



**GAMMON**

**GAMMON INDIA LIMITED**

Audited Financial Results for the Quarter and Period Ended 30 September 2014

(Rupees in Lacs)

S.No.	Particulars	Quarter Ended			9 Month Ended	9 Month Ended
		Audited	Unaudited	Unaudited	Audited*	Audited
		30 Sep 2014	30 Jun 2014	30 Sep 2013	30 Sep 2014	31 Dec 2013
1	<b>Income from Operations</b>					
	Net Sales / Income from Operations	90,297	92,282	1,04,558	2,96,699	3,27,931
2	<b>Expenses</b>					
	Cost of Material Consumed	40,147	38,207	40,306	1,29,577	1,40,582
	Purchases of Stock-in-trade	5,722	3,061	4,231	16,437	13,291
	Change in inventory of WIP and FG	(1,726)	1,997	16,774	4,624	18,265
	Subcontracting Expenses	21,313	16,605	24,740	62,567	77,531
	Employee Benefits Expenses	11,428	10,636	10,970	33,665	32,816
	Depreciation and Amortisation	2,702	2,721	2,826	8,185	8,330
	Other Expenses	20,742	18,927	22,965	58,703	70,705
	<b>Total Expenses</b>	<b>1,00,328</b>	<b>92,154</b>	<b>1,22,812</b>	<b>3,13,758</b>	<b>3,61,520</b>
3	<b>Profit/(Loss) from Operations Before Other Income, Finance Costs</b>	<b>(10,031)</b>	<b>128</b>	<b>(18,254)</b>	<b>(17,059)</b>	<b>(33,589)</b>
4	Interest & Other Income	63,202	4,313	1,911	70,846	8,477
5	<b>Profit/(Loss) from Ordinary Activities Before Finance Costs and Forex Fluctuation</b>	<b>53,171</b>	<b>4,441</b>	<b>(16,343)</b>	<b>53,787</b>	<b>(25,112)</b>
6	Finance Cost	16,140	14,790	13,795	45,272	40,248
7	Forex Fluctuation (Gain) / Loss	176	261	(640)	771	(1,346)
8	Exceptional Items	-	-	(1,246)	-	27,088
9	<b>Profit Before Tax</b>	<b>36,855</b>	<b>(10,610)</b>	<b>(28,252)</b>	<b>7,744</b>	<b>(91,102)</b>
10	Tax Expenses	689	1,417	(2,098)	964	(14,511)
11	<b>Net Profit/(Loss) for the period</b>	<b>36,166</b>	<b>(12,027)</b>	<b>(26,154)</b>	<b>6,780</b>	<b>(76,591)</b>
12	Paid-up Equity Share Capital (Face Value Rs.2/- per Equity Share)	2,716	2,716	2,716	2,716	2,716
13	Reserves, excluding Revaluation Reserve as per Audited Balance Sheet					90,726
14	<b>Earning Per Share (Rupees)</b>					
	Basic	26.64	(8.86)	(19.26)	4.99	(56.41)
	Diluted #	26.61	(8.86)	(19.26)	4.97	(56.41)
15	<b>Ratio</b>					
	Debt Service Coverage Ratio(DSCR)**				1.53	(2.09)
	Interest Service Coverage Ratio (ISCR)***				1.35	(1.15)
A	<b>Particulars of Shareholding</b>					
1	<b>Public Shareholding</b>					
	- Number of Shares	8,87,43,314	8,87,43,314	8,87,43,314	8,87,43,314	8,87,43,314
	- Percentage of Shareholding	65.01%	65.01%	65.01%	65.01%	65.01%
2	<b>Promoters &amp; Promoter Group Shareholding</b>					
	<b>Pledge/ Encumbered</b>					
	- Number of Shares	4,46,53,699	4,46,53,699	4,46,53,699	4,46,53,699	4,46,53,699
	- Percentage of Shares					
	(as a % of total Shareholding of Promoter & Promoter group)	93.50%	93.50%	93.50%	93.50%	93.50%
	(as a % of total Share Capital of the Company)	32.72%	32.72%	32.72%	32.72%	32.72%
	<b>Non-encumbered</b>					
	- Number of Shares	31,03,455	31,03,455	31,03,455	31,03,455	31,03,455
	- Percentage of Shareholding					
	(as a % of total Shareholding of Promoter & Promoter group)	6.50%	6.50%	6.50%	6.50%	6.50%
	(as a % of total Share Capital of the Company)	2.27%	2.27%	2.27%	2.27%	2.27%
B	<b>Investor Complaints</b>					
	Pending at the beginning of the period	0			0	
	Received during the period	14			23	
	Disposed of during the period	14			23	
	Remaining unresolved at the end of the period	0			0	

# Since the options granted are anti dilutive hence diluted EPS is not computed for previous period

\* Refer Note 12

\*\* DSCR = (PAT+Depreciation+Interest on long term loans) / (Interest & Principal repayment of long term loans during the year)

\*\*\* ISCR = (PBT+Depreciation+Gross Interest) / Interest expenses during the year

**GAMMON INDIA LIMITED**

An ISO 9001 Company



**GAMMON INDIA LIMITED**  
**Statement of Standalone Assets and Liabilities**

(Rupees in Lac)

S.No.	Particulars	As At 30 Sep 2014	As At 31 Dec 2013
<b>A</b>	<b>EQUITY AND LIABILITIES</b>		
1	<b>Shareholders' Funds</b>		
	Share Capital	2,750	2,750
	Reserves and Surplus	1,06,454	1,01,828
		1,09,204	1,04,578
2	<b>Non-Current Liabilities</b>		
	Long Term Borrowings	3,56,897	3,25,848
	Deferred Tax Liabilities (Net)	-	-
	Other Long Term Liabilities	38,120	43,443
	Long Term Provisions	25,349	19,377
		4,20,366	3,88,668
3	<b>Current Liabilities</b>		
	Short Term Borrowings	1,17,713	1,15,106
	Trade Payables	1,44,267	1,51,177
	Other Current Liabilities	1,14,052	89,113
	Short Term Provisions	1,182	1,034
		3,77,214	3,56,430
	<b>Total Equity and Liabilities</b>	<b>9,06,784</b>	<b>8,49,676</b>
<b>B</b>	<b>ASSETS</b>		
1	<b>Non-Current Assets</b>		
	Fixed Assets (Net)	1,09,264	1,15,757
	Non-Current Investments	7,627	18,188
	Deferred Tax Assets (Net)	8,269	7,737
	Long Term Loans and Advances	2,22,585	2,18,569
	Long Term Trade Receivable	84,842	86,990
	Other Non-Current Assets	10,971	8,908
		4,43,558	4,56,149
2	<b>Current Assets</b>		
	Current Investments	250	214
	Inventories	1,72,251	1,75,195
	Trade Receivables	1,35,220	1,28,263
	Cash and Cash Equivalents	9,071	9,045
	Short Term Loan and Advances	43,153	45,454
	Other Current Assets	1,03,281	35,356
		4,63,226	3,93,527
	<b>Total Assets</b>	<b>9,06,784</b>	<b>8,49,676</b>



**Notes:**

1. The Audited Financial Results were reviewed by the Audit Committee and taken on record by the Board of Directors of the Company at its meeting held on 05 December 2014.
2. The figures for the quarter ended 30 September 2014 are the balancing figure between the audited figures in respect of full financial period ended 30 September 2014 and unaudited year to date published figure up to 30 June 2014.
3. The Company has during the quarter sold its entire stake in its subsidiary M/s Gammon Infrastructure Projects Limited to its subsidiary M/s Gammon Power Limited. The excess of the consideration over the book value of the investments amounting to Rs.60592 Lac has been shown under other income.
4. The Company's exposure towards Franco Tosi Mecannica S.p.A (FTM) group is Rs.57100 Lac of funded exposure and Rs.59187 Lac of non-funded exposure against Corporate Guarantee as at September 2014 including Investments and guarantees towards the acquisition loan taken by the SPV. The application for a pre-insolvency procedure filed by FTM was admitted by the court of Milan on 7 June 2013 after having received confirmation of the possibility of continuity of the Company, by calling for bids for the lease of its business. However the commissioner has revised the procedure by which, instead of lease of a business the bidder will have to place an offer for outright sale of operational business to prospective bidders. The date of bid submission is now finalized as 22 December 2014. In light of the ongoing procedure no financial statements of the Company have been released to date and it is expected that this will not be released until the entire process is complete.

The auditors have qualified their report expressing their inability to comment on the adjustments to be made in the financial statements in the absence of financial statement of FTM.

5. During the period the clients of the said FTM have encashed the bank guarantees to a total amount of Rs.17080 Lac (Euro 21.84 Million). The guarantees encashed includes an amount of (Euro 17.8 Million) Rs. 13921 Lac relating to a project in Nicaragua of which, based on the agreement with the bankers and the client, an amount of Euro 12 Million would be reinstated by way of release of the amounts from the client to the bankers and hence the net exposure for Nicaragua would remain at Euro 5.8 Million for which the Company is negotiating to cancel the demand, for the remaining Euro 4.04 Million (Rs.3159 Lac) the Company has made a provision.

The auditors have qualified their report expressing their inability to comment upon possible further liability arising out of such corporate guarantee.

6. The Auditors of M/s SAE Powerlines S.r.l, Italy (SAE), a subsidiary of the Company have expressed their inability to opine on the financial statements in view of the said SAE's ability to operate as a going concern being at risk and the directors of the said SAE have highlighted the liquidity crisis. The total exposure of the Company in SAE and ATSL Netherlands B.V., the holding Company of SAE towards investments including guarantees towards the acquisition loan taken by SPV is Rs.32806 Lac. The Company had made provision for impairment of investments and loan of Rs.11045 Lac and provision for Rs.8829 Lac for risk and contingencies for corporate guarantees for acquisition loan of the SPV and the net exposure of the Company is Rs.12932 Lac. The management is of the opinion that considering the order book position and adequate references and strengths in international markets the provision made by it for impairment of its investment, loans and trade receivable is adequate notwithstanding the valuation carried out by an independent valuer for bankers specifying the value Rs.7276 Lac.

The auditors have qualified their report on this account.

7. The Company's application for approval of remuneration to its chairman and managing director has been rejected for the period up to 31 March 2014. Since the Company has preferred an appeal against the rejection no effects has been given in accounts.

The total amount of remuneration rejected pending appeal and its effect is Rs.600 Lac for the year 2013-14 and Rs.812 Lac for the year 2012-13. The application for the remuneration paid for current period of Rs.471 Lac is pending for approval with the Central Government.



The auditors have qualified their report on this account.

8. The Company has during the year after 1 April 2014 granted unsecured loan to one of its joint venture being the facility provided by the bankers for the purposes of the joint venture out of the limits of the company. This is in excess of the limits specified U/s 186 of the Companies Act 2013.

The auditors have qualified their report on this account.

9. The Company in evaluating its jobs has considered an amount of Rs.45156 Lac arising out of claims for work done on account of cost overruns arising due to client delays, changes of scope, escalation claims, variation orders, deviation in design and other charges recoverable from the client which are pending acceptance or certification by the client or referred the matter to the dispute resolution board / arbitration panel.

In furtherance to the recommendation of the Dispute Resolution Board (DRB) and Arbitration Awards in the Company's favour, the Company has recognized income to the extent of Rs.16723 Lac which is part of Long Term Trade Receivable. The Company contends that such awards have reached finality for the determination of the amounts of such claims and are reasonably confident of recovery of such claims although the client has moved the court to set aside the awards. Considering the fact that the Company has received favourable awards from the DRB and the Arbitration Tribunal, the management is reasonably certain that the claims will get favourable verdict from the courts.

Trade Receivables includes Rs.12380 Lac in respect of two of its project based on advanced negotiation and discussion with the client and is confident of realising the same, pending the final revision in contract value.

10. Pursuant to the put option exercised, one of the subsidiary of the Company has paid \$ 32 Million (Rs.19716 Lac) for acquisition of further 35% stake in Sofinter Group. Pending the transfer of the shares in the name of the subsidiary, Sofinter is considered an associate with the stake of 32.5%.
11. Exceptional items of previous period represent provision towards risks and contingencies, impairment of its investments/advances and reversal of interest costs (net of expenses) related to CDR implementation.
12. The Company has closed its current financial year as at 30 September 2014 (9 months). Figures for the current period ended 9 month are from 01 January 2014 to 30 September 2014 since previous accounting year was from 01 April 2013 to 31 December 2013, hence no accounts are made from January to September 2013, hence not disclosed.
13. The Company is engaged mainly in "Construction and Engineering" segment. The Company also has "Real Estate Development" and Windmills as other segments. Revenue from such activities is not significant and accounts for less than 10% of the total revenue and total assets of the Company. Therefore no disclosure of separate segment reporting as required in terms of Accounting Standard AS -17 is done in respect of these segments.
14. During the period the Company has charged depreciation on its Fixed Assets at the rates specified in Schedule XIV of the Companies Act, 1956, as the provisions of schedule II to the Companies Act, 2013 apply for accounting period commencing on or after 1 April 2014.
15. Corresponding figures of the previous period have been regrouped / rearranged wherever necessary.

For **Gammon India Limited**



**Abhijit Rajan**

*Chairman & Managing Director*

Mumbai, 5 December 2014