

## CORPORATE ANNOUNCEMENT

### **Gujarat Apollo Industries Limited plans strategic joint venture with Switzerland based Ammann Group**

**Ahmedabad, 19 December 2012**

The Gujarat based Apollo Group, a market leader in road construction equipment business in India, has today executed binding agreements pursuant to which the Ammann Group of Switzerland intends to hold a controlling stake of 70% in the consolidated road construction equipment business of the Apollo Group, which is valued at approximately Rs. 400 crores. The Ammann Group has decided to invest in the core business of the Apollo Group comprising asphalt plants, pavers, curb pavers, bitumen sprayers, compaction equipment, etc.

The intended investment marks the entry of a prominent global player into the Indian road construction equipment market, which is expected to grow in view of the policy thrust of government on increasing the road network across the country.

The Apollo Group is the market leader in India in the manufacture of road construction equipment and this investment would give Ammann a head start in its expansion plans into India. The joint venture is expected to have a more robust portfolio of products and customer solutions, significant operational synergies, global market reach and cash flow generation to support growth.

Subject to the requisite approval of shareholders of GAIL and other approvals as may be required, GAIL and its wholly owned subsidiary, Apollo Earthmovers Limited (AEML) will transfer their respective identified businesses, being the entire product portfolio of asphalt plants and the paver business to Apollo Construction Equipment Limited (ACEL) on slump sale basis for an aggregate consideration of approximately Rs. 280 crores, which will be discharged by payment on Closing as per the definitive agreements between the joint venture parties.

Presently, GAIL and AEML hold 40.6% of ACEL. AEML plans to acquire the remaining shares of ACEL from the existing shareholders being directors and promoter controlled entities prior to Closing. Consequent to above acquisition by AEML, ACEL will become a wholly owned subsidiary of AEML. Thereafter, the Ammann group will subscribe to fresh equity shares of ACEL such that the shareholding of Ammann in ACEL, becoming 'Ammann Apollo India Private Limited', will be 70% and balance 30% shares of ACEL shall be held by AEML. The current management team of the Apollo group will continue to manage the joint venture and will be complemented by Ammann.

The transfer of business and formation of joint venture has been unanimously approved by the Board of Directors of GAIL, AEML and ACEL in their respective meetings held on 19 December 2012. It is expected that the joint venture closing would be achieved by mid April 2013, after obtaining and subject to all necessary corporate, legal and regulatory approvals.

GAIL shareholders would benefit by value accretion owing to 30% shareholding in the ACEL, the joint venture company through AEML – the wholly owned subsidiary of GAIL.

The Board of directors of GAIL plans to utilize the sale proceeds realized by GAIL, towards the advancement of its crushing and screening business and in pursuing diversified business activities to continue to build value for its shareholders.

“We are pleased to enter into this joint venture with the Ammann Group. This is a highly compelling strategic partnership, bringing together two groups to realize substantial value for all stakeholders and enhance growth prospects” said **Mr. Anil Patel, the founder and lead promoter of Apollo Group.**

"The investment is an important step for the Ammann Group and represents part of a well-designed strategy to expand into the Indian market. We intend, with the partnership in the joint venture enterprise to invest in product developments and innovations for markets both in India and around the world", said **Hans-Christian Schneider, deputy CEO and, as of 1 January 2013, CEO of the Ammann Group.**

BMR Advisors was the transaction advisor to Ammann group, while Luther LLP and DSK Legal were the legal advisors. Deloitte Touche Tohmatsu and Desai & Diwanji advised the Apollo group.

#### **About Apollo Group**

The Patel Family-promoted Apollo Group has been the market leader for asphalt mixing plants and asphalt pavers in India for more than 30 years. Around 500 employees at three plants in the Gujarat province produce plants and machines for Apollo's main market of India, but also for the Middle East, Africa and south-east Asia. Additionally, Apollo also has a broad network of sales and service points throughout India. Apollo Group achieved a turnover of more than Rs. 300 crores in 2011-12. Apollo on the Internet: [www.apollo.co.in](http://www.apollo.co.in)

#### **About Ammann Group**

Ammann is a globally leading manufacturer of asphalt mixing plants, compaction machines and asphalt pavers. The family-run Swiss business has been successful in the market for the past 143 years and manufactures its plants and machinery at numerous locations in Europe, China and, more recently, in Brazil. The Ammann group of companies has a workforce of around 2,800 employees and achieved a turnover of 960 million Swiss francs in 2011. Ammann on the Internet: [www.ammann-group.com](http://www.ammann-group.com)

---

For queries in this regard please contact:

**Apollo Group**

Anand Patel  
Whole-Time Director  
Gujarat Apollo Industries Limited  
Apollo House, Nr. Mithakali Circle  
Navrangpura  
Ahmedabad 380 009  
Tel: +91 79 2656 3730  
anand\_patel@gapollo.net

**Ammann Group:**

Pirmin Hänggi  
Director of Communication Ammann Group  
Ammann Schweiz AG  
Eisenbahnstrasse 25  
CH-4901 Langenthal  
Phone +41 62 916 61 61  
Direct +41 62 916 63 20  
pirmin.haenggi@ammann-group.com

---