

To
The Manager
The Listing Department
National Stock Exchange of India Limited
Exchange Plaza, Bandra Kurla Complex,
Bandra (East), Mumbai – 400 051

June 8, 2016

Kind Attn. : Ms. Charmi Dharod – Assistant Manager – Listing Compliances

Dear Madam,

Sub: Clarification – Ashoka

Ref: Your e-mail dated June 6, 2016

This is with respect to the captioned e-mail seeking clarification on the announcement submitted to the Exchange on May 30, 2016 regarding acquisition of stake in Ashoka GVR Mudhol Nipani Roads Limited ("**AGMNRL**").

We submit below the point wise reply.

1. Name of the target entity, details in brief such as size, turnover etc.
- The name of the Target entity is Ashoka GVR Mudhol Nipani Roads Limited ("**AGMNRL / SPV**"), which is a subsidiary of Ashoka Buildcon Limited ("**Company**"), in which 51% equity shares are held by the Company and remaining 49% equity shares are held by GVR Infra Projects Limited ("**GIPL**"). 49% stake held by GIPL is being taken over by the Company in two parts.

AGMNRL is a special purpose vehicle incorporated for the purpose of execution of the project viz. "PROJECT NO. WAP - 2: - Design, Build, Finance, Operate, Maintain and Transfer (DBFOMT) the Existing State Highway (SH18) from Mudhol to Maharashtra Border (Approx. length 107.937 Kms) in the State of Karnataka on DBFOMT Annuity Basis" ("Project") awarded by Karnataka State Highways Improvement Project ("KSHIP "). The Company along with GVR Infra Projects Ltd. ("Consortium") had submitted bid to KSHIP. The Project was awarded in February, 2014. The Total Cost of Project is Rs. 471.19 Cr. The SPV has completed the construction of 68.92% work as on March 31, 2016.

2. Whether the acquisition would fall within related party transactions and whether the promoter/ promoter group/ group companies have any interest in the entity being acquired? If yes, nature of interest and details thereof and whether the same is done at "arm's length";
- The Company has entered into a Share Purchase Agreement with GVR Infra Projects Limited, ("**GIPL**"), member of the Consortium, for acquisition of an additional 49% stake in AGMNRL. It is not a related party transaction since GIPL is



not a related party to the Company. There is no interest of the Promoter / Promoter Group / group Companies in the entity (AGMNRL). The transaction is a commercial transaction with GIPL.

3. Industry to which the entity being acquired belongs
 - **The acquired entity belongs to Infrastructure (Roads and Highways) industry.**
4. Objects and effects of acquisition (including but not limited to, disclosure of reasons for acquisition of target entity, if its business is outside the main line of business of the listed entity);
 - **The object of the acquisition is to consolidate the stakes.**
 - a. The Company is pioneer infrastructure Development Company in road and power sector. It currently has one of the largest portfolios of BOT projects in India, with 17 BOT projects. Target Entity belongs to main line of business of the Company and shall add value to the business of Company;
 - b. Operations and growth of project are intrinsically linked to its management's decision making. The consolidation of shareholding would facilitate better & stable functioning and operations of the Company; and
 - c. Proposed consolidation would facilitate easy and quick decision making and enable Company to run project to the satisfaction of all stake holders including KSHIP and Lenders.
 - **Further AGMNRL has the same business as main line of business of the Company i.e. infrastructure development.**
5. Brief details of any governmental or regulatory approvals required for the acquisition;
 - **The SPV is governed by the Concession Agreement executed with KSHIP. As per the provisions of the Concession Agreement, the permission of KSHIP is required for effecting change in ownership of SPV. Further the Consent of the Lenders viz. HDFC Bank Ltd., State Bank of Mysore and Aditya Birla Finance Ltd. ("Lenders") is required prior to transfer of shares by GIPL to the Company and the same is in process.**
6. Indicative time period for completion of the acquisition;
 - **The 23% acquisition will be completed within a period of three (3) to six (6) months and 26% acquisition will be completed within three (3) months of completion of two years after Commercial Operations Date (COD) of the project. This indicative period is subject to receipt of necessary approvals from KSHIP and Lenders.**



7. Nature of consideration - whether cash consideration or share swap and details of the same;
- **The Consideration for the transaction is cash consideration of Rs. 35.69 Cr.**
8. Percentage of shareholding / control acquired and / or number of shares acquired;
- **The Company has entered into Share Purchase Agreements for purchase of 1,27,02,900 (23%) and acquisition of beneficial interest in 1,43,59,800 (26%) of paid-up equity share capital of SPV, thus intending to hold 100% stake in AGMNRL.**
9. Brief background about the entity acquired in terms of products/line of business acquired, date of incorporation, history of last 3 years turnover, country in which the acquired entity has presence and any other significant information (in brief).
- **The SPV has been incorporated as Special Purpose Vehicle for execution of the project viz. "PROJECT NO. WAP - 2: - Design, Build, Finance, Operate, Maintain and Transfer (DBFOMT) the Existing State Highway (SH18) from Mudhol to Maharashtra Border (Approx. length 107.937 Kms.) in the State of Karnataka on DBFOMT Annuity Basis" ("Project") awarded by Karnataka State Highways Improvement Project ("KSHIP "). SPV has been incorporated in India on March 3, 2014. The Project is under construction phase and 68.92% work has been completed as on March 31, 2016.**

We trust this should suffice the requirement. Should you require more information in the matter, we will be glad to provide the same.

Yours sincerely,

For Ashoka Buildcon Limited



(Manoj A. Kulkarni)

Company Secretary & Compliance Officer

ICSI Membership No. : FCS – 7377

