



21st July, 2016

The National Stock Exchange of India Ltd.,
Exchange Plaza, 5th Floor,
Plot No. C/1, G Block,
Bandra - Kurla Complex,
Bandra (East),
Mumbai - 400 051

NSE CODE: GAMMONIND

BSE Limited
1st Floor, New Trading Ring,
Rotunda Building,
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai - 400 001

BSE CODE:509550

Dear Sir,

Sub: Outcome of the Board Meeting held on 21st July, 2016

Pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, you are hereby informed that the Board of Directors ("Board") of the Company at its meeting held on 21st July, 2016 transacted the following business;

1. On 12th February, 2016 the Board had approved Transfer of Civil EPC Undertaking of the Company to its wholly owned subsidiary "Gammon Retail Infrastructure Private Limited" ("GRIPL") w.e.f. 30th March, 2016 through a combination of Business Transfer Agreement ("BTA") and Scheme of Arrangement ("Scheme"). Due to certain commercial and technical reasons it has become necessary to terminate the said BTA and Scheme.

Consequently, a revised proposal to transfer the Civil EPC Undertaking to Gammon Engineers and Contractors Private Limited ("Gammon Engineers" or "GECPL"), a wholly owned step down subsidiary of the Company, through a combination of Business Transfer Agreement and Scheme of Arrangement has been approved by the Board, with effective date as 1st July, 2016. Post consummation of the BTA and the Scheme (without taking into consideration investment by the Investor) net worth of Gammon Engineers would be Rs. 50 crores.

2. Approved a revised Investment cum Shareholders Agreement to be entered into between the Company and G. P. Group, Thailand ("Investor") which was earlier approved by the Board in its meeting held on 2nd April, 2016. Pursuant to the amendment, G P Group *inter-alia*, will invest in the Company's Civil EPC business by investing in Gammon Engineers, in which the Civil EPC Undertaking is being transferred for a total consideration of Rs. 150.01 crores for acquiring a 75% stake in Gammon Engineers.
3. Approved the conversion of loans granted to its wholly owned overseas subsidiaries into equity shares as follows;

Sr. No	Name of the Subsidiary	Loan advanced (in euros)together with interest	No. of equity shares to be acquired on conversion of loans
1	Gammon Holdings BV,	67,780,859	677808

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CIN: L74999MH1922PLC000997



	Netherlands		
2	Gammon International BV, Netherlands	48,314,466	483145
3	P Van Eerd Beheersmaatschappij, Netherlands	1,238,334	1238334

The aforementioned conversion is subject to the approval of the shareholders, lenders, Reserve Bank of India and any other approvals as may be necessary.

Information required pursuant to Regulation 30(1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 in respect of the proposed restructuring;

Rationale & Objective of the Restructuring:

The rationale and objective of the restructuring *inter-alia* includes:

- i. To create sector focused companies;
- ii. To enable investments by strategic investor;
- iii. De-risk businesses from each other; and
- iv. Deleverage balance sheet of the company.

BRIEF DETAILS OF THE DIVISION TO BE TRANSFERRED:

Civil EPC Undertaking – The Civil EPC undertaking of the Company essentially comprising of the Civil Engineering, Procurement and Construction business carried on by the Company in roads, hydro-power, nuclear power, tunnels, bridges, etc. together with all the pre-qualifications, properties, assets, liabilities, debts, duties and obligations of the Civil EPC Undertaking.

QUANTITATIVE AND / OR QUALITATIVE EFFECT OF RESTRUCTURING:

The proposed restructuring will enable the Company to create sector focused companies so as to enable investment by a strategic investor and de-risk the businesses from each other.

BRIEF DETAILS OF CHANGE IN SHAREHOLDING PATTERN (IF ANY) OF ALL ENTITIES.

There is no change in the shareholding pattern of Gammon India Limited. However, post the investment by G P Group ("Investor") into Gammon Engineers the shareholding of Gammon Engineers will be: G P Group – 75% and Gammon India -25%.

CONSIDERATION /SHARE EXCHANGE RATIO:

FOR SLUMP SALE THROUGH BUSINESS TRANSFER AGREEMENT ("BTA"):

Pursuant to the BTA between GIL and Gammon Engineers the Civil EPC business will be transferred to Gammon Engineers at fair value of Rs. 8,05,00,000/- (Rupees Eight Crores Five Lakhs only). The consideration will be discharged by Gammon Engineers to GIL through issue of 23,00,000 equity shares.

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For Scheme of Arrangement:

On approval of the Scheme of Arrangement between Gammon India Limited ("GIL"/"Transferor Company") and Gammon Engineers and Contractors Private Limited ("Gammon Engineers"/"Transferee Company") by the Court, Gammon Engineers will issue 1,18,85,714 fully paid up equity shares of Rs. 10 each to GIL against the fair value of the Civil EPC Undertaking.

Turnover of the demerged division and as percentage to the Total Turnover as on 31st March, 2016.

Particulars	Amt (Rs. In crores)	%age to total turnover as on 31 st March, 2016
EPC Turnover -BTA	657.18	11%
EPC Turnover -Scheme	3,005.12	49%
Total Turnover	6,147.00	

DETAILS OF BENEFIT, IF ANY, TO THE PROMOTER/PROMOTER GROUP/ GROUP COMPANIES FROM SUCH PROPOSED RESTRUCTURING:

The Promoter/Promoter Group/Group Companies do not receive any benefit from the proposed restructuring otherwise than in their capacity as shareholders of the Company.

WHETHER LISTING WOULD BE SOUGHT FOR THE RESULTING ENTITY:

The resulting Company i.e. Gammon Engineers and Contractors Private Limited will be an unlisted company.

BRIEF DETAILS OF THE SCHEME OF ARRANGEMENT BETWEEN GAMMON INDIA LIMITED ("GIL") AND GAMMON ENGINEERS PRIVATE LIMITED ("GAMMON ENGINEERS")

- i. Transfer and vesting of the Company's Civil EPC Undertaking (as defined in the Scheme) viz; Civil Engineering, Procurement and Construction business carried on by the Company in roads, hydro-power, nuclear power, tunnels, bridges, etc. as a going concern, which shall include all the pre-qualifications, properties, rights and powers and all debts, liabilities, duties and obligations comprised in/and pertaining to the Civil EPC business (as defined in the Scheme) into Gammon Engineers against issue and allotment of equity shares by Gammon Engineers to GIL.
- ii. The Appointed Date of the Scheme of Arrangement between GIL and Gammon Engineers shall be 1st July, 2016 or such other date as may be fixed or approved by the High Court of Judicature at Bombay.
- iii. The Scheme will become effective upon receipt of approvals, *inter-alia*, from the lenders, the BSE Limited and National Stock Exchange of India Limited, Securities and Exchange Board of India, the shareholders and creditors of the Company, the High Court of Bombay and filing of the Order of the High Court approving the Scheme with the concerned Registrar of Companies.



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THE BRIEF TERMS AND CONDITIONS OF THE BUSINESS TRANSFER AGREEMENT EXECUTED ON 21ST JULY, 2016 BETWEEN GIL AND GAMMON ENGINEERS ARE AS FOLLOWS;

- a. Transfer of part of the Civil EPC Undertaking consisting of identified contracts together with their assets, properties, debts and liabilities pertaining to the identified business by way of a slump sale on a going concern basis with effect from 1st July, 2016.
- b. The consideration for transfer of Civil EPC Undertaking will be Rs. 8,05,00,000 (*Rupees Eight Crores Five Lakhs only*) which will be discharged by Gammon Engineers by issue of 23,00,000 equity shares.
- c. GIL will create security by way of mortgage or otherwise on the retained Civil EPC Undertaking in favour of and for the benefit of the lenders to secure such part of the CDR debt that will be transferred under the Scheme. GIL will also issue a Corporate Guarantee in favour of, and or for the benefit of the Existing Lenders to guarantee the due repayment of the Existing Debt being transferred under the Business Transfer Agreement, which will be in force till the approval of the Scheme by the relevant courts. The Assets being transferred to Gammon Engineers shall be subject to any and all encumbrances created in terms of, and for the benefit of the Existing Lenders and such existing encumbrances shall continue to be in full force and effect for the benefit of the Lenders as security for the debts transferred to Gammon Engineers .
- d. In case the Scheme of Arrangement is not approved by the relevant court and the Investor who will be investing in Gammon Engineers pursuant to the Investment agreement ("IA"), exercises the option:
 - (i) to remain invested in Gammon Engineers and acquire the Civil EPC Undertaking proposed to be transferred through the Scheme at a consideration already decided in the Scheme, subject to all necessary approvals, the CDR Lenders shall retain such part of, or the entire novated indebtedness "Retained Debt" (including assessed limits corresponding to the fair valuation of Gammon Engineer's assets) in Gammon Engineers, subject to renewal based on performance of Gammon Engineers and Gammon shall be bound to re-novate and hold as borrower, any part of the novated Indebtedness that the CDR Lenders do not retain in Gammon Engineers OR
 - (ii) exit Gammon Engineers and require either Gammon Engineers or Gammon to buy back/acquire its shareholding at a price as per applicable laws. In such a case the CDR Lenders may request the parties to take all necessary steps to ensure that all the assets, rights and liabilities pertaining to the Civil EPC Business Undertaking as on the date that the Scheme of Arrangement was rejected are re-transferred/re-novated by Gammon Engineers and re-acquired by GIL.



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BRIEF TERMS AND CONDITIONS OF THE INVESTMENT CUM SHAREHOLDERS AGREEMENT ("IA") ENTERED INTO BETWEEN GAMMON INDIA LIMITED, G.P GROUP AND GAMMON ENGINEERS AND CONTRACTORS PRIVATE LIMITED.

The brief terms of the Investment agreement are;

- a. The Agreement shall be effective from the date it is entered into and is subject to the approval of the Lenders and the shareholders.
- b. The Investor shall invest a sum of Rs. 150,01,00,000, of which Rs. 25,20,00,000 (*Indian Rupees Twenty five crores and twenty lacs*) to be invested within 14 days of execution of the "Novation Agreement" for acquiring 75% stake in Gammon Engineers and balance Rs. 124,81,00,000 (*Indian Rupees One hundred and twenty four crores and Eighty One Lacs*) to be invested on consummation of the Scheme of Arrangement.
- c. Investor will reconstitute the Board of Gammon Engineers to control the Board composition.
- d. The Investor, Gammon and their respective Affiliates, associates and group companies who may invest in the Company, shall not for a period of 2 (*two*) years from the Completion Date, sell or dispose, directly or indirectly, the Equity Shares held in the Company by each of them to any third party, without prior written consent of the other Party ("Lock-in") and the consent of the Lenders. It is hereby agreed that the Investor through its group companies, associates, Affiliates will hold 51% (*fifty one percent*) of the Company for a period of 2 (*two*) years. After the expiry of the Lock-in, the Investor can transfer up to 23% (*twenty three percent*) of its shareholding to any identified persons who may not be necessarily classified as "Promoter or Persons acting in Concert". The Investor shall have the right to reduce his shareholding, so as not to fall below 26% (*twenty six percent*), without requiring any further approval from the Lenders and the Investor will continue to be classified as a "Promoter".
- e. The "Gammon" trademark will be transferred through the Scheme of Arrangement, to Gammon Engineers. Within 6 (*six*) months of the effective date of the Scheme, Gammon India shall change its name and Gammon and its group companies will be entitled to use the name "Gammon" and the trademark for a period of 2 (*two*) years without payment of any fees or royalty to Gammon Engineers.
- f. At any time during the currency of the Agreement, Gammon India shall have the option to transfer additional debt aggregating to Rs. 160,00,00,000 (*Indian Rupees One hundred and sixty crores*) to Gammon Engineers, along with assets, as may be mutually agreed between them, and such assets having equivalent fair market value.
- g. In case the Scheme of Arrangement between GIL and Gammon Engineers is not consummated by July 1, 2017, the Investor has the following options viz: (i) to stay invested with the EPC undertaking being transferred

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through the BTA and (ii) to acquire the Civil EPC Undertaking proposed to be transferred through the Scheme at a consideration already decided in the Scheme, subject to all necessary approvals or (ii) to exit Gammon Engineers based on the terms detailed therein. Further if the investor proposes to exit, the CDR Lenders may request the parties to take all the necessary steps to ensure that all the assets, rights and liabilities pertaining to the Civil EPC Undertaking as on the date that the Scheme of Arrangement is not consummated are re-transferred/re-novated by Gammon Engineers and re-acquired by Gammon.

ADDITIONAL INFORMATION PERTAINING TO THE INVESTMENT CUM SHAREHOLDERS AGREEMENT AS REQUIRED UNDER ANNEXURE I, PARA A OF PART A OF SCHEDULE III OF THE LISTING REGULATIONS:

- i. Date on which the agreement for sale/disposal of subsidiary has been entered into;

Business Transfer Agreement executed on 21st July, 2016 and Investment Cum Shareholders Agreement executed on 21st July, 2016.

- ii) Whether the Investor belongs to the promoter group;

The investor is not related to the promoter group.

- iii) Whether the transaction would fall within related party transactions? If yes whether the same is done at arms length;

The transaction is not a "Related Party Transaction".

The aforementioned restructuring of businesses viz; the slump sale, Business Transfer Agreement, the Investment cum Shareholders Agreement and the Scheme mentioned above will be subject to the approval of the shareholders, lenders and all other necessary approvals, as may be required.

You are requested to take note of the same.

Thanking you.

Yours truly
FOR GAMMON INDIA LIMITED


GITA G. BADE
COMPANY SECRETARY

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