



GAMMON INFRASTRUCTURE PROJECTS LIMITED

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PART I

STATEMENT OF STANDALONE FINANCIAL RESULTS FOR THE QUARTER ENDED JUNE 30, 2014

(All amounts in Rupees lakhs)

Sr. No.	Particulars	Quarter ended			Year to date	9 Months ended
		30.06.2014	31.03.2014	30.06.2013	30.06.2014	31.12.2013
		Unaudited	Unaudited	Unaudited	Unaudited	Audited
	Income from operations	1,863.46	1,950.69	2,533.36	3,814.15	7,256.21
	Other operating income	-	-	-	-	643.14
1	Total Income from operations	1,863.46	1,950.69	2,533.36	3,814.15	7,899.35
	Expenses :					
	Project expense	913.74	864.71	91.12	1,778.45	1,506.53
	Employee benefits expense	442.64	525.61	420.62	968.25	1,730.48
	Depreciation and amortisation expense	59.05	58.39	49.40	117.44	172.83
	Bad debts written-off	-	-	-	-	325.45
	Other expenses	281.94	271.77	232.81	553.71	913.39
2	Total expenses	1,697.37	1,720.48	793.95	3,417.85	4,648.68
3	Profit from operations before other income, finance costs and exceptional items (1 - 2)	166.09	230.21	1,739.41	396.30	3,250.67
4	Other Income	80.73	66.97	364.79	147.70	550.06
5	Profit from ordinary activities before finance costs and exceptional items (3 + 4)	246.82	297.18	2,104.20	544.00	3,800.73
6	Finance Costs	1,851.20	1,742.77	1,706.04	3,593.97	5,227.56
7	Profit / (Loss) from ordinary activities after finance costs but before exceptional Items (5 - 6)	(1,604.38)	(1,445.59)	398.16	(3,049.97)	(1,426.83)
8	Exceptional Items (refer note 3)	-	3,916.16	-	3,916.16	-
9	Profit / (Loss) from ordinary activities before tax (7 - 8)	(1,604.38)	(5,361.75)	398.16	(6,966.13)	(1,426.83)
10	Tax Expense	(20.80)	(6.98)	45.27	(27.78)	(30.17)
11	Profit / (Loss) from ordinary activities after tax (9 - 10)	(1,583.58)	(5,354.77)	352.89	(6,938.35)	(1,396.66)
12	Extraordinary items (net of tax expense)	-	-	-	-	-
13	Net Profit / (Loss) for the period (11 - 12)	(1,583.58)	(5,354.77)	352.89	(6,938.35)	(1,396.66)
14	Paid-up Equity Share Capital (Face Value Rs.2/- per equity share)	14,761.55	14,761.55	14,761.55	14,761.55	14,761.55
15	Reserves, excluding Revaluation Reserve as per the Balance Sheet of the previous accounting year	-	-	-	-	48,454.40
16	Earnings Per Share for the period (Rupees) :					
	a) Before Extraordinary Items					
	Basic	(0.22)	(0.73)	0.05	(0.95)	(0.19)
	Diluted	(0.22)	(0.73)	0.05	(0.95)	(0.19)
	b) After Extraordinary Items					
	Basic	(0.22)	(0.73)	0.05	(0.95)	(0.19)
	Diluted	(0.22)	(0.73)	0.05	(0.95)	(0.19)

PART II

Select information for the quarter ended June 30, 2014

A)	PARTICULARS OF SHAREHOLDING					
1	Public shareholding					
	- Number of shares (in lakhs)	1,836.26	1,836.26	1,836.26	1,836.26	1,836.26
	- Percentage of shareholding	25.02%	25.02%	25.02%	25.02%	25.02%
2	Promoters and promoter group shareholding					
	a) Pledged / Encumbered					
	- Number of shares (in lakhs)	4,302.86	4,302.86	4,302.86	4,302.86	4,302.86
	- Percentage of shares (as a % of the total shareholding of promoter and promoter group)	78.18%	78.18%	78.18%	78.18%	78.18%
	- Percentage of shares (as a % of the total share capital of the Company)	58.62%	58.62%	58.62%	58.62%	58.62%
	b) Non-encumbered					
	- Number of shares (in lakhs)	1,201.14	1,201.14	1,201.14	1,201.14	1,201.14
	- Percentage of shares (as a % of the total shareholding of promoter and promoter group)	21.82%	21.82%	21.82%	21.82%	21.82%
	- Percentage of shares (as a % of the total share capital of the Company)	16.36%	16.36%	16.36%	16.36%	16.36%

Corporate Office : Orbit Plaza, 5th Floor, Plot No. 952/954, New Prabhadevi Road, Prabhadevi, Mumbai - 400 025, INDIA

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GAMMON INFRASTRUCTURE PROJECTS LIMITED

B)	INVESTOR COMPLAINTS	Quarter ended 30.06.2014
	Pending at the beginning of the quarter	Nil
	Received during the quarter	3
	Disposed off during the quarter	3
	Remaining unresolved at the end of the quarter	Nil

STANDALONE STATEMENT OF ASSETS AND LIABILITIES

(Amounts in Rupees lakhs)

Particulars		As at	
		30.06.14	31.12.13
		Unaudited	Audited
A	<u>EQUITY AND LIABILITIES</u>		
1	Shareholders' Funds		
	a) Share capital	14,761.55	14,761.55
	b) Reserves and surplus	41,611.23	48,454.41
	Sub-total : Shareholders' Funds	56,372.78	63,215.96
2	Non-current liabilities		
	a) Long-term borrowings	35,613.56	28,274.59
	b) Deferred tax liability, net	143.82	171.60
	c) Other long-term liabilities	13,851.04	17,328.38
	d) Long-term provisions	138.90	133.11
	Sub-total : Non-current liabilities	49,747.32	45,907.68
3	Current Liabilities		
	a) Short-term borrowings	7,254.22	7,798.12
	b) Trade payables	294.23	1,257.03
	c) Other current liabilities	46,505.50	40,152.66
	d) Short-term provisions	1,779.72	1,844.10
	Sub-total : Current liabilities	55,833.67	51,051.91
	TOTAL : EQUITY AND LIABILITIES	161,953.77	160,175.55
B	<u>ASSETS</u>		
1	Non-current assets		
	a) Fixed assets	1,182.32	1,298.38
	b) Non current investments	72,925.50	73,604.41
	c) Long-term loans and advances	81,243.80	79,098.33
	d) Other non-current assets	902.29	831.98
	Sub-total : Non-current assets	156,253.91	154,833.10
2	Current assets		
	a) Current investments	490.00	490.00
	b) Inventories	55.89	59.16
	c) Trade receivables	1,335.86	1,897.78
	d) Cash and cash equivalents	2,007.85	2,057.00
	e) Short term loans and advances	1,749.62	810.08
	f) Other current assets	60.64	28.43
	Sub-total : Current assets	5,699.86	5,342.45
	TOTAL : ASSETS	161,953.77	160,175.55

Notes:

- The financial results were reviewed by the Audit Committee and have been considered and approved by the Board of Directors of the Company at their respective meetings held on August 13, 2014.
- The Statutory Auditors of the Company have carried out the limited review of the above unaudited standalone results for the current quarter ended June 30, 2014.
- During the previous quarter, two subsidiaries namely Birmitrapur Barkote Highway Private Limited and Yamunanagar Panchkula Highway Private Limited have terminated the contracts with NHA on mutually acceptable terms primarily due to non-availability of Right of Way to the site and Environment and Forest clearances. The exceptional item disclosed above represents the provisions towards Investments, advances and receivables.

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- 4 Mormugao Port Trust ('MPT') has unilaterally sought to terminate with a subsidiary the Concession Agreement for the project citing non-compliance with certain terms of the concession agreement. MPT also encashed the bid security bank guarantee for Rs. 200 lakhs despite the stay order issued by the Hon. District Court, Goa. The court has also passed stay order from carrying into effect the termination of the agreement. The subsidiary has already taken further action in the matter including contempt petition. The Company's exposure including investments and loans and advances is around Rs 561.65 lakhs. The Company believes that it has a strong case in this matter. Pending outcome of the legal proceedings, no adjustments have been made to the unaudited financial results.
- 5 During the quarter, the Company has further incurred cash loss and its Current Liabilities exceeds Current Assets by Rs. 50,133.81 lakhs as at June 30, 2014 (Rs. 45,709.46 as on December 31, 2013). The Company is taking various steps to meet its commitments, both, short term and long term in nature. The Company intends to monetise some of its mature assets, securitise some of its future receivables and raise funds through proposed equity offering through Qualified Institutional Placement. Based on detailed evaluation of the current situation, plans formulated and active discussions underway with various stakeholders, management is confident that the going concern assumption and the carrying values of the assets and liabilities in these unaudited financial results are appropriate. Accordingly the accompanying unaudited financial results do not include any adjustments that may result from these uncertainties.
- 6 One of the subsidiary of the Company, had initiated correspondence with NHAI towards closure of its project on mutually acceptable terms primarily due to non-availability of Right of Way to the site and Forest clearances. In a recent meeting, NHAI has requested for evaluating various alternatives for the project. Contingent upon outcome of the discussions on compensation within the scope of concession agreement with NHAI and responses of management, there might be review/reworking on the project parameters. The Company's exposure to this project is Rs. 7,406.12 lakhs and Guarantees of Rs. 5,646.00 lakhs. Pending conclusion of the matter, no adjustments have been made to the unaudited financial results. The statutory auditors have modified their conclusion in this regard in the limited review report on the financial results.
- 7 During the quarter, the Greater Cochin Development Authority has sought to end / obstruct the toll collection by a subsidiary by unilaterally sealing the toll booth. The subsidiary believes it has the right to collect toll at the bridge till April 27, 2020. Further necessary legal recourse is being initiated. The Company's exposure includes investments and loans and advances of Rs. 1,232.20 Lakhs and Corporate guarantee of Rs. 1,012.50 lakhs. The Company is confident that the subsidiary has a strong case in this matter. Pending outcome of the legal proceeding, no adjustments have been made in the unaudited financial results.
- 8 During the quarter, one of the subsidiaries which has a license to develop a hydro power project in Himachal Pradesh has initiated correspondence with the State Government for exiting from the project primarily due to inability of the state government in resolving the local agitations related to environmental issues because of which the subsidiary was forced to stop its geological studies at the project site. The Company's exposure includes investments and loans and advances of Rs. 7,105.06 Lakhs. The subsidiary has made a claim against the amounts spent on the project till date. The management believes that it has a strong case in this matter.
- 9 The Company's operations constitutes a single segment namely "Infrastructure Development" as per Accounting Standard AS' - 17 Segment reporting. Further, the Company's operations are within single geographical segment which is India.
- 10 Since the previous financial period was for 9 months from April 1, 2013 to December 31, 2013, the comparable figures for the year to date six months ended June 30, 2013 are not available in the preceding financial period.
- 11 Figures for previous periods have been regrouped / rearranged wherever necessary to conform to the current quarter's presentation.

For Gammon Infrastructure Projects Limited

Kishor Kumar Mohanty
Managing Director

Place : Mumbai.
Date: August 13, 2014

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GAMMON INFRASTRUCTURE PROJECTS LIMITED

PART I

Statement of Unaudited Consolidated Financial Results for the quarter ended June 30, 2014

(All amounts in Rupees lakhs)

Sr. No.	Particulars	Quarter ended			Six months period ended	Nine months period ended
		30.06.2014	31.03.2014	30.06.2013	30.06.2014	31.12.2013
		Unaudited			Unaudited	Audited
	Income from operations:					
	Net sales / Income from operations (refer note 4)	14,509.68	20,569.49	15,180.98	35,079.17	44,132.37
	Other operating income	554.37	550.64	379.44	1,105.01	1,285.43
1	Total income from operations	15,064.05	21,120.13	15,560.42	36,184.18	45,417.80
	Expenses:					
	Project expenses	5,166.43	4,533.60	3,899.70	9,700.03	13,100.15
	Employee benefits expenses	675.37	785.28	654.55	1,460.65	2,435.30
	Depreciation and amortisation expenses	4,282.03	8,223.55	3,734.18	12,505.58	11,956.02
	Other expenses	515.91	978.46	319.69	1,494.37	2,145.87
2	Total expenses	10,639.74	14,520.89	8,608.12	25,160.63	29,637.34
3	Profit / (loss) from operations before other income, finance costs and exceptional items (1 - 2)	4,424.31	6,599.24	6,952.30	11,023.55	15,780.46
4	Other income	586.45	160.61	150.48	747.06	648.11
5	Profit / (loss) from ordinary activities before finance costs and exceptional items (3 + 4)	5,010.76	6,759.85	7,102.78	11,770.61	16,428.57
6	Finance costs	7,094.48	6,857.18	7,148.60	13,951.66	21,902.87
7	Share of profit / (loss) in associates	1.81	(0.33)	-	1.48	(11.78)
8	Profit / (loss) from ordinary activities after finance costs but before exceptional items (5 - 6 + 7)	(2,081.91)	(97.66)	(45.82)	(2,179.57)	(5,486.08)
9	Exceptional items (refer note 5)	-	3,797.37	-	3,797.37	-
10	Profit/ (loss) from ordinary activities before tax (8 - 9)	(2,081.91)	(3,895.03)	(45.82)	(5,976.94)	(5,486.08)
11	Tax expense (refer note 11)	(4.94)	143.77	(81.49)	138.83	94.85
12	Net profit / (loss) from ordinary activities after tax (10 - 11)	(2,076.97)	(4,038.80)	35.67	(6,115.77)	(5,580.93)
13	Extraordinary items (net of tax expenses)	-	-	-	-	-
14	Minority interest - share of profit/(loss)	(16.57)	17.31	204.63	0.74	63.46
15	Net profit / (loss) for the period (12 - 13 - 14)	(2,060.40)	(4,056.11)	(168.96)	(6,116.51)	(5,644.39)
16	Paid-up equity share capital (Face value Rs.2/- per equity share)	14,761.55	14,761.55	14,761.55	14,761.55	14,761.55
17	Reserves, excluding revaluation reserve as per balance sheet of the previous accounting year					52,329.18
18	Earnings per share for the period (Rupees) :					
	a) Before extraordinary items					
	Basic	(0.28)	(0.55)	(0.02)	(0.83)	(0.77)
	Diluted	(0.28)	(0.55)	(0.02)	(0.83)	(0.77)
	b) After extraordinary items					
	Basic	(0.28)	(0.55)	(0.02)	(0.83)	(0.77)
	Diluted	(0.28)	(0.55)	(0.02)	(0.83)	(0.77)

PART II

Select information for the quarter ended June 30, 2014

A	PARTICULARS OF SHAREHOLDING					
1	Public shareholding					
	- Number of shares (in lakhs)	1,836.26	1,836.26	1,836.26	1,836.26	1,836.26
	- Percentage of shareholding	25.02%	25.02%	25.02%	25.02%	25.02%
2	Promoters and promoter group shareholding					
	a) Pledged / Encumbered					
	- Number of shares (in lakhs)	4,302.86	4,302.86	4,302.86	4,302.86	4,302.86
	- Percentage of shares (as a % of the total shareholding of promoter and promoter group)	78.18%	78.18%	78.18%	78.18%	78.18%
	- Percentage of shares (as a % of the total share capital of the Company)	58.62%	58.62%	58.62%	58.62%	58.62%
	b) Non-encumbered					
	- Number of shares (in lakhs)	1,201.14	1,201.14	1,201.14	1,201.14	1,201.14
	- Percentage of shares (as a % of the total shareholding of promoter and promoter group)	21.82%	21.82%	21.82%	21.82%	21.82%
	- Percentage of shares (as a % of the total share capital of the Company)	16.36%	16.36%	16.36%	16.36%	16.36%

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B	Particulars	Quarter ended 30.06.2014
	INVESTOR COMPLAINTS :	
	Pending at the beginning of the quarter	Nil
	Received during the quarter	3
	Disposed of during the quarter	3
	Remaining unresolved at the end of the quarter	Nil

Unaudited Consolidated Statement of Assets and Liabilities

(All amounts in Rupees lakhs)

Sr. No.	Particulars	As at 30.06.2014 Unaudited	As at 31.12.2013 Audited
	EQUITY AND LIABILITIES		
1	Shareholders' Funds		
	Share capital	14,761.55	14,761.55
	Reserves and surplus	52,185.24	52,329.18
	Sub-total : Shareholders' Funds	66,946.79	67,090.73
2	Minority interest	17,160.48	15,772.53
3	Non-current liabilities		
	Long-term borrowings	366,397.32	373,016.48
	Deferred tax liability, Net	335.15	249.21
	Other long-term liabilities	88.50	88.50
	Long-term provisions	7,014.76	5,582.46
	Sub-total : Non-current liabilities	373,835.73	378,936.65
4	Current Liabilities		
	Short-term borrowings	7,254.22	7,798.12
	Trade payables	1,087.80	1,974.52
	Other current liabilities	78,572.58	71,580.87
	Short-term provisions	8,623.99	7,583.62
	Sub-total : Current liabilities	95,538.59	88,937.13
	TOTAL : EQUITY AND LIABILITIES	553,481.59	550,737.04
B	ASSETS		
1	Non-current assets		
	Fixed assets	492,895.32	489,858.46
	Goodwill on consolidation	5,662.60	5,336.50
	Deferred tax asset	4,940.73	3,406.03
	Non current investments	81.23	79.75
	Long-term loans and advances	18,460.45	21,183.18
	Trade receivables	1,783.73	1,630.67
	Other non-current assets	1,094.76	1,202.44
	Sub-total : Non-current assets	524,918.82	522,697.03
2	Current assets		
	Current investments	4,288.80	2,364.78
	Inventories	1,211.71	1,153.87
	Trade receivables	6,473.55	1,797.23
	Cash and cash equivalents	3,878.94	8,768.87
	Short term loans and advances	5,980.47	5,567.13
	Other current assets	6,729.30	8,388.13
	Sub-total : Current assets	28,562.77	28,040.01
	TOTAL : ASSETS	553,481.59	550,737.04

Notes :

1 Summary of standalone financial results

(All amounts in Rupees lakhs)

Particulars	Quarter ended			Six months period ended	Nine months period ended
	30.06.2014	31.03.2014	30.06.2013	30.06.2014	31.12.2013
	Unaudited			Unaudited	Audited
Income from operations and other operating income	1,863.46	1,950.69	2,533.36	3,814.15	7,899.35
Profit / (Loss) before tax	(1,604.38)	(5,361.75)	398.16	(6,966.13)	(1,426.83)
Profit / (Loss) after tax	(1,583.58)	(5,354.77)	352.89	(6,938.35)	(1,396.66)

2 The Statement of unaudited consolidated financial results for the quarter ended June 30, 2014 was reviewed by the Audit Committee and approved by the Board on August 13, 2014 and was duly announced to the Stock Exchanges and published in the Newspapers as required under Clause 41 of the Listing Agreement.

3 The above Statement of unaudited consolidated financial results have been prepared in accordance with the principles of consolidation set out in the Accounting Standard AS-21 on Consolidated Financial Statements, AS-27 on Financial Reporting of Interest in Joint Ventures and AS-23 on Accounting for Investments in Associates in Consolidated Financial Statements.

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- 4 During the previous quarter, a subsidiary has received from National Highways Authority of India ('NHAI') bonus of Rs. 6,734.44 lakhs which has been accounted as Income from operations along with related expenditure.
- 5 During the previous quarter, two subsidiaries namely Birmitrapur Barkote Highway Private Limited and Yamunanagar Panchkula Highway Private Limited have terminated the contracts with NHAI on mutually acceptable terms primarily due to non-availability of Right of Way to the site and Environment and Forest clearances. The exceptional items disclosed above represents the write off of the expenditure incurred on these two projects.
- 6 During the previous quarter, the Mormugao Port Trust ('MPT') has unilaterally sought to terminate with a subsidiary the Concession Agreement for the project citing non-compliance with certain terms of the concession agreement. MPT also encashed the bid security bank guarantee for Rs. 200 lakhs despite the stay order issued by the Hon. District Court, Goa. The Court has also passed stay order from carrying into effect the termination of the agreement. The subsidiary has taken further action in the matter including contempt petition. The Group's exposure towards the project is Rs. 557.29 lakhs. Pending outcome of the legal proceedings, no adjustments have been made to the unaudited consolidated financial results. The management believes that it has a strong case in this matter.
- 7 As at June 30, 2014, the current liabilities exceed current assets by Rs. 66,975.83 lakhs (December 31, 2013 - Rs. 60,897.12 lakhs). The Group is taking various steps to meet its commitments, both, short term and long term in nature. The Group intends to monetise some of its mature assets, securitise some of its future receivables and raise funds through proposed equity offering through Qualified Institutional Placement. Based on detailed evaluation of the current situation, plans formulated and active discussions underway with various stakeholders, management is confident that the going concern assumption and the carrying values of the assets and liabilities in these unaudited financial results are appropriate. Accordingly the accompanying unaudited consolidated financial results do not include any adjustments that may result from these uncertainties.
- 8 One of the subsidiary company, had initiated correspondence with NHAI towards closure of its project on mutually acceptable terms primarily due to non-availability of Right of Way to the site and Forest clearances. In a recent meeting, NHAI has requested for evaluating various alternatives for the project. Contingent upon outcome of the discussions on compensation within the scope of concession agreement with NHAI and responses of the management, there might be review/reworking on the project parameters. The Group's exposure to this project includes project expenses of Rs. 6,935.61 lakhs and Guarantees of Rs. 5,646.00 lakhs. Pending conclusion of the matter, no adjustments have been made to the unaudited consolidated financial results. The statutory auditors have modified their conclusion on this matter in their review report dated August 13, 2014 on the Interim condensed consolidated financial statements prepared for the purposes of the proposed equity offering through Qualified Institutional Placement.
- 9 During the quarter, the Greater Cochin Development Authority has sought to end/obstruct the toll collection by a subsidiary by unilaterally sealing the toll booth. The subsidiary believes it has the right to collect toll at the bridge till April 27, 2020. Further necessary legal recourse is being initiated. The Group's exposure includes trade receivables of Rs. 1,787.13 lakhs, unamortised project costs of Rs. 842.62 lakhs and corporate guarantee of Rs. 1,012.50 lakhs. Pending outcome of the legal proceeding, no adjustments have been made in the unaudited consolidated financial results. The management believes that it has a strong case in this matter.
- 10 During the quarter, one of the subsidiaries which has a license to develop a hydro power project in Himachal Pradesh has initiated correspondence with the State Government for exiting from the project primarily due to inability of the state government in resolving the local agitations related to environmental issues because of which the subsidiary was forced to stop its geological studies at the project site. The subsidiary had paid an upfront premium of Rs. 5,285.25 lakhs to the State Government and the Group's exposure towards the project excluding the upfront premium is Rs. 1,437.41 lakhs. The subsidiary has made a claim against the amounts spent on the project till date. The management believes that it has a strong case in this matter.
- 11 The Central Board of Direct Taxes (CBDT), vide circular no. 09/2014 dated 23rd April 2014, has clarified that the cost of construction on development of infrastructure facility of roads/ highways under BOT projects is allowable as a deduction by amortizing and claiming the same as allowable business expenditure under the Act. The amortization allowable is to be computed at the rate, which ensures that the whole of the cost incurred on creation of infrastructural facility of road/ highways is amortized evenly over the period of concessionaire agreement after excluding the time taken for creation of such facility. Due to this, during the quarter, two subsidiaries, has recognised the deferred tax asset amounting to Rs 1,597.79 lakhs (December 2013 - deferred tax liability Rs 63.10 lakhs) based on reasonable certainty.
- 12 The Company's operations constitutes a single segment namely 'Infrastructure Development' as per Accounting Standard AS-17 'Segment Reporting'. Further, the Company's operations are within single geographical segment which is India.
- 13 Since the previous financial period was for nine months from April 1, 2013 to December 31, 2013, the comparable figures for the year to date six months ended June 30, 2013 are not available in the preceding financial period.
- 14 Figures for previous periods have been regrouped / rearranged wherever necessary to conform to the current quarter's presentation.

For Gammon Infrastructure Projects Limited

Kishor Kumar Mohanty
Managing Director

Place : Mumbai

Date : August 13, 2014

Corporate Office : Orbit Plaza, 5th Floor, Plot No. 952/954, New Prabhadevi Road, Prabhadevi, Mumbai - 400 025, INDIA

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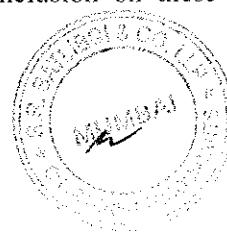
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Limited Review Report

Review Report to
The Board of Directors
Gammon Infrastructure Projects Limited

1. We have reviewed the accompanying statement of unaudited financial results of Gammon Infrastructure Projects Limited ('the Company') for the quarter ended June 30, 2014 (the "Statement"), except for the disclosures regarding 'Public Shareholding' and 'Promoter and Promoter Group Shareholding' which have been traced from disclosures made by the management and have not been reviewed by us. This Statement is the responsibility of the Company's management and has been approved by the Board of Directors. Our responsibility is to issue a report on the Statement based on our review.
2. We conducted our review in accordance with the Standard on Review Engagements (SRE) 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provide less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.
3. *As detailed in Note 6 to the accompanying statement for the quarter ended June 30, 2014, one of the subsidiaries of the Company had issued a notice of intention to terminate the Concession Agreement with National Highways Authority of India ('NHAI') on mutual terms. The Company and NHAI are evaluating various alternatives for the project. The Company's exposure to this project includes investment and advances of Rs. 7,406.12 lakhs and guarantees of Rs. 5,646.00 lakhs. As outcome of the matter is uncertain, we are unable to determine the recoverability of said investments and advances and consequential impact on the Statement.*
4. Our report is not qualified in respect of the following matters:
 - a. The Company has incurred a net loss after tax of Rs. 1,583.58 lakhs for the quarter ended June 30, 2014 and as of that date the Company's current liabilities exceeded current assets by Rs. 50,133.81 lakhs. These conditions, along with other matters as set forth in Note 5 of the Statement, indicate the existence of an uncertainty as to timing and realisation of cash flow. This matter was also referred to our earlier reports issued for the quarter ended March 31, 2014 and for the nine months period ended December 31, 2013.
 - b. We invite attention to Note 4 and Note 7 of the Statement, regarding unilateral termination and closure of Concessions of two projects, which are subject to pending litigations/arbitrations at various forums which may impact the carrying values of Investments and advances given to these subsidiaries. The Company's exposure towards the said projects included investments and advances of Rs. 1,793.85 lakhs and corporate guarantees and bid securities of Rs. 1,212.50 lakhs. Pending conclusion on these legal matters, no adjustments have been made in the Statement.




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- c. We invite attention to Note 8 of the Statement, in relation to intention to exit one of the hydro power projects at Himachal Pradesh and seeking a claim of an amount against the amount spent on the project. The Company's subsidiary has cited reasons for non-continuance on account of reasons beyond its control. The subsidiary is negotiating with its client for an amicable settlement on beneficial terms. The Company's exposure towards the said project includes investment and loans and advances of Rs. 7,105.06 lakhs. Pending conclusion between the parties, no adjustments have been made in the Statement.
5. Based on our review conducted as per paragraph 2 above and *except for possible effects of matters described in paragraph 3 above*, nothing has come to our attention that causes us to believe that the accompanying Statement of unaudited financial results prepared in accordance with recognition and measurement principles laid down in Accounting Standard 25 "Interim Financial Reporting", (notified under the Companies Act, 1956 read with General Circular 8/2014 dated 4 April 2014 issued by the Ministry of Corporate Affairs) and other recognized accounting practices and policies has not disclosed the information required to be disclosed in terms of Clause 41 of the Listing Agreement including the manner in which it is to be disclosed, or that it contains any material misstatement.

For Natvarlal Vepari & Co.
Firm Registration Number: 106971W
Chartered Accountants

For S.R. Batliboi & Co. LLP
ICAI Firm Registration number: 301003E
Chartered Accountants



N Jayendran
Partner
M. No.: 40441
Place: Mumbai
Date: August 13, 2014



per Hemal Shah
Partner
M. No.: 42650
Place: Mumbai
Date: August 13, 2014





GAMMON INFRASTRUCTURE PROJECTS LIMITED

PART I

STATEMENT OF STANDALONE FINANCIAL RESULTS FOR THE QUARTER ENDED JUNE 30, 2014

(All amounts in Rupees lakhs)

Sr. No.	Particulars	Quarter ended			Year to date	9 Months ended
		30.06.2014	31.03.2014	30.06.2013	30.06.2014	31.12.2013
		Unaudited	Unaudited	Unaudited	Unaudited	Audited
	Income from operations	1,863.46	1,950.69	2,533.36	3,814.15	7,256.21
	Other operating income	-	-	-	-	643.14
1	Total Income from operations	1,863.46	1,950.69	2,533.36	3,814.15	7,899.35
	Expenses :					
	Project expense	913.74	864.71	91.12	1,778.45	1,506.53
	Employee benefits expense	442.64	525.61	420.62	968.25	1,730.48
	Depreciation and amortisation expense	59.05	58.39	49.40	117.44	172.83
	Bad debts written-off	-	-	-	-	325.45
	Other expenses	281.94	271.77	232.81	553.71	913.39
2	Total expenses	1,697.37	1,720.48	793.95	3,417.85	4,648.68
3	Profit from operations before other income, finance costs and exceptional items (1 - 2)	166.09	230.21	1,739.41	396.30	3,250.67
4	Other Income	80.73	66.97	364.79	147.70	550.06
5	Profit from ordinary activities before finance costs and exceptional items (3 + 4)	246.82	297.18	2,104.20	544.00	3,800.73
6	Finance Costs	1,851.20	1,742.77	1,706.04	3,593.97	5,227.56
7	Profit / (Loss) from ordinary activities after finance costs but before exceptional Items (5 - 6)	(1,604.38)	(1,445.59)	398.16	(3,049.97)	(1,426.83)
8	Exceptional Items (refer note 3)	-	3,916.16	-	3,916.16	-
9	Profit / (Loss) from ordinary activities before tax (7 - 8)	(1,604.38)	(5,361.75)	398.16	(6,966.13)	(1,426.83)
10	Tax Expense	(20.80)	(6.98)	45.27	(27.78)	(30.17)
11	Profit / (Loss) from ordinary activities after tax (9 - 10)	(1,583.58)	(5,354.77)	352.89	(6,938.35)	(1,396.66)
12	Extraordinary items (net of tax expense)	-	-	-	-	-
13	Net Profit / (Loss) for the period (11 - 12)	(1,583.58)	(5,354.77)	352.89	(6,938.35)	(1,396.66)
14	Paid-up Equity Share Capital (Face Value Rs.2/- per equity share)	14,761.55	14,761.55	14,761.55	14,761.55	14,761.55
15	Reserves, excluding Revaluation Reserve as per the Balance Sheet of the previous accounting year	-	-	-	-	48,454.40
16	Earnings Per Share for the period (Rupees) :					
	a) Before Extraordinary Items					
	Basic	(0.22)	(0.73)	0.05	(0.95)	(0.19)
	Diluted	(0.22)	(0.73)	0.05	(0.95)	(0.19)
	b) After Extraordinary Items					
	Basic	(0.22)	(0.73)	0.05	(0.95)	(0.19)
	Diluted	(0.22)	(0.73)	0.05	(0.95)	(0.19)

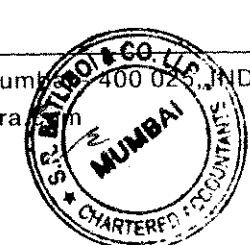
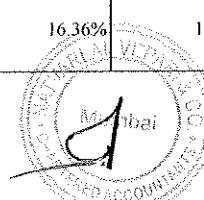
PART II

Select information for the quarter ended June 30, 2014

A)	PARTICULARS OF SHAREHOLDING					
1	Public shareholding					
	- Number of shares (in lakhs)	1,836.26	1,836.26	1,836.26	1,836.26	1,836.26
	- Percentage of shareholding	25.02%	25.02%	25.02%	25.02%	25.02%
2	Promoters and promoter group shareholding					
	a) Pledged / Encumbered					
	- Number of shares (in lakhs)	4,302.86	4,302.86	4,302.86	4,302.86	4,302.86
	- Percentage of shares (as a % of the total shareholding of promoter and promoter group)	78.18%	78.18%	78.18%	78.18%	78.18%
	- Percentage of shares (as a % of the total share capital of the Company)	58.62%	58.62%	58.62%	58.62%	58.62%
	b) Non-encumbered					
	- Number of shares (in lakhs)	1,201.14	1,201.14	1,201.14	1,201.14	1,201.14
	- Percentage of shares (as a % of the total shareholding of promoter and promoter group)	21.82%	21.82%	21.82%	21.82%	21.82%
	- Percentage of shares (as a % of the total share capital of the Company)	16.36%	16.36%	16.36%	16.36%	16.36%

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GAMMON INFRASTRUCTURE PROJECTS LIMITED

B)	INVESTOR COMPLAINTS	Quarter ended 30.06.2014
	Pending at the beginning of the quarter	Nil
	Received during the quarter	3
	Disposed off during the quarter	3
	Remaining unresolved at the end of the quarter	Nil

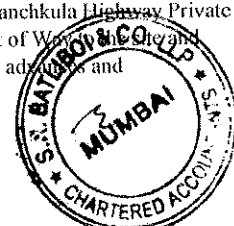
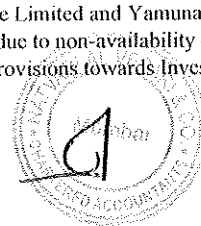
STANDALONE STATEMENT OF ASSETS AND LIABILITIES

(Amounts in Rupees lakhs)

Particulars		As at	
		30.06.14	31.12.13
		Unaudited	Audited
A	EQUITY AND LIABILITIES		
1	Shareholders' Funds		
a)	Share capital	14,761.55	14,761.55
b)	Reserves and surplus	41,611.23	48,454.41
	Sub-total : Shareholders' Funds	56,372.78	63,215.96
2	Non-current liabilities		
a)	Long-term borrowings	35,613.56	28,274.59
b)	Deferred tax liability, net	143.82	171.60
c)	Other long-term liabilities	13,851.04	17,328.38
d)	Long-term provisions	138.90	133.11
	Sub-total : Non-current liabilities	49,747.32	45,907.68
3	Current Liabilities		
a)	Short-term borrowings	7,254.22	7,798.12
b)	Trade payables	294.23	1,257.03
c)	Other current liabilities	46,505.50	40,152.66
d)	Short-term provisions	1,779.72	1,844.10
	Sub-total : Current liabilities	55,833.67	51,051.91
	TOTAL : EQUITY AND LIABILITIES	161,953.77	160,175.55
B	ASSETS		
1	Non-current assets		
a)	Fixed assets	1,182.32	1,298.38
b)	Non current investments	72,925.50	73,604.41
c)	Long-term loans and advances	81,243.80	79,098.33
d)	Other non-current assets	902.29	831.98
	Sub-total : Non-current assets	156,253.91	154,833.10
2	Current assets		
a)	Current investments	490.00	490.00
b)	Inventories	55.89	59.16
c)	Trade receivables	1,335.86	1,897.78
d)	Cash and cash equivalents	2,007.85	2,057.00
e)	Short term loans and advances	1,749.62	810.08
f)	Other current assets	60.64	28.43
	Sub-total : Current assets	5,699.86	5,342.45
	TOTAL : ASSETS	161,953.77	160,175.55

Notes:

- The financial results were reviewed by the Audit Committee and have been considered and approved by the Board of Directors of the Company at their respective meetings held on August 13, 2014.
- The Statutory Auditors of the Company have carried out the limited review of the above unaudited standalone results for the current quarter ended June 30, 2014.
- During the previous quarter, two subsidiaries namely Birmitrapur Barkote Highway Private Limited and Yamunanagar Panchkula Highway Private Limited have terminated the contracts with NHAI on mutually acceptable terms primarily due to non-availability of Right of Way, Environment and Forest clearances. The exceptional item disclosed above represents the provisions towards investments, advances and receivables.



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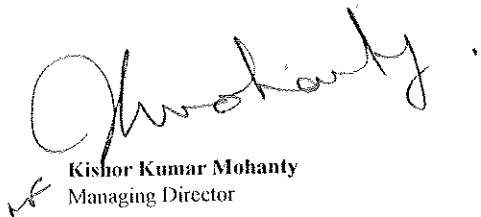
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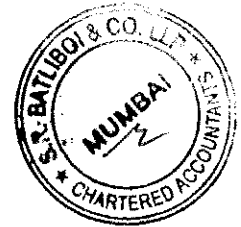
GAMMON INFRASTRUCTURE PROJECTS LIMITED

- 4 Mormugao Port Trust ('MPT') has unilaterally sought to terminate with a subsidiary the Concession Agreement for the project citing non-compliance with certain terms of the concession agreement. MPT also encashed the bid security bank guarantee for Rs. 200 lakhs despite the stay order issued by the Hon. District Court, Goa. The court has also passed stay order from carrying into effect the termination of the agreement. The subsidiary has already taken further action in the matter including contempt petition. The Company's exposure including investments and loans and advances is around Rs 561.65 lakhs. The Company believes that it has a strong case in this matter. Pending outcome of the legal proceedings, no adjustments have been made to the unaudited financial results.
- 5 During the quarter, the Company has further incurred cash loss and its Current Liabilities exceeds Current Assets by Rs. 50,133.81 lakhs as at June 30, 2014 (Rs. 45,709.46 as on December 31, 2013). The Company is taking various steps to meet its commitments, both, short term and long term in nature. The Company intends to monetise some of its mature assets, securitise some of its future receivables and raise funds through proposed equity offering through Qualified Institutional Placement. Based on detailed evaluation of the current situation, plans formulated and active discussions underway with various stakeholders, management is confident that the going concern assumption and the carrying values of the assets and liabilities in these unaudited financial results are appropriate. Accordingly the accompanying unaudited financial results do not include any adjustments that may result from these uncertainties.
- 6 One of the subsidiary of the Company, had initiated correspondence with NHAI towards closure of its project on mutually acceptable terms primarily due to non-availability of Right of Way to the site and Forest clearances. In a recent meeting, NHAI has requested for evaluating various alternatives for the project. Contingent upon outcome of the discussions on compensation within the scope of concession agreement with NHAI and responses of management, there might be review/reworking on the project parameters. The Company's exposure to this project is Rs. 7,406.12 lakhs and Guarantees of Rs. 5,646.00 lakhs. Pending conclusion of the matter, no adjustments have been made to the unaudited financial results. The statutory auditors have modified their conclusion in this regard in the limited review report on the financial results.
- 7 During the quarter, the Greater Cochin Development Authority has sought to end / obstruct the toll collection by a subsidiary by unilaterally sealing the toll booth. The subsidiary believes it has the right to collect toll at the bridge till April 27, 2020. Further necessary legal recourse is being initiated. The Company's exposure includes investments and loans and advances of Rs. 1,232.20 Lakhs and Corporate guarantee of Rs. 1,012.50 lakhs. The Company is confident that the subsidiary has a strong case in this matter. Pending outcome of the legal proceeding, no adjustments have been made in the unaudited financial results.
- 8 During the quarter, one of the subsidiaries which has a license to develop a hydro power project in Himachal Pradesh has initiated correspondence with the State Government for exiting from the project primarily due to inability of the state government in resolving the local agitations related to environmental issues because of which the subsidiary was forced to stop its geological studies at the project site. The Company's exposure includes investments and loans and advances of Rs. 7,105.06 Lakhs. The subsidiary has made a claim against the amounts spent on the project till date. The management believes that it has a strong case in this matter.
- 9 The Company's operations constitutes a single segment namely "Infrastructure Development" as per Accounting Standard AS - 17 Segment reporting. Further, the Company's operations are within single geographical segment which is India.
- 10 Since the previous financial period was for 9 months from April 1, 2013 to December 31, 2013, the comparable figures for the year to date six months ended June 30, 2013 are not available in the preceding financial period.
- 11 Figures for previous periods have been regrouped / rearranged wherever necessary to conform to the current quarter's presentation.

For Gammon Infrastructure Projects Limited


Kishor Kumar Mohanty
Managing Director

Place : Mumbai.
Date: August 13, 2014



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Review Report on Interim Consolidated Condensed Financial Statements

The Board of Directors

Gammon Infrastructure Projects Limited

Introduction

1. We have reviewed the accompanying interim consolidated condensed financial statements of Gammon Infrastructure Projects Limited ("the Company") and its subsidiaries, joint ventures and associates collectively the "Group", which comprise the interim consolidated condensed Balance Sheet as at June 30, 2014, and the interim consolidated condensed Statement of Profit and Loss and interim consolidated condensed Cash Flow Statement for the six-month period then ended, and a summary of significant accounting policies and other explanatory information, together referred to as "Consolidated Statements". These Consolidated Statements are the responsibility of the Company's Management and has been approved by the Board of Directors. Our responsibility is to express a conclusion on this Consolidated Statements based on our review.
2. The accompanying Consolidated Statements have been prepared by the Company in accordance with the requirements of Accounting Standard (AS) 25 notified under the Companies Act, 1956 read with General Circular 8/2014 dated 4 April 2014 issued by the Ministry of Corporate Affairs ("the Act").

Scope of Review

3. We conducted our review in accordance with the Standard on Review Engagement (SRE) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion

4. *As detailed in Note 6(f) to the Consolidated Statements, one of the subsidiaries of the Company had issued a notice of intention to terminate the Concession Agreement with National Highways Authority of India ('NHAI') on mutual terms. The Company and NHAI are evaluating various alternatives for the project. The Group's exposure to this project includes project expenses of Rs. 693,560,891 and guarantees of Rs. 564,600,000. As outcome of the matter is uncertain, we are unable to determine the recoverability of said amount and consequential impact on the Consolidated Statements.*



Qualified Conclusion

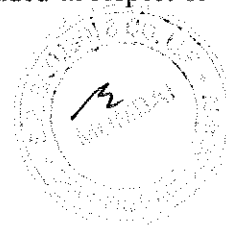
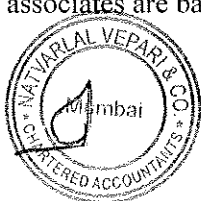
5. Based on our review conducted as per paragraph 2 and 3 above, on consideration of reports of other auditors and management certifications on the unaudited separate condensed financial statements of the components as per paragraph 7 and 8, and *except for the possible effects of matters described in 'Basis for Qualified Conclusion' above*, nothing has come to our attention that causes us to believe that the accompanying Consolidated Statements have not been prepared in accordance with recognition and measurement principles laid down in Accounting Standard 25 "Interim Financial Reporting", (notified under the Companies Act, 1956 read with General Circular 8/2014 dated 4 April 2014 issued by the Ministry of Corporate Affairs) and other recognised accounting practices and policies.

Emphasis of Matter

6. Without qualifying our report, we draw attention to the following matters:
- a. The Group has incurred a consolidated net loss after tax of Rs. 611,578,270 for the six month period ended June 30, 2014 and as of that date the Group's current liabilities exceeded current assets by Rs. 6,697,582,808. These conditions, along with other matters as set forth in Note 6(e) of the Consolidated Statements, indicate the existence of an uncertainty as to timing and realisation of cash flow. This matter was also referred in our report on the Consolidated Financial Statements of the Group for the period ended December 31, 2013.
 - b. We invite attention to Note 6(d) and Note 6(g) of the Consolidated Statements, regarding unilateral termination and closure of Concessions for two projects, which are subject to pending litigations/arbitrations at various forums which may impact the carrying values of investments made in the projects. The Group's exposure on these projects includes unamortised project cost and trade receivables of Rs. 318,703,173 and corporate guarantees and bid securities of Rs. 121,250,000. Pending conclusion on these legal matters, no adjustments have been made in the Consolidated Statements.
 - c. We invite attention to Note 6(h) of the Consolidated Statements, in relation to intention to exit one of the hydro power projects at Himachal Pradesh and seeking a claim of an amount against the amount spent on the project. The Company's subsidiary has cited reasons for non-continuance on account of reasons beyond its control. The subsidiary is negotiating with its client for an amicable settlement on beneficial terms. The Group's exposure on this project includes project expenses and unbilled receivables of Rs. 672,265,638. Pending conclusion between the parties, no adjustments have been made in the Consolidated Statements.

Other Matters

7. We did not review the financial information of certain subsidiaries whose financial information reflect total assets of Rs. 15,843,294,639 as at June 30, 2014, total income of Rs. 671,692,117 and cash out flows of Rs. 101,064,824 for the six month ended period ended June 30, 2014 and certain associates, in which the Company's share in the profit of such associates being Rs. 184,250 for the six month period ended June 30, 2014, in so far as it relates to the amounts included in respect of these subsidiaries and associates are based solely on the reports of other auditors.



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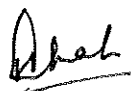
8. In respect of certain joint ventures whose financial information reflect total assets of Rs. 1,404,305 as at June 30, 2014 and total income of Rs. Nil for the period then ended, in which the Company's share of such assets and income being Rs. 190,064 and Rs. Nil respectively and associates in which the Company's share in the loss of such associates being Rs. 19,954 for the six month period ended June 30, 2014, and in so far as it relates to the amounts included in respect of these joint ventures and associates is based solely on unaudited financial information as certified by the respective managements of the said entities.
9. The Management has presented comparable six month period for the interim consolidated condensed statement of profit and loss in the manner detailed in Note 10 of the Consolidated Statements, which are not subjected to any review by us.
10. The consolidated condensed cash flow statement for the comparative six month period ended June 30, 2013 is not available and hence not disclosed. The management is of the view that it is not practicable to workout cash flows for the comparatives six months period, since the period falls in two different financial periods.
11. The Consolidated Statements have been prepared, and this report thereon, issued, solely for the purpose of the proposed offering of equity shares through a Qualified Institutional Placement. Accordingly, this report should not be used, referred to or distributed for any other purpose without our prior written consent.

For Natvarlal Vepari & Co.
Firm Registration Number: 106971W
Chartered Accountants

For S.R. Batliboi & Co. LLP
ICAI Firm Registration number: 301003E
Chartered Accountants



N Jayendran
Partner
M. No.: 40441
Place: Mumbai
Date: August 13, 2014



per Hemal Shah
Partner
M. No.: 42650
Place: Mumbai
Date: August 13, 2014



GAMMON INFRASTRUCTURE PROJECTS LIMITED

CONSOLIDATED INTERIM CONDENSED BALANCE SHEET AS AT JUNE 30, 2014

(All amounts in Indian Rupees unless otherwise stated)

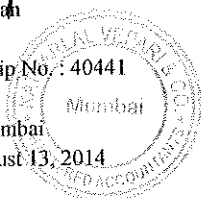
Particulars	As at June 30, 2014	As at December 31, 2013
Equity and liabilities		
Shareholders' funds		
Share capital	1,476,155,376	1,476,155,376
Reserves and surplus	5,218,524,098	5,232,918,005
	6,694,679,474	6,709,073,381
Minority interest	1,716,047,640	1,577,253,098
Non-current liabilities		
Long-term borrowings	36,639,732,124	37,301,647,526
Deferred tax liabilities (net)	33,515,196	24,920,735
Other long-term liabilities	8,850,000	8,850,000
Long-term provisions	701,476,242	558,245,702
	37,383,573,562	37,893,663,963
Current liabilities		
Short-term borrowings	725,422,476	779,812,313
Trade payables, current	108,779,752	197,452,236
Other current liabilities	7,857,257,836	7,158,086,195
Short-term provisions	862,399,287	758,362,123
	9,553,859,351	8,893,712,867
TOTAL	55,348,160,027	55,073,703,310
Assets		
Non-current assets		
Fixed assets :		
Tangible assets (net)	1,155,794,662	1,186,718,455
Intangible assets (net)	22,009,455,396	23,228,498,822
Capital work in progress	122,822,251	127,144,496
Intangible assets under development	26,001,460,096	24,443,484,972
Goodwill on consolidation	566,260,058	533,649,910
Deferred tax asset (net)	494,072,863	340,603,137
Non-current investments	8,123,050	7,974,865
Long-term loans and advances	1,846,044,744	2,118,318,833
Non-current trade receivables	178,373,337	163,066,739
Other non-current assets	109,477,027	120,243,733
	52,491,883,484	52,269,703,962
Current assets		
Current investments	428,879,811	236,478,084
Inventories	121,171,464	115,386,547
Trade receivables	647,354,692	179,722,911
Cash and bank balances	387,894,047	876,887,120
Short-term loans and advances	598,046,686	556,713,070
Other current assets	672,929,843	838,811,616
	2,856,276,543	2,803,999,348
TOTAL	55,348,160,027	55,073,703,310

The accompanying notes are an integral part of the interim condensed consolidated financial statements.

For Natvarlal Vepari & Co.
ICAI Firm Regn. No.: 106971W
Chartered Accountants


N. Jayendran
Partner
Membership No.: 40441

Place : Mumbai
Date: August 13, 2014

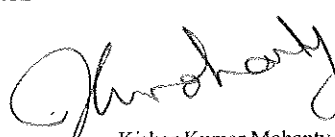


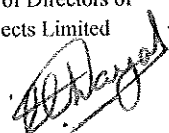
For S.R. Batliboi & Co. LLP
ICAI Firm Regn. No.: 301003E
Chartered Accountants


per Hemal Shah
Partner
Membership No.: 3650

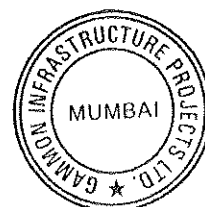


For and behalf of the Board of Directors of
Gammon Infrastructure Projects Limited


Kishor Kumar Mohanty
Managing Director


C.C. Dayal
Director

Place : Mumbai
Date: August 13, 2014



GAMMON INFRASTRUCTURE PROJECTS LIMITED

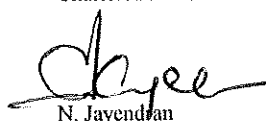
**CONSOLIDATED INTERIM CONDENSED STATEMENT OF PROFIT AND LOSS
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2014**

(All amounts in Indian Rupees unless otherwise stated)

Particulars	Period ended June 30, 2014	Period ended June 30, 2013 (refer note : 10)
Income		
Revenue from operations:		
Revenue from projects (refer note 6 (a))	3,507,916,249	3,157,082,539
Other operating revenues	110,501,457	133,833,933
Other income	74,706,364	42,488,888
Total income	3,693,124,070	3,333,405,360
Expenses		
Project expenses	970,003,115	769,308,853
Employee benefits expenses	146,065,369	129,194,845
Other expenses	149,437,303	159,583,950
Exceptional items (refer note 6(c))	379,736,848	-
Total expenses	1,645,242,635	1,058,087,648
Earnings before interest, tax, depreciation and amortisation (EBITDA)	2,047,881,435	2,275,317,712
Finance costs	1,395,166,313	1,453,955,580
Depreciation/amortisation	1,250,558,186	755,409,184
Share of (profit)/loss from investment in associates	(148,185)	(609,929)
Profit/(Loss) before tax	(597,694,879)	66,562,877
Less: Tax expenses		
Current tax	45,414,142	75,893,140
Deferred tax (credit)/charge (refer note 6 (j))	(144,875,266)	(151,421,884)
MAT credit written off	126,389,515	-
MAT credit entitlement	(11,120,000)	(5,436,179)
Short provision for earlier years	(1,925,000)	2,504,987
Net tax expense	13,883,391	(78,459,936)
Profit/(Loss) after tax	(611,578,270)	145,022,813
Less : Profit after tax attributable to minority interest	73,616	57,388,259
Profit / (Loss) attributable to group shareholders	(611,651,887)	87,634,554
Earnings per share ('EPS')		
Basic	(0.83)	(0.02)
Diluted	(0.83)	(0.02)
Nominal value of equity share	2.00	2.00

The accompanying notes are an integral part of the interim condensed consolidated financial statements.

For Natvarlal Vepari & Co.
ICAI Firm Regn. No.: 106971W
Chartered Accountants

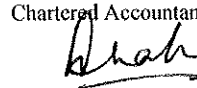


N. Jayendran
Partner
Membership No. : 40441

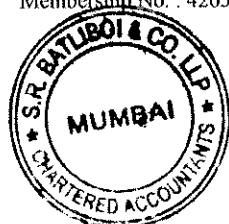
Place : Mumbai
Date: August 13, 2014



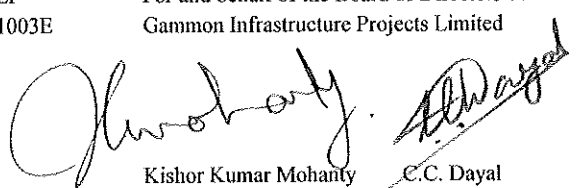
For S.R. Batliboi & Co. LLP
ICAI Firm Regn. No. : 301003E
Chartered Accountants



per Hemal Shah
Partner
Membership No. : 42650

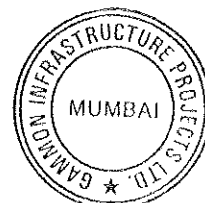


For and behalf of the Board of Directors of
Gammon Infrastructure Projects Limited



Kishor Kumar Mohanty
Managing Director
C.C. Dayal
Director

Place : Mumbai
Date: August 13, 2014



GAMMON INFRASTRUCTURE PROJECTS LIMITED

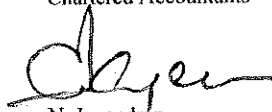
**CONSOLIDATED INTERIM CASH FLOW STATEMENT
FOR THE SIX MONTHS PERIOD ENDED JUNE 20, 2014**

(All amounts in Indian Rupees unless otherwise stated)

Particulars	Period ended June 30, 2014
Cash flow from operating activities	2,431,046,571
Cash flow from investment activities	(2,238,982,393)
Cash flow from financing activities	(681,057,251)
Net increase / (decrease) in cash and cash equivalents	<u>(488,993,073)</u>
Cash and cash equivalents, end of the period	387,894,047
Cash and cash equivalents, beginning of the period	<u>876,887,120</u>
Net increase / (decrease) in cash and cash equivalents	<u>(488,993,073)</u>

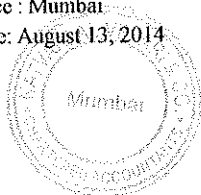
The accompanying notes are an integral part of the interim condensed consolidated financial statements.

For Natvarlal Vepari & Co.
ICAI Firm Regn. No.: 106971W
Chartered Accountants

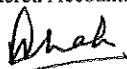


N. Jayendran
Partner
Membership No. : 40441

Place : Mumbai
Date: August 13, 2014



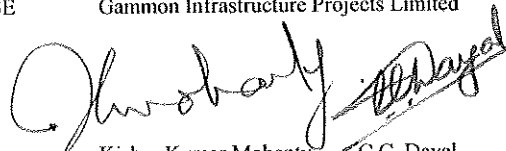
For S.R. Batliboi & Co. LLP
ICAI Firm Regn. No. : 301003E
Chartered Accountants



per Hemal Shah
Partner
Membership No. : 42650

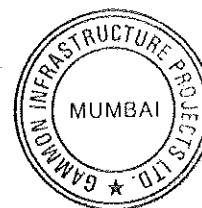


For and behalf of the Board of Directors of
Gammon Infrastructure Projects Limited



Kishor Kumar Mohanty
Managing Director
C.C. Dayal
Director

Place : Mumbai
Date: August 13, 2014



GAMMON INFRASTRUCTURE PROJECTS LIMITED

EXPLANATORY NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2014

(All amounts in Indian Rupees unless otherwise stated)

1 Background

Gammon Infrastructure Projects Limited a listed company and its subsidiaries, joint ventures and associates, are engaged in the development of various infrastructure projects under the Public Private Partnership ('PPP') model in sectors like transportation, energy and urban infrastructure through several special purpose vehicles ('SPVs'). Each project is governed by a separate concession agreement ('the Contract') signed between the client ('grantor') and the SPV. Majority of the projects secured are from the Government, (Central or State) or an organisation or body floated by the Government.

2 Basis of preparation

The interim condensed consolidated financial statements have been prepared in accordance with the principles laid down in Accounting Standard 25 'Interim Financial Reporting', notified pursuant to the Companies (Accounting Standards) Rules, 2006, (as amended). These condensed financial statements comply with the recognition and measurement principles of accounting generally accepted in India including those specified under the Companies (Accounting Standards) Rules, 2006, (as amended). These condensed financial statements have been prepared under historical cost convention on an accrual basis. The accounting policies have been consistently applied by the Company and are consistent with those used while preparing the financial statements of and for the period ended December 31, 2013.

3 There is no seasonality of operation.

4 Principles of consolidation

i) Holding company and subsidiaries :

The interim condensed consolidated financial statements comprise the financial statements of Gammon Infrastructure Projects Limited ("the Company") and its Subsidiary companies (the Company and its subsidiaries are hereinafter referred to as the "Group"). The interim condensed consolidated financial statements has been prepared on the following basis:

The interim condensed financial statements of the Company and its subsidiary companies have been combined on a line by line basis by adding the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances, intra-group transactions and unrealized profits or losses as per Accounting Standard - 21 ('AS-21') "Consolidated Financial Statements" notified under the Companies (Accounting Standards) Rules, 2006.

The interim condensed consolidated financial statements have been prepared using uniform policies for like transactions and other events in similar circumstances and are presented to the extent possible in the same manner as the Company's separate financial statements.

The interim condensed financial statements of the entities used for consolidation are drawn upto the same reporting date as that of the Company ie. June 30, 2014

The excess of cost of investments on the date of acquisition of the Group over its share of equity in the subsidiary is recognised as goodwill. The excess of share of equity of subsidiary over the cost of investments on the date of acquisition is recognised as capital reserve.

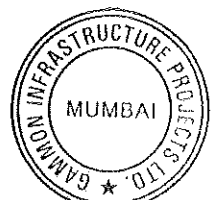
ii) Interest in joint venture companies :

The Group's interest in the joint ventures, in the nature of jointly controlled entities are included in these consolidated financial statements using the proportionate consolidation method as per the Accounting Standard - 27 ('AS-27') "Financial Reporting of Interests in Joint Ventures" notified under the Companies (Accounting Standards) Rules, 2006 (as amended). The Group combines its share of each of the assets, liabilities, income and expenses of the joint venture with similar items, on a line by line basis.

iii) Investments in associate companies :

Investments in associate companies are accounted under the equity method as per the Accounting Standard - 23 ('AS-23') "Accounting for Investments in Associates in Consolidated Financial Statements" notified under the Companies (Accounting Standards) Rules, 2006 (as amended).

Under the equity method, the investment in associates is carried in the balance sheet at cost plus post acquisition changes in the Group's share of net assets of the associate. The statement of profit and loss reflects the Group's share of the results of operations of the associates.



- iv) The Build, Operate and Transfer (BOT)/Design, Build, Finance, Operate and Transfer (DBFOT) contracts are governed by service concession agreements with government authorities (grantor). Under these agreements, the operator does not own the road, but gets "toll / annuity collection rights" against the construction services rendered. Since the construction revenue earned by the operator is considered as exchanged with the grantor against toll collection rights, profit from such contracts is considered as realised.

Accordingly, BOT/DBFOT contracts awarded to group companies (operator), where work is subcontracted to fellow subsidiaries/ holding companies, the intra group transactions on BOT/DBFOT contracts and the profits arising thereon are taken as realised and not eliminated.

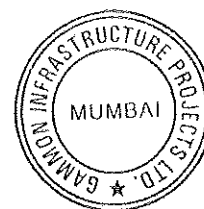
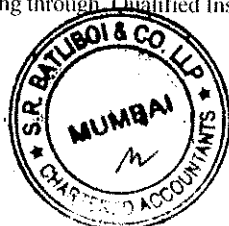
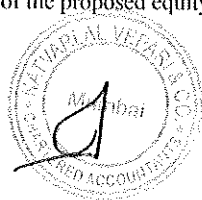
- v) Minority interest in the net assets of consolidated subsidiaries is identified and presented in the consolidated balance sheet separately from liabilities and equity of the company's shareholders. Minority interest in the net assets of consolidated subsidiaries consists of:
- a) The amount of equity attributed to minority at the date on which investment in a subsidiary relationship came into existence.
- b) The minority share of movement in equity since the date parent subsidiary relationship came into existence.
- vi) Minority interest share of net profit/(loss) of consolidated subsidiaries for the year is identified and adjusted against the profit after tax of the group.

5 Use of estimates

The preparation of interim condensed consolidated financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period end. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

6 Other notes

- a During the period, a subsidiary has received from National Highways Authority of India (NHAI) bonus of Rs. 673,444,444 which has been accounted as income from operations along with related expenditure.
- b Pravara Renewable Energy Limited, a wholly owned subsidiary of the Company had filed a petition in the Hon. Bombay High Court for approval of the Scheme for its merger with the Company, has since been withdrawn.
- c During the period, two subsidiaries namely Birmitrapur Barkote Highway Private Limited and Yamunanagar Panchkula Highway Private Limited have terminated the contracts with NHAI on mutually acceptable terms primarily due to non-availability of Right of Way to the site and Environment and Forest clearances. The exceptional items disclosed above represents the write off of the expenditure incurred on these two projects.
- d During the period, the Mormugao Port Trust (MPT) has unilaterally sought to terminate with a subsidiary the Concession Agreement for the project citing non-compliance with certain terms of the concession agreement. MPT also encashed the bid security bank guarantee for Rs. 20,000,000 despite the stay order issued by the Hon. District Court, Goa. The Court has also passed stay order from carrying into effect the termination of the agreement. The subsidiary has taken further action in the matter including contempt petition. The Group's exposure towards the project is Rs. 55,728,785. Pending outcome of the legal proceedings, no adjustments have been made to the interim condensed consolidated financial statements. The management believes that it has a strong case in this matter.
- e As at June 30, 2014, the current liabilities exceed current assets by Rs. 6,697,582,808 (December 31, 2013 - Rs. 6,089,713,519). The Group is taking various steps to meet its commitments, both, short term and long term in nature. The Group intends to monetise some of its mature assets, securitise some of its future receivables and raise funds through proposed equity offering through Qualified Institutional Placement. Based on detailed evaluation of the current situation, plans formulated and active discussions underway with various stakeholders, management is confident that the going concern assumption and the carrying values of the assets and liabilities in these interim condensed consolidated financial statements are appropriate.
- f One of the subsidiary company, had initiated correspondence with NHAI towards closure of its project on mutually acceptable terms primarily due to non-availability of Right of Way to the site and Forest clearances. In a recent meeting, NHAI has requested for evaluating various alternatives for the project. Contingent upon outcome of the discussions on compensation within the scope of concession agreement with NHAI and responses of the management, there might be review/reworking on the project parameters. The Group's exposure to this project includes project expenses of Rs. 693,560,891 and Guarantees of Rs. 564,600,000. Pending conclusion of the matter, no liability therefore has been provided in the accounts towards closure of the project. The statutory auditors have modified their conclusion on this matter in their review report dated August 13, 2014 on the Interim condensed consolidated financial statements prepared for the purposes of the proposed equity offering through Qualified Institutional Placement.

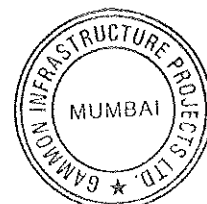
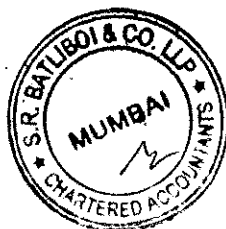


- g During the period, the Greater Cochin Development Authority has sought to end/obstruct the toll collection by a subsidiary by unilaterally sealing the toll booth. The subsidiary believes it has the right to collect toll at the bridge till April 27, 2020. Further necessary legal recourse is being initiated. The Group's exposure includes trade receivables of Rs. 178,712,578, unamortised project costs of Rs. 84,261,810 and corporate guarantee of Rs. 101,250,000. Pending outcome of the legal proceeding, no adjustments have been made in the interim condensed consolidated financial statements. The management believes that it has a strong case in this matter.
- h During the period, one of the subsidiaries which has a license to develop a hydro power project in Himachal Pradesh has initiated correspondence with the State Government for exiting from the project primarily due to inability of the state government in resolving the local agitations related to environmental issues because of which the subsidiary was forced to stop its geological studies at the project site. The subsidiary has paid an upfront premium of Rs. 528,525,000 to the State Government and the Group's exposure towards the project excluding the upfront premium is Rs. 143,740,638. The subsidiary has lodged a claim against the amounts spent on the project till date. The management believes that it has a strong case in this matter.
- i One of the subsidiary has unabsorbed depreciation as per tax returns which is available for set off against taxable income. The subsidiary has recognised the deferred tax asset credit estimating its future taxable income on the basis of the actual traffic plying on the road during the balance period of the Concession which satisfies the test of virtual certainty supported by convincing evidence for recognising the deferred tax asset on the unabsorbed depreciation as per the tax returns. The subsidiary had obtained an independent expert's opinion about the satisfaction of the convincing evidence as required by Accounting Standard (AS) - 22 on Accounting for taxes on income. The deferred tax asset recognised amounts to Rs. 345,486,267 (December 2013 - Rs 345,486,267) on the unabsorbed depreciation as per the tax returns available for set off from future taxable income. During the period following the principle of prudence the subsidiary has not recognised further deferred tax asset on the unabsorbed depreciation.
- j The Central Board of Direct Taxes (CBDT), vide circular no. 09/2014 dated 23rd April 2014, has clarified that the cost of construction on development of infrastructure facility of roads/ highways under BOT projects is allowable as a deduction by amortizing and claiming the same as allowable business expenditure under the Act. The amortization allowable is to be computed at the rate, which ensures that the whole of the cost incurred on creation of infrastructural facility of road/ highways is amortized evenly over the period of concessionaire agreement after excluding the time taken for creation of such facility. Due to this, during the period, two subsidiaries, has recognised the deferred tax asset amounting to Rs 159,779,451 (December 2013 - Deferred Tax Liability Rs 6,309,724) based on reasonable certainty.
- k During the period, expenses on construction activity and developer fees incurred by the operator on the project with the Group were considered as exchanged with the grantor against toll collection / annuity rights from such agreements and therefore the revenue from such contracts were considered realised by the Group and not eliminated for consolidation under AS-21 Consolidated Financial Statements. The revenue during the period from such contracts are not eliminated to the extent of Rs. 157,380,655 (June 30, 2013 - Rs. 288,701,958).
- l Pursuant to supplementary agreement dated December 23, 2011 with the co-venturer in one of the joint venture company, the Company is liable to bear and discharge all financial obligation and contribution in relation to the said joint venture. Hence the entire loss of the joint venture has been absorbed by the Group.
- m One of the subsidiary undertaking the bridge project in Rajahmundry is in the process of getting its loan restructured with its lenders. The aggregate amount of such facilities is Rs. 6,800,000,000 of which Rs. 5,479,178,621 is outstanding as at June 30, 2014. Further some of the SPVs undertaking a toll road project, a renewable co-generation power project and an offshore container terminal berth project have submitted/are in the process of submission of revalidating/rescheduling proposal with their respective lenders.

7 Contingent liabilities

Group's share in contingent liability not provided for in the books of accounts.

Particulars	As at June 30, 2014	As at December 31, 2013
Income tax matters (refer note (a) below)	765,156,279	764,913,874
Disputed statutory liabilities (refer note (b) below)	177,699,900	177,699,900
Claims against group not acknowledged as debt (refer note (c) below)	138,050,699	113,129,410
Counter guarantees given to the bankers	3,844,177,191	3,748,060,200
Total	4,925,084,069	4,803,803,384



- a Some of the subsidiaries of the Group has received block assessment orders raising demand u/s 143(3) read with section 153(A) of the Income Tax Act, 1961 for assessment years from 2005-06 to 2011-12 totalling to Rs. 765,156,279 (December 2013 - Rs. 764,913,874). The subsidiaries of the Group are of the view that the said Orders are unjustified and unsustainable and hence is filing appeals against the said assessment Orders with the Commissioner of Income-Tax (Appeals). The subsidiaries of the Group has preferred an appeal against these orders and believes that no liability will ultimately result from these and accordingly no provision has been made in these financial statements in respect of these amounts.
- b An amount of Rs 177,699,900 (December 2013 - Rs. 177,699,900) claimed by the collector and district registrar, Rajahmundry, pursuant to and Order dated March 15, 2005, as deficit stamp duty payable on the concession agreement entered into between a subsidiary of the Group and NHAI, classifying the concession agreement as a 'lease' under Article 31(d) of the Indian Stamp Act. The subsidiary has impugned the Order by way of a writ petition before the High Court of Andhra Pradesh at Hyderabad. No provision is considered necessary in respect of the said demand, as the management of the subsidiary believes that there is no contravention of the Indian Stamp Act.
- c Claims against the SPVs of the group not acknowledged as debt includes:
- i. A winding up petition against a subsidiary of the Group, has been filed by a creditor for recovery of Rs.14,140,343 (December 2013 - Rs 14,140,343). The subsidiary is disputing the said amount and has recognised Rs.1,685,168 payable as there are claims and counter claims by both parties. Pending the final outcome of such proceeding, the claim from the creditor is disclosed as a contingent liability. The management of the said is of the view that the same would be settled and does not expect any additional liabilities towards the same.
- ii. There is a demand towards Stamp Duty amounting to Rs. 10,319,700 (December 2013 - Nil) which is before the the Controller of Stamps office. The Company believes that it has a good case to succeed in this matter and accordingly no provision is required for the same .

8 Commitments

a. Capital commitments

The total capital commitment as on June 30, 2014 is Rs. 56,022,806,257 (December 2013 - Rs. 78,818,258,937). The capital commitments are in respect of projects where the concession agreements have been signed and does not include projects where only Letters of Intents are held.

b. Buyback / purchase of shares of subsidiaries as on June 30, 2014 is Rs. 1,259,166,577 (December 2013 - Rs. 1,314,733,521)

9 Segment reporting

The Group's operations constitutes a single business segment namely "Infrastructure Development" as per Accounting Standard (AS) - 17 "Segment Reporting". Further the Group's operations are within single geographical segment which is India.

Infrastructure activities comprise of all the activities of investing in infrastructure projects, providing advisory services and operating and maintaining of Public Private Partnership Infrastructure Projects.

- 10 Since the previous financial period was for nine months from April 1, 2013 to December 31, 2013, the comparable figures for the year to date six months ended June 30, 2013 are not available in the preceding financial period. However, for presenting comparable figures, the figure for the six months ended June 30, 2013 are the aggregation of the figures for the quarter ended March 31, 2013 (being the balancing figure between twelve months audited March 31, 2013 and the unaudited nine months ended December 31, 2012) and the unaudited figures for the quarter ended June 30, 2013. The figures for the nine months ended December 31, 2012 and the quarter ended June 30, 2013 were not subject to limited review by the statutory auditors.

- 11 Figures for previous periods have been regrouped / rearranged wherever necessary to conform to the current period's presentation.

The accompanying notes are an integral part of the interim condensed consolidated financial statements.

For Natvarlal Vepari & Co.
ICAI Firm Regn. No.: 106971W
Chartered Accountants


N. Jayendran
Partner


Membership No. : 40441

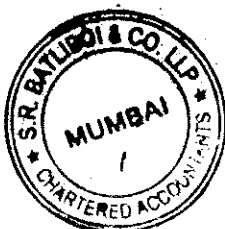
Place : Mumbai

Date: August 13, 2014

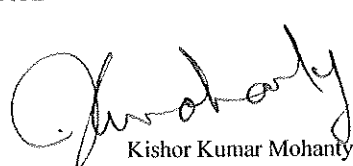


For S.R. Batliboi & Co. LLP
ICAI Firm Regn. No. : 301003E
Chartered Accountants


per Hemal Shah
Partner
Membership No. : 42650



For and behalf of the Board of Directors of
Gammon Infrastructure Projects Limited


Kishor Kumar Mohanty
Managing Director

Place : Mumbai

Date: August 13, 2014


C.C. Dayal
Director

