

Sandeep Sharma

Subject: FW: GIL Email to SEBI dated July 10, 2023

From: Venkat Ramana Tangirala

Sent: Monday, July 10, 2023 6:59 PM

To: VENKATESHWARLU TUTTURU <venkateshwarlut@sebi.gov.in>

Cc: adwaitad@sebi.gov.in

Subject: Composite Scheme of Amalgamation and Arrangement - GMR

Dear Mr. Venkateshwarlu,

Greetings from GMR!!

With reference to meeting and conversation last week, please find attached a summary on the Composite Scheme of Amalgamation and Arrangement.

Further, we have received a small query list from BSE this morning. While most of the points are covered in the attached summary note, we are separately sending BSE, a point wise response.

Hope you will find this in order.

Thanks & Regards

T Venkat Ramana
Company Secretary & Compliance Officer
GMR Airports Infrastructure Limited
(Formerly GMR Infrastructure Limited)

Composite Scheme of Amalgamation and Arrangement between GMR Airports Limited ("GAL"), GMR Infra Developers Limited ("GIDL") and GMR Airports Infrastructure Limited ("GIL) (referred to as the "Scheme")

Summary & major components of the Scheme, with relevant background information:

(1) Ratchet Settlement (a Pre-Scheme arrangement – background purpose):

During February 2020, Group ADP had agreed to invest upto 49% in the equity capital of GAL, both through secondary & primary route. The investment was to happen in two tranches, one in February 2020 and the other in July, 2020. The consideration for both the tranches was agreed upfront.

ADP, GIL, GAL and other parties had entered into a Shareholders Agreements that defines the governance process for GAL and the rights of respective shareholders ("**GAL SHA**")

Further, there was an additional milestone-based consideration that was agreed between the parties, based on achievement of certain milestones by GAL / GAL subsidiaries. This milestone based consideration (referred as "**Equity Ratchets**") was to be given to GIL, in the form of additional GAL equity share allotment to GIL (upto a maximum of 9% upon full achievement of milestones or proportionately in case of partial achievement of agreed milestones). To facilitate issue of this milestone-based equity shares, GAL had issued Series A CCPS to GIL on Bonus basis. The milestones for the Equity Ratchets were ultimately to be tested at the end of 5 years (i.e in the year 2025).

While so, before the second tranche equity transaction could conclude, owing to the Covid 19 Pandemic, the traffic projections that formed the basis for valuations and agreed equity consideration, underwent a major change. In line with the revised traffic forecast & revised valuations, the consideration payable to GIL was reduced by about Rs.1060 Crs. However, in the event that traffic recovery happens in subsequent years, the consideration that was reduced, was agreed to be recouped. To implement this understanding in future, GAL had issued Series B, C & D CCPS to GIL (referred as "**Cash Ratchets**").

The GAL SHA also provides that at the end of 5 Yrs. (year 2025), there should either be a GAL IPO or it should be ensured that GAL should be merged with GIL, so as to provide liquidity to the existing shareholders of GAL.

While the milestones with reference to the Equity Ratchets and the Cash Ratchets were in different stages of progress and different categories of certainty, the shareholders of GAL, i.e., ADP and GIL had agreed to accelerate the merger of GAL into GIL, as contemplated in the GAL SHA, and accordingly have decided to settle both the Equity Ratchets and also the Cash Ratchets well before their respective maturity dates and accordingly the below was agreed pursuant to a settlement agreement entered into between GIL and ADP:

- As against the maximum 9% equity that was additionally to be allotted to GIL upon achievement of 100% of the Equity Ratchets, GAL would allot additional 4% equity to GIL, taking GIL's equity stake in GAL to 55%.
- As against the Rs.1060 Cr. Additional consideration that was to be paid by ADP to GIL towards the Cash Ratchets, ADP would pay Rs.550 Crs. to GIL, in tranches.

It may be noted that the settlement (revised) of Equity Ratchets and the Cash Ratchets would be completed before the Effective Date of the Scheme. Further, it may be noted that the settlement of Ratchets is in favour of GIL, the public listed company and not to the Promoters of GIL. The Promoters of GIL are unconnected with the entire settlement process or with the Scheme.

(2) Parties to the Scheme:

GMR Airports Infrastructure Limited (GIL or the Transferee Company)

GMR Airports Limited (GAL or Transferor 1 Company)

GMR Infra Developers Limited (GIDL or Transferor 2 Company)

GIL is the holding company for both GAL & GIDL. While GIL holds 100% of the equity in GIDL, GIL currently holds 51% of the equity of GAL (30% directly and 21% indirectly through GIDL).

(3) Proposal under the Scheme

It is proposed that under the Composite Scheme, GAL would merge into GIDL under Part C of the Scheme and the Merged GIDL would under Part D of the Scheme, merge with GIL.

(i) Consideration for the Scheme – Share Exchange Ratio

The detail of securities exchange ratio is follows:

	GAL	GIDL	GIL
Relative value per share (INR) as determined by the Valuer	347.80 of Rs.10/- each	21.85 of Rs.10/- each	40.77 of Re.1/- each
Exchange ratio for Proposed Amalgamation I (i.e., implementation of Part C of the Scheme)	-15,918 shares of Rs.10/- each of GIDL for 1,000 shares of Rs. 10/- each held in GAL and -15,918 OCRPS of Rs. 400/- each of GIDL for 40,000 shares of Rs. 10/- each held in GAL Note- 1 OCRPS convertible into 40 equity shares.		
Exchange ratio for Proposed Amalgamation II (i.e., implementation of Part D of the Scheme)		-10,000 shares of GIL of Rs. 1/- each for every 18,659 shares of Rs. 10/- each held in GIDL and - 10,000 OCRPS in GIL of Rs. 40/- each for every 18,659 OCRPS of Rs. 400/- each held in GIDL Note- 1 OCRPS convertible into 40 equity shares	

(ii) Valuation by E&Y and KPMG teams & Fairness Opinion

To determine the securities exchange ratio for Merger of GAL with GIDL (Part C of the Scheme), both GAL and GIDL had appointed **KPMG Valuation Services LLP**, a registered valuer as Valuer and **ICICI securities Limited**, a Merchant Banker to provide fairness opinion on securities exchange ratio determined by the Valuer.

To determine the securities exchange ratio for the merger of merged GIDL with GIL Part D of the Scheme), GIL had appointed **Ernst & Young Merchant Banking Services LLP**, a registered valuer as the Valuer and **Morgan Stanley India Company Private Limited**, Merchant Banker to provide fairness opinion on the exchange ratio determined by the Valuer.

It may be noted that both the registered valuers and the both the fairness opinion providers and reputed agencies and are independent and unrelated with any of the parties to the Scheme.

(iii) Capital structure of all 3 entities at different stages.

A CAPITAL PRIOR TO EFFECTIVENESS OF MERGER

(a) GAL

The Shareholding of GMR Airports Limited (GAL/ Transferor Company 1) prior to effectiveness of the Scheme (but considering conversion of CCPS, which will be effective, prior to the Effective Date of the Scheme) will be as follows:

Name of Equity Holder	No. of Equity Shares	% of Holding
Aeroports de Paris S.A. (ADP)	36,95,96,829	23.59%
GMR Infra Services Private Limited (GISPL)	33,54,84,901	21.41%
GMR Airports Infrastructure Limited (GIL/ Transferee Company)	56,55,17,023	36.09%
GMR Infra Developers Limited (GIDL/ Transferor Company 2)	29,62,49,536	18.91%
TOTAL	1,56,68,48,289	100%

(b) GIDL

The Shareholding of GMR Infra Developers Limited (GIDL/ Transferor Company 2) prior to effectiveness of the Scheme (but considering total conversion of CCDs held by GIL) will be as follows:

Name of Equity Holder	No. of Equity Shares (Rs. 10/- each)	% of Holding
GMR Airports Infrastructure Limited and its nominees (GIL/ Transferee Company)	4,13,85,50,000*	100%

TOTAL	4,13,85,50,000	100%
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* includes conversion of 41385 CCDs of Rs. 10,00,000/- each convertible into 4138500000 shares.

(c) GIL

The Paid-up Capital of GIL prior to effectiveness of PART D of the Scheme will be as follows:

S.No	Category	No. of shares	% of shares
A	Promoter and Promoter Group	3,555,169,176	49.73
	Total of A	3,555,169,176	49.73
B(i)	Public Equity shares	2,480,776,099	34.71
B(ii)	KIA FCCBs	1,11,24,16,666	15.56
	Total of B	3,593,192,765	50.27
	Total (A+B)	7,148,361,941	100.00

B CAPITAL UPON EFFECTIVENESS OF THE MERGER

(a) **GAL-** GAL will merge into GIDL and will be dissolved.

(b) **GIDL**

Based on Fair Exchange ratio detailed above, the proposed shareholding of GIDL will be as follows:

EQUITY SHARES		
Name of Equity Holder	No. of Equity Shares (Rs. 10/- each)	% of Holding
GIL	4,94,87,20,996	43.75%
GISL	48,06,22,377	4.25%
ADP	5,88,32,42,308	52.00%
TOTAL	11,31,25,85,681	100.00%
OCRPS		
Name of OCRPS Holder	No. of OCRPS (Rs. 400 each)*	% of Holding
GISPL	12,14,90,656	37.23%
GIL	20,47,93,224	62.77%
Total	32,62,83,880	100.00%

*One OCRPS is convertible into 40 equity shares

-The equity shares held by GIDL in GAL shall stand cancelled

(c) GIL

Based on above share exchange ratio, GIL will issue the shares and OCRPS as below

- 3,15,30,31,945 equity shares of Rs. 1/- each to ADP, in lieu of its equity shareholding in the GIDL;
- 25,75,82,066 equity shares of Rs. 1/- each to GISPL, in lieu of its equity shareholding in the GIDL;
- 6,51,11,022 OCRPS of Rs. 40/- each to GISPL in lieu of OCRPS held by GISPL in GIDL.

The shareholding of GIL upon effectiveness of the Part D of the Scheme will be as follows:

	Category	No. of shares (Rs. 1/- each)	%
A	Promoter and Promoter Group		
(i)	(i) GMR Group- i.e. Existing promoter and Promoter Group	3,555,169,176	33.67
	(ii) ADP	3,153,031,945	29.86
	(iii) GISPL (Part of ADP Group)	257,582,066	2.44
	Total of promoter and Promoter Group	6,965,783,187	65.97
B	Public	3,593,192,765	34.03
C	Total of A+B	105,58,975,952	100.00
OCRPS			
	Name of OCRPS Holder	No. of OCRPS (Rs. 40 each)	%
1	GISPL	65,111,022	100.00
	Total	65,111,022	100.00%

Note-1- 1 OCRPS of Rs. 40/- each held by GISPL is convertible into 40 equity shares of Rs. 1/- each and accordingly 65,111,022 OCRPS may be converted into the 2,604,440,880 equity shares of GIL.

Note-2 - The Board of Directors of GIL on March 17, 2023 had approved issuance of 6.76 per cent Foreign Currency Convertible Bonds (FCCBs) to Aéroports de Paris S.A. ('ADP') which were allotted on March 24, 2023. The principal amount of FCCBs along with the interest accrued may be converted into equity shares. The principal amount of FCCBs may be converted into approximately 670,600,981 equity shares.

Note-3- Assuming the full conversion of OCRPS and FCCBs as above, the shareholding of Promoters and promoters group could be 74.03% and public will 25.97% on fully diluted basis. It may be noted that other the FCCBs & the OCRPS mentioned above, there is no other convertible instrument with GIL and as such, even on a full conversion basis in future, the public shading would still never be less than 25.97%.