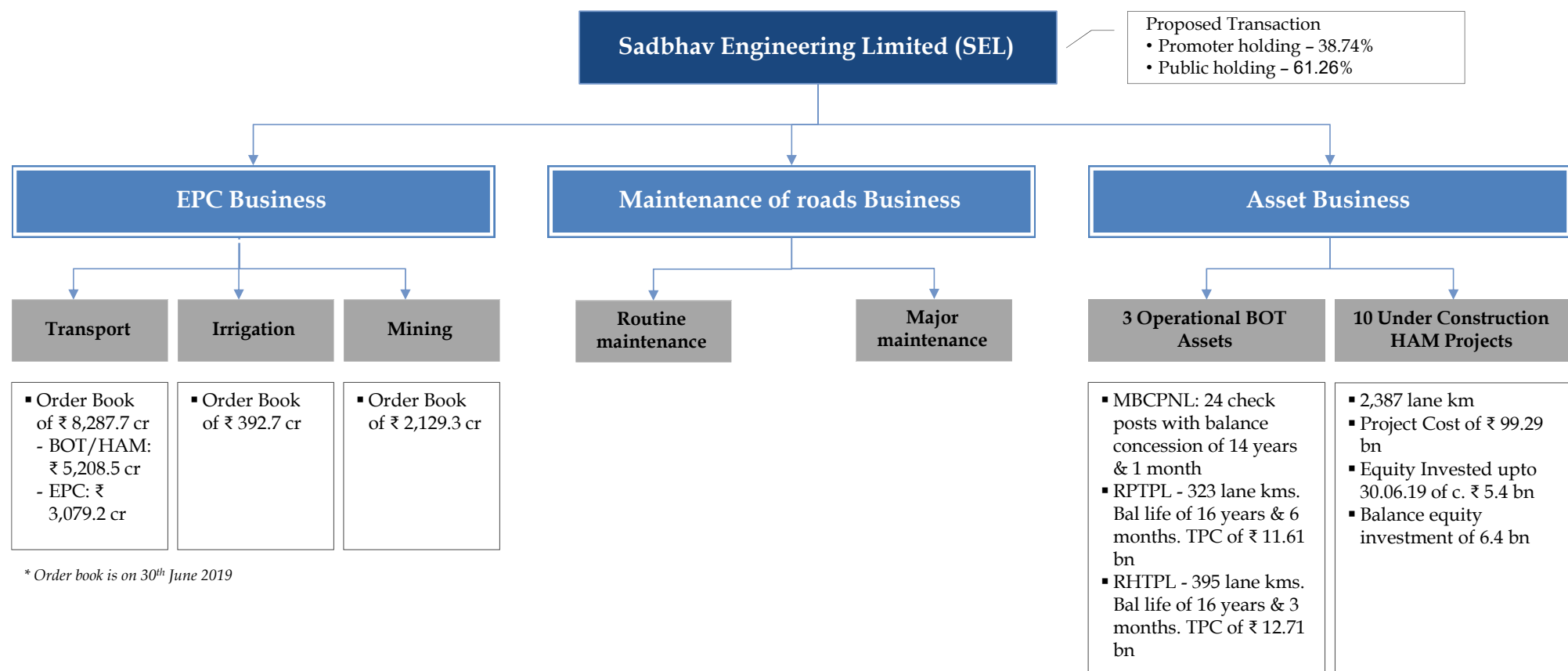
Category	Pre-Merger Shareholding	Pre-Merger Shareholding Percentage	Post-Merger Shareholding
Promoter & Promoter Group	24,52,41,061	69.63%	-
Public	10,69,84,155	30.37%	-
<b>Total</b>	<b>35,22,25,216</b>	<b>100.00%</b>	<b>-</b>

## Expected Closing

- 6 to 9 months



# Proposed Corporate Structure



\* Order book is on 30<sup>th</sup> 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