GAMMON

18th December, 2014

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

NSE CODE: GAMMONIND

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

BSE CODE:509550

Dear Sir,

Sub: Outcome of the Board Meeting held on 18th December,2014.

As required under Clause 41 of the Listing Agreement, please find enclosed herewith Consolidated Audited Financial Results of the Company for the nine (9) months period ended 30th September, 2014.

The aforesaid results, duly reviewed by the Audit Committee, have been approved and taken on record by the Board of Directors at its Meeting held on 18th December, 2014.

The Board has also, at the aforesaid meeting, decided to convene the 93rd Annual General Meeting of the Company on 2nd March 2015.

Kindly take note of the same.

Thanking you,

Yours truly,
FOR GAMMON INDIA LIMITED

GITA BADE
COMPANY SECRETARY

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Gammon India Limited

PART I

STATEMENT OF CONSOLIDATED FINANCIAL RESULTS FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2014

(Rupees in Crores)

Sr. No.	Particulars	Period ended 30.09.2014 Audited	Period ended 31.12.2013 Audited
1	Income from operations	3,763.25	4,820.08
	Other operating income	79.36	112.34
	Total income from operations (net)	**3,842.61**	**4,932.42**
2	Expenses :		
	Cost of Material Consumed	1,361.74	1,669.46
	Purchase of Stock in Trade	166.48	146.51
	Change in Inventory - WIP & FG	15.17	395.95
	Subcontracting Expenses	887.43	1,043.30
	Employee benefits expense	429.85	577.72
	Depreciation and amortisation expense	275.17	273.01
	Other expenses	759.15	1,134.62
	Total expenses	**3,894.99**	**5,240.57**
3	**Profit from operations before other income, finance costs and exceptional items (1 - 2)**	**(52.38)**	**(308.15)**
4	Other income	58.32	46.34
5	**Profit from ordinary activities before finance costs and exceptional items (3 + 4)**	**5.94**	**(261.81)**
6	Finance costs	699.25	683.54
7	Forex Fluctuation (Gain) / Loss	29.58	(27.31)
8	**Profit from ordinary activities after finance costs but before exceptional items (5 - 6 - 7)**	**(722.89)**	**(918.04)**
9	Exceptional items	-	(18.50)
10	**Profit from ordinary activities before tax (8 + 9)**	**(722.89)**	**(936.55)**
11	Tax expense		
	Current year	(12.25)	(124.31)
	Previous year	0.11	1.01
12	**Net profit from ordinary activities after tax (10 - 11)**	**(710.75)**	**(813.25)**
13	Profit/(Loss) in Associates	(49.47)	(3.68)
14	Less : Share of minority interest	31.34	55.07
15	**Net profit for the period (12 + 13 + 14)**	**(728.88)**	**(761.86)**
16	Paid-up equity share capital (Face Value Rs.2/- per equity share)	27.50	27.50
17	Reserves, excluding revaluation reserve as per Audited Balance sheet	(460.31)	113.11
18	**Earnings per share for the period (Rupees) :**		
	b) After extraordinary items		
	Basic	(53.68)	(56.11)
	Diluted	(53.68)	(56.11)

PART II

	Particulars	Period ended 30.09.2014	Period ended 31.12.2013
A)	**PARTICULARS OF SHAREHOLDING**		
1	**Public shareholding**		
	- Number of shares	88,743,314	88,743,314
	- Percentage of shareholding	65.01%	65.01%
2	**Promoters and promoter group shareholding**		
	a) Pledged / encumbered		
	- Number of shares	44,653,699	44,653,699
	- Percentage of shares (as a % of the total shareholding of promoter and promoter group)	93.50%	93.50%
	- Percentage of shares (as a % of the total share capital of the Company)	32.72%	32.72%
	b) Non-encumbered		
	- Number of shares	3,103,455	3,103,455
	- Percentage of shares (as a % of the total shareholding of promoter and promoter group)	6.50%	6.50%
	- Percentage of shares (as a % of the total share capital of the Company)	2.27%	2.27%

	Particulars	Nine months ended September 30, 2014
B)	INVESTOR COMPLAINTS	
	Pending at the beginning of the quarter	0
	Received during the quarter	23
	Disposed of during the quarter	23
	Remaining unresolved at the end of the quarter	0

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ISO-9001 REGISTERED FIRM

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Gammon India Limited

CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES

(Rupees in Crores)

	Particulars	As at Period Ended 30.09.2014	As at Period Ended 31.12.2013
A	**EQUITY AND LIABILITIES**	**9 Months**	**9 Months**
1	**Shareholders' Funds**		
	a) Share capital	27.50	27.50
	b) Reserves and surplus	(351.65)	245.88
	Sub-total : Shareholders' Funds	**(324.15)**	**273.38**
2	**Minority interest**	**455.05**	**258.34**
3	**Non-current liabilities**		
	a) Long-term borrowings	8,318.01	8,399.36
	b) Deferred tax liability, Net	4.04	130.00
	c) Other long-term liabilities	4,401.44	756.70
	d) Long-term provisions	48.90	306.73
	Sub-total : Non-current liabilities	**12,772.39**	**9,592.79**
4	**Current Liabilities**		
	a) Short-term borrowings	1,988.18	2,020.66
	b) Trade payables	1,668.55	1,973.24
	c) Other current liabilities	2,374.30	2,157.81
	d) Short-term provisions	257.37	296.28
	Sub-total : Current liabilities	**6,288.40**	**6,447.99**
	TOTAL : EQUITY AND LIABILITIES	**19,191.69**	**16,572.50**
B	**ASSETS**		
1	**Non-current assets**		
	a) Fixed assets	9,922.83	6,878.24
	b) Goodwill on consolidation	145.69	138.99
	c) Non current investments	768.47	818.75
	d) Deferred tax asset	179.36	135.54
	e) Long-term loans and advances	753.88	818.80
	f) Trade receivables	812.84	867.30
	g) Other non-current assets	156.29	150.91
	Sub-total : Non-current assets	**12,739.36**	**9,808.52**
2	**Current assets**		
	a) Current investments	35.73	26.14
	b) Inventories	1,966.95	2,100.48
	c) Property Development	1,752.74	1,619.32
	d) Trade receivables	1,384.13	1,592.70
	e) Cash and cash equivalents	278.62	248.81
	f) Short term loans and advances	740.76	912.75
	g) Other current assets	293.40	263.78
	Sub-total : Current assets	**6,452.33**	**6,763.98**
	TOTAL : ASSETS	**19,191.69**	**16,572.50**

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Notes -

1. The Audited Consolidated Financial Results of Gammon India Limited along with all its Subsidiaries, Joint ventures and Associates for the nine months period ended 30 September 2014 were reviewed by the Audit Committee and taken on record by the Board of Directors of the Company at its meeting held on 18 December 2014.
   The Board of Directors decided the closure of the Company's financial year on 30 September 2014. Accordingly the consolidated financial statements are for a period of nine months from 1 January 2014 to 30 September 2014.

2. The above published audited consolidated results for the period ended 30 September 2014 have been prepared in accordance with the principles of consolidation set out in AS 21 – Consolidated Financial Statements, AS 27 – Financial reporting of interests in Joint ventures and AS 23 – Accounting for Investments in Associates in Consolidated Financial Statements.

3. The Auditors have qualified their audit report on the following matters :-
   i) 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 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 of pre insolvency FTM has long term restriction which significantly impair its ability to transfer funds, therefore as per para 11(b)of AS-21 Consolidated Financial Statements of the Company (Accounting Standard) Rules 2006, the management has not consolidated this Subsidiary. There is provision for diminution in value of investment made resulting in the net carrying amount of investments at Rs.54.69 Crore. The auditors have qualified their report expressing their inability to comment on the adequacy of the provision for diminution in the value of investment in the light of the aforesaid pre-insolvency procedure.
   The management is of the opinion that it will recover an amount not less than the carrying amount of FTM as aforesaid and therefore no further provision for diminution is required to be made.

   ii) During the period the clients of the said FTM have encashed the bank guarantees to a total amount of Euro 21.84 Million (Rs.170.80 Crore). The guarantees encashed includes an amount of Euro 17.8 Million (Rs.139.21 Crore) 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.31.59 Crore) 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.

   iii) The Auditors of M/s SAE Power lines 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 Holdings B.V., Netherlands, the holding Company of SAE, towards investments including guarantees towards the acquisition loan taken by SPV i.e Rs.328.06 Crore. The Company had made provision for impairment of investments and loan of Rs.110.45 Crore and provision for Rs.88.29 Crore for risk and contingencies for corporate guarantees for acquisition loan of the SPV and the net exposure of the Company is Rs.129.32 Crore. 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.72.76 Crore.

iv) The financial statements of one of the material Associate Company, M/s Sofinter S.p.A, Italy, material Subsidiaries M/s Campo Puma Oriente S.A (CPO), M/s Ansaldocaldaie Boilers (India) Private Limited & M/s Gammon Holding (Mauritius) Limited and material Joint Ventures M/s Ansaldocaldaie - GB Engineering Private Limited & M/s Gammon OJSC Mosmetrostroy (OJSC) are based on un-audited management prepared financial statements.
The financial statements of these companies could not be audited due to the short period of time available for the completion of audit. Hence, the financial statements are as per management prepared accounts except in case of CPO & OJSC which were not audited on account of differences between the partners.

v) The auditors have re-iterated the qualification made by the auditors of one of the subsidiary relating to two projects where the authorities have unilaterally terminated the concession agreement. The Group's exposure to the projects is Rs. 81.27 Crore. As the outcome of the matter is uncertain the auditors' are unable to determine the recoverably of the said amount.
The management of the Subsidiary in one case is actively perusing with the authorities for the favorable settlement of the dispute and has referred the matter to a conciliation process and is hopeful that the result will be positive for the group and in the other case it has initiated arbitration proceedings and is advised that it has a strong case in the matter.

vi) The client of one of the Subsidiary has sought to terminate the contract and has encashed the bank guarantee of Rs.65.85 Crore. The Company has taken legal advice on the matter that termination of contract and encashment of bank guarantee is without proper reason and is seeking compensation towards the amount spent and the recovery of bank guarantee. The management is legally advised that it has a good case in the matter, hence does not require any provision.

vii) The Auditors have re-iterated the qualification arising out of the audit report of M/s Sofinter S.p.A issued for the year ended 31 December 2013 on account of recognition of possible claims of Euro 3.00 Million (Rs.23.46 Crore) resulting in overstatement of trade receivable. The group share in Sofinter as at 30 September 2014 is 32.50%.

viii) The auditors of one of the Subsidiaries M/s Gammon & Billimoria LLC, Dubai have qualified their audit opinion regarding receivables of AED 2.70 Million (Rs.4.52 Crore) which is due to the Company as a sub-contractor. Since the said Company has back to back terms with the main contractor, the recoverability of the said amounts is dependent on successful outcome of the main contractor's dispute with the client, the auditors are of the opinion that substantial portion of the same should be considered as impaired.

ix) 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.6.00 Crore for the year 2013-14 and Rs.8.12 Crore for the year 2012-13. The application for the remuneration paid for current period of Rs.4.71 Crore is pending for approval with the Central Government.

4. Pursuant to the put option exercised, one of the Subsidiaries of the Company has paid $ 32 Million (Rs.197.16 Crore) for acquisition of further 35% stake in Sofinter Group. Pending the transfer of the said shares in the name of the Subsidiary, Sofinter is considered as an Associate with the present stake of 32.50%.

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5. Exceptional items of previous period represent provision towards risks and contingencies and reversal of interest costs (net of expenses) related to CDR implementation.

6. Based on robust order in hand of parent and other component, and additional order inflows based on optimistic factors towards growth in infrastructure, in power and in real estate industry across all continent, the Group is confident of improving its operational performance in terms of revenue and profitability with improved productivity . The management is exploring various options to overcome the liquidity crunch such as sale of non-core and idle assets, pursuing rigorous austerity measure across all levels, downsizing its staff and actively exploring partnerships for its real estate projects. Company is also pursuing aggressively to realise non routine collection including claims and arbitration awards. Although the Group has made cash losses and Groups consolidated net-worth is negative, the above parameter will make the Group to sustain its operations and maintain the going concern assumption.

7. The Company is engaged in three segments - Construction and Engineering, Oil exploration and Realty Development including businesses acquired on account of new acquisitions. The revenue/assets from oil exploration and realty development are less than threshold limit of 10% and hence no disclosure of separate segment reporting is made in terms of Accounting Standard AS -17. Similarly although the Group operates on a worldwide basis across the globe, they operate in two principal geographical areas of the world in India and the other countries. However during the period the overseas segment does not constitute more than 10% of total revenue and total assets & hence the segment-wise reporting is not disclosed in terms of Accounting Standard AS -17.

8. Corresponding figures of the previous period have been regrouped / rearranged wherever necessary.

For **GAMMON INDIA LIMITED**

Abhijit Rajan
Chairman & Managing Director
Mumbai, 18 December 2014