

REPORT OF AUDIT COMMITTEE OF
SHRISTI INFRASTRUCTURE DEVELOPMENT LIMITED

MEMBERS PRESENT:

Mr. Sakti Prasad Ghosh, Chairman
Mr. Dipak Kumar Banerjee, Member
Mr. Kailash Nath Bhandari, Member
Mr. Braja Behari Mahapatra, Member

IN ATTENDANCE:

Mr. Sunil Jha, Managing Director
Mr. Badri Kumar Tulsyan, Chief Financial Officer
Mr. Manoj Agarwal, Company Secretary

1. Background:

A meeting of the Audit Committee was held on 14th February 2017 to consider the proposed Scheme of Arrangement (hereinafter referred to as 'Scheme') between Shristi Infrastructure Development Corporation Limited ('SIDCL' or 'Company') and East Kolkata Infrastructure Development Private Limited ('EKIDPL') and Vipani Hotels & Resorts Private Limited ('VHRPL') and their respective shareholders. The proposed Scheme provides for (i) Amalgamation of EKIDPL with the Company and (2) Demerger of hospitality business of the Company to VHRPL, pursuant to Sections 230 and 232 of the Companies Act 2013 on the terms and conditions stated in the Draft Scheme. EKIDPL and VHRPL are both wholly owned subsidiaries of the Company at present.

As per the relevant Securities and Exchange Board of India ('SEBI') Circular on Schemes of Arrangement (hereinafter referred to as the 'Circular') the Audit Committee of the listed entity is required to consider and give its report on the Draft Scheme.

2. Report

This report of the Audit Committee is issued accordingly. The following documents were, inter alia, placed before the Audit Committee:

- a. Draft Scheme of Arrangement
- b. Valuation Report by M/s. M. Kumar Jain & Co., Independent Chartered Accountants
- c. Fairness Opinion of M/s. V. C. Corporate Advisors Pvt. Ltd., Merchant Banker on the said Valuation report of M/s. M. Kumar Jain & Co., Independent Chartered Accountants.



Shristi Infrastructure Development Corporation Ltd.

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- d. Certificate from the Statutory Auditors of the Company confirming that accounting treatment prescribed in the Scheme is in accordance with applicable Accounting Standards.

A presentation was then made to the Committee by Deloitte Haskins & Sells LLP setting out the rationale and salient features of the Scheme. The Audit Committee noted, inter alia, the following:-

3. Proposed Scheme of Arrangement - Key Highlights:

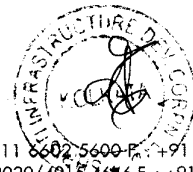
SIDCL is a well established infrastructure development and construction company, having interests primarily in the business of construction and providing allied services, including consultancy; infrastructure development & real estate; including hospitality. Such businesses are carried on by SIDCL directly and also through its various subsidiaries. The hospitality business is relatively new and includes development and running of hotels and serviced apartments. In its hospitality business, SIDCL is making serviced apartments in the complex of the Westin hotel developed at Rajarhat in Kolkata by its subsidiary, Shristi Hotel Limited. SIDCL also has interests in such business through Shristi Udaipur Hotels & Resorts Private Limited ("SUHRPL") which is pursuing a project for developing a hotel at Udaipur. 60.61% of the Equity Shares of the said SUHRPL is held by Shristi Urban Infrastructure Development Limited, which is a direct subsidiary of SIDCL, while the balance 39.39% of the Equity Shares of SUHRPL is held by SIDCL itself. The said SUHRPL is thus also a step down subsidiary of SIDCL. VHRPL is another wholly owned subsidiary of SIDCL incorporated with the main object of undertaking hospitality business. VHRPL is pursuing a project for development of a hospitality complex at Puducherry, including hotel and serviced apartments. Apart from such hospitality business, VHRPL does not have interest in any other business.

The Scheme provides for (a) amalgamation of EKIDPL with SIDCL and (b) demerger of Hospitality Division of SIDCL to VHRPL. The Appointed Date for the Scheme is 1st January 2017. Accordingly, the entire undertaking of EKIDPL will stand transferred to SIDCL and the Hospitality Division of SIDCL will stand transferred to VHRPL with effect from the Appointed Date in terms of the Scheme.

All shares held by the Company (directly/through nominees) in EKIDPL shall stand cancelled, without any further act or deed, upon the scheme becoming effective. In lieu thereof, no allotment of any new shares or any payment will be made by the Company to the shareholders of EKIDPL.

EKIDPL shall stand dissolved without winding up after the Scheme being effective.

Upon the scheme becoming effective, VHRPL shall issue and allot equity shares to the shareholders of the Company (as on the record date) in the share entitlement ratio of five equity shares in VHRPL of face value of Rs.10 each credited as fully paid up for



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every one equity share of face value of Rs.10 each fully paid up held by each member in the Company.

The Committee noted that the Scheme will have beneficial results for the said Companies, their shareholders and all concerned, inter alia, as follows:-


- The Hospitality Business and other businesses of SIDCL have good potential as independent businesses. The said divisions have differing financial needs and strategic imperatives which would be better addressed by separation of the said divisions under two entities. The real estate development business of EKIDPL can be combined and carried on together with the real estate development business of SIDCL more conveniently and advantageously since SIDCL is already pursuing such business on a much larger scale.
- The businesses and interests will stand realigned appropriately in two companies pursuant to the amalgamation and demerger under the Scheme, i.e. (1) SIDCL engaged and having interests in business of construction and providing allied services and development of real estate, including infrastructure consultancy and (2) VHRPL engaged and having interests in hospitality business, including development of hotels and serviced apartments. Such amalgamation and demerger under the Scheme will enable the said respective businesses to be pursued and carried on more conveniently and advantageously with greater focus and attention through such two separate companies, i.e. SIDCL and VHRPL, each having their own management team and administrative set up.

4. Recommendation of the Audit Committee:

The Committee reviewed the valuation, including share entitlement ratio in consideration of the demerger. After appraising the methodology and basis followed by the said Chartered Accountants in their report on the same, the Committee was satisfied with such valuation and share entitlement ratio. After due deliberations, the Committee also found the draft Scheme to be in order.

The Audit Committee approves and recommends the Scheme of Arrangement.

For and on behalf of the Audit Committee of
Shristi Infrastructure Development Corporation Ltd.



Sakti Prasad Ghosh
Chairman
DIN: 00183802

Date: 14.02.2017

Place: Kolkata