GAMMON

13th August 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

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

Dear Sir,

Sub: Outcome of the Board Meeting held on 13th August 2014.

As required under Clause 41 of the Listing Agreement, please find enclosed herewith Unaudited Financial Results of the Company for the second quarter ended 30th June 2014 along with the Limited Review Report on the same. The said results, duly reviewed by the Audit Committee, have been approved and taken on record by the Board of Directors at its Meeting held on 13th August 2014.

Kindly take note of the same.

Thanking you,

Yours faithfully,
FOR GAMMON INDIA LIMITED

GITA BADE
COMPANY SECRETARY

Encl.: As above

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GAMMON INDIA LIMITED

Unaudited Financial Results for the Quarter and Period Ended 30 June 2014

(Rupees in Lacs)

S.No.	Particulars	Quarter Ended			6 Month Ended	9 Month Ended
		Unaudited	*Unaudited*	*Unaudited*	Unaudited *	*Audited*
		30 Jun 2014	*31 Mar 2014*	*30 Jun 2013*	30 Jun 2014	*31 Dec 2013*
1	**Income from Operations**					
	Net Sales / Income from Operations	**92,282**	***1,14,120***	***1,21,569***	**2,06,402**	***3,27,931***
2	**Expenses**					
	Cost of Material Consumed	38,207	*51,223*	*56,910*	89,430	*1,40,582*
	Purchases of Stock-in-trade	3,061	*7,654*	*4,028*	10,715	*13,291*
	Change in inventory of WIP and FG	1,997	*4,353*	*(545)*	6,350	*18,265*
	Subcontracting Expenses	16,605	*24,649*	*27,757*	41,254	*77,531*
	Employee Benefits Expenses	10,636	*11,601*	*11,080*	22,237	*32,816*
	Depreciation and Amortisation	2,721	*2,762*	*2,662*	5,483	*8,330*
	Other Expenses	18,927	*19,034*	*16,668*	37,961	*70,705*
	Total Expenses	92,154	*1,21,276*	*1,18,560*	2,13,430	*3,61,520*
3	**Profit/(Loss) from Operations Before Other Income, Finance Costs**	**128**	***(7,156)***	***3,009***	**(7,028)**	***(33,589)***
4	Interest & Other Income	4,313	*3,331*	*2,931*	7,644	*8,444*
5	**Profit/(Loss) from Ordinary Activities Before Finance Costs and Forex Fluctuation**	**4,441**	***(3,825)***	***5,940***	**616**	***(25,145)***
6	Finance Cost	14,790	*14,342*	*12,025*	29,132	*40,215*
7	Forex Fluctuation (Gain) / Loss	261	*334*	*(927)*	595	*(1,346)*
8	Exceptional Items	-	-	*193*	-	*27,088*
9	**Profit Before Tax**	**(10,610)**	***(18,501)***	***(5,351)***	**(29,111)**	***(91,102)***
10	Tax Expenses	1,417	*(1,142)*	*(356)*	275	*(14,511)*
11	**Net Profit/(Loss) for the period**	**(12,027)**	***(17,359)***	***(4,995)***	**(29,386)**	***(76,591)***
12	Paid-up Equity Share Capital (Face Value Rs.2/- per Equity Share)	2,716	*2,716*	*2,716*	2,716	*2,716*
13	Reserves, excluding Revaluation Reserve as per Audited Balance Sheet					*90,726*
14	**Earning Per Share (Rupees)**					
	Basic	(8.86)	*(12.79)*	*(3.68)*	(21.64)	*(56.41)*
	Diluted #	(8.86)	*(12.79)*	*(3.68)*	(21.64)	*(56.41)*
15	**Ratio**					
	Debt Service Coverage Ratio(DSCR)**				(0.29)	*(2.09)*
	Interest Service Coverage Ratio (ISCR)***				0.19	*(1.12)*
A	**Particulars of Shareholding**					
1	Public Shareholding					
	- Number of Shares	8,87,43,314	*8,87,43,314*	*8,87,43,314*	8,87,43,314	*8,87,43,314*
	- Percentage of Shareholding	65.01%	*65.01%*	*65.01%*	65.01%	*65.01%*
2	Promoters & Promoter Group Shareholding					
	Pledge/ Encumbered					
	- Number of Shares	4,46,53,699	*4,46,53,699*	*95,25,000*	4,46,53,699	*4,46,53,699*
	- Percentage of Shares					
	(as a % of total Shareholding of Promoter & Promoter group)	93.50%	*93.50%*	*19.94%*	93.50%	*93.50%*
	(as a % of total Share Capital of the Company)	32.72%	*32.72%*	*6.98%*	32.72%	*32.72%*
	Non-encumbered					
	- Number of Shares	31,03,455	*31,03,455*	*3,82,32,154*	31,03,455	*31,03,455*
	- Percentage of Shareholding					
	(as a % of total Shareholding of Promoter & Promoter group)	6.50%	*6.50%*	*80.06%*	6.50%	*6.50%*
	(as a % of total Share Capital of the Company)	2.27%	*2.27%*	*28.01%*	2.27%	*2.27%*

B	**Investor Complaints**	
	Pending at the beginning of the period	0
	Received during the period	6
	Disposed of during the period	6
	Remaining unresolved at the end of the period	0

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

** Refer Note 12*

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

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

GAMMON INDIA LIMITED

An ISO 9001 Company

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CIN : L74999MH1922PLC000997

ISO 9001 REGISTERED DNV MGMT. SYS RvA C024 DNV Certification B.V., The Netherlands

GAMMON INDIA LIMITED

Statement of Standalone Assets and Liabilities

(Rupees in Lac)

S.No.	Particulars	As At 30 Jun 2014	As At 31 Dec 2013
A	**EQUITY AND LIABILITIES**		
1	**Shareholders' Funds**		
	Share Capital	2,750	2,750
	Reserves and Surplus	69,625	1,01,828
		72,375	1,04,578
2	**Non-Current Liabilities**		
	Long Term Borrowings	3,61,912	3,25,848
	Deferred Tax Liabilities (Net)	-	-
	Other Long Term Liabilities	35,496	43,443
	Long Term Provisions	21,968	19,333
		4,19,376	3,88,624
3	**Current Liabilities**		
	Short Term Borrowings	1,05,948	1,08,503
	Trade Payables	1,43,623	1,51,177
	Other Current Liabilities	1,06,859	89,097
	Short Term Provisions	1,008	1,078
		3,57,438	3,49,855
	Total Equity and Liabilities	**8,49,189**	**8,43,057**
B	**ASSETS**		
1	**Non-Current Assets**		
	Fixed Assets (Net)	1,09,700	1,15,757
	Non-Current Investments	18,188	18,188
	Deferred Tax Assets (Net)	8,541	7,737
	Long Term Loans and Advances	2,19,819	2,18,569
	Long Term Trade Receivble	84,417	86,990
	Other Non-Current Assets	10,277	8,908
		4,50,942	4,56,149
2	**Current Assets**		
	Current Investments	214	214
	Inventories	1,68,573	1,75,195
	Trade Receivables	1,38,901	1,28,263
	Cash and Cash Equivalents	11,993	9,045
	Short Term Loan and Advances	44,147	38,851
	Other Current Assets	34,419	35,340
		3,98,247	3,86,908
	Total Assets	**8,49,189**	**8,43,057**

Notes:

1. The Financial Results for the quarter ended June 2014 were reviewed by the Audit Committee and taken on record by the Board of Directors of the Company at its meeting held on 13 August 2014 and have been subjected to limited review by the Statutory Auditors of the Company as required by Clause 41 of the listing agreement.
2. The Company's exposure towards Franco Tosi Macannica S.p.A group is Rs.117526 Lac as at June 2014 including Investments and guarantees towards the acquisition loan taken by the SPV. The application for a pre-insolvency procedure filed by FTM was admitted by the court of Milan on 7 June 2013 after having received confirmation of the possibility of continuity of the company, by calling for bids for the lease of its business. The successful bidder for the lease was foreseen to be finalized by early December 2013. However the commissioner has revised the procedure by which, instead of lease of a business the bidder will have to place an offer for outright sale of operational business to prospective bidders. The date of bid submission is finalized as 30 September 2014. In light of the ongoing procedure no financial statements of the company have been released to date and it is expected that this will not be released until the entire process is complete. Further the step down subsidiary holding the shares of FTM has entered into a memorandum of understanding with intended purchaser for sale of its investment in FTM. The sale purchase agreement is however subject to the regulators, bankers and shareholders' approval.
3. The Auditors of M/s SAE Powerlines S.r.l, Italy (SAE), a subsidiary of the Company have expressed their inability to opine on the financial statements in view of the said SAE's ability to operate as a going concern being at risk and the directors of the said SAE have highlighted the liquidity crisis. The Company had made provision for impairment of investments, Loans and towards corporate guarantee for acquisition loan of the said SAE and the net exposure of the Company is Rs.12000 Lac. In view of the business plans, healthy order book position and adequate references in international market, the management is of the view that the provision made by it for impairment of its investment, loans and trade receivable is adequate.
4. In respect of the projects undertaken by the company, in furtherance to the recommendation of the Dispute Resolution Board (DRB) and arbitration awards in the company's favour, the company has recognized income to the extent of Rs.15226 Lac which is part of Long Term trade receivable. The Company contends that such awards have reached finality for the determination of the amounts of such claims and are reasonably confident of recovery of such claims although the client has moved the court to set aside the awards. Considering the fact that the Company has received favourable awards from the DRB and the arbitration tribunal, the Management is reasonably certain that the claims will get favourable verdict from the courts. The Company had also recognised revenue of Rs.5800 Lac in respect of one of the project based on advanced negotiation and discussion with the client and is confident of realising the same, pending the final revision in contract value.
5. The Company's exposure towards Sofinter group is Rs.54180 Lac as at June 2014 including Investments and guarantees towards the acquisition loan taken by the SPV. The Company has carried out valuation of Sofinter group through an independent valuer considering bidding pipeline of all companies within the Sofinter group, order book position and economic environment where the company is operating. The carrying value is higher compared to the valuation by Rs.11806 Lac. The management is of the view that valuation carried out is based on current European scenario whereas growth option to various sub-continents in future cannot be ruled out. The management asserts that the valuation does not factor future growth when the world economies including those in Russia/CIS and USA improve and therefore considering the long term commitment of the management and its business plan, the management does not expect any provision towards diminution in the value of Investment in Sofinter. The management is of the view that the diminution in the value being the difference in the carrying value of investment over the valuation carried out by the external valuer is temporary in nature and does not require provisioning. Hence, based on valuation report and management perception for future scenario, the carrying value of investment in this group does not require any impairment.

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6. The Auditor has qualified their audit report on the following matters-
   a) Their inability to opine on the adequacy of the provision towards impairment relating to investment in Franco Tosi Meccanica S.p.A (FTM), step down subsidiary.
      Management Response:
      In view of the facts stated in note 2 above the final decision can be taken only after the completion of the extra ordinary procedure for selling the operating business and the approval of stake sale by regulatory authorities.
   b) Their inability to opine on the adequacy of provision for impairment relating to Investment and advance in SAE S.r.l step down subsidiary of the Company.
      Management Response:
      In view of the facts stated in note 3 above the management feels that considering business prospects further provisions are not required.
   c) The Company's application for waiver of excess remuneration of Rs.184 Lac paid to CMD was rejected by ministry hence the amount is since paid back by CMD to the Company. An application for Rs.25 Lac paid to an Executive Director during the year 2011-12 has been rejected. The Company has preferred a representation to the Ministry to reconsider its decision and reply is awaited.
      The Company's application for payment of remuneration to Chairman & Managing Director for the year 2012-13 of Rs.685 Lac, 2013 (9M) of Rs.414 Lac and during the period of Rs.307 Lac is pending for approval with the Central Government.
7. The loan taken by Company's overseas subsidiaries is further secured by corporate guarantee of the Company. The corporate guarantee has been partially encashed by their lenders amounting to Rs.1704 Lac. The Company has shown these amounts as receivable from the respective subsidiaries under long term loans and advances.
8. On realignment of scope of work with joint venture partner in one of Company's project Rs.2429 Lac is provided towards risk and contingencies under other expenses.
9. The Company has received order from Income Tax Assessment for earlier years which includes transfer pricing additions / disallowances raising demand of Rs.30581 Lac. The Company has challenged the said addition / disallowances and is confident of deletion of such addition / disallowances. Besides the Company has also asked for rectification for tax credits not given by the department. Therefore the Management feels no provision is required for the same.
10. Exceptional items of previous period represent provision towards risks and contingencies, impairment of its investments/advances and reversal of interest costs (net of expenses) related to CDR implementation.
11. The Company is engaged mainly in "Construction and Engineering" segment. The Company also has "Real Estate Development" and Windmills as other segments. Revenue from such activities is not significant and accounts for less than 10% of the total revenue and total assets of the Company. Therefore no disclosure of separate segment reporting as required in terms of Accounting Standard AS -17 is done in respect of these segments.
12. The Company has closed its previous financial year as at 31 December 2013 (9 months). Figures for the current period ended 6 month are from 01 January 2014 to 30 June 2014 and are not comparable with corresponding previous year figure, hence not disclosed.
13. During the period the Company has charged depreciation on its Fixed Assets at the rates specified in Schedule XIV of the Companies Act, 1956, as the provisions of schedule II to the Companies Act, 2013 apply for accounting period commencing on or after 1 April 2014.
14. Corresponding figures of the previous period have been regrouped / rearranged wherever necessary.

For **Gammon India Limited**

Abhijit Rajan
Chairman & Managing Director
Mumbai, 13 August 2014

Natvarlal Vepari & Co.

CHARTERED ACCOUNTANTS

Oricon House, 4th Floor, 12, K. Dubash Marg, Mumbai-400 023. • Tel : 6752 7100 • Fax : 6752 7101 • E-Mail : nvc@nvc.in

Limited Review Report

Review Report to
The Board of Directors
Gammon India Limited

1. We have reviewed the accompanying statement of unaudited Standalone financial results of Gammon India 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 audited 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 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 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. We did not review the financial statements of Gammon India Limited – Nagpur Branch, which was reviewed by the Branch Auditors whose reports have been received by us. Our opinion so far as transactions of the said Branches are concerned, is based solely on the limited review report of the Branch Auditors.

4. *Basis For Qualified Conclusion*
   a. *The accounts of one of the subsidiaries M/s Franco Tosi Meccanica S.p.A (FTM) have not been audited since December 2011 for reasons mentioned in note 2 of the Statement which inter-alia covers the application for pre-insolvency composition agreement with creditors in Italian court and delays in conclusion of the process of restructuring. In the light of the on-going procedure the Commissioner in charge of the restructuring procedure has not released any financials. There are therefore no financials available after December 2012 being the date when the Management prepared the last financial statements, which were subject to audit. The commissioner has on April 22, 2014 has set out a tender for conveyance of the business unit of the said FTM to prospective bidders which has further been extended to end of September 2014. The management had during the year ended 31st March 2013 on a prudent basis made an ad-hoc provision towards possible impairment towards the investment in FTM. Notwithstanding the above the management is actively pursuing sale of the stake in FTM as mentioned in Note 2. The group's exposure in the said subsidiary (net of provisions and credit balance in Foreign exchange translation reserve) is Rs. 53373 lacs which includes the loans made and Investments made (net of provisions) of Rs.28950 lacs and the exposure of corporate guarantee towards the borrowing made by the overseas SPV through which the step down subsidiary is held of Rs.29264 lacs. Further there are guarantee exposures towards the non-fund based guarantees given to the projects of the said subsidiary of Rs.64152 lacs outstanding as at 31st December 2013. In the absence of financial statements and financial information after 31st December 2012 we are unable to comment upon the adequacy or otherwise of the provision already made which cannot be quantified.*

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b. *The auditors of M/s SAE Powerlines Srl, Italy (SAE) a subsidiary of the company have expressed their inability to opine on the financial statements in view of the said SAE ability to operate as a going concern being at risk and the directors of the said SAE have highlighted the liquidity crisis. The Company had made provisions for impairment of investments, loans and towards corporate guarantee for acquisition loan of the said SAE, and the net exposure of the company is Rs. 12000 lacs as detailed in Note no.3. In he absence of any business valuations to support the unprovided exposure of Rs.12000 lacs, we are unable to comment on the adequacy of the aforesaid provisions made thereof.*

c. *The Company's Application for waiver of excess managerial remuneration for the Chairman and Managing Director and other executive director is rejected for some of the previous years, partly accepted for some years and no decision has been taken for the balance years. In view of the same no effect has been given in the attached financial statements for the following*

   i. *Recovery of Managerial Remuneration of Rs. 210 lacs for year ended 31st March 2012 for application rejected and partly allowed for which the company has gone into a review appeal. In the case of the Chairman and managing director the review has been rejected and he has since repaid the said amount of 184 lacs. The reply is awaited for the other executive director.*

   ii. *Managerial remuneration paid in excess of limits by Rs. 1098 lacs for the year ended 2012-13 and for the period ended December 2013 for which no decision has been taken*

   iii. *Managerial remuneration paid in excess of limits of Rs.307 lacs for the six months period ended June 2014, for which application is pending to be made.*

5. Without qualifying our review report we re-iterate our emphasis of matter contained in our audit report dated March 18, 2014 on the financial statements for the year ended 31st December 2013 and further updation thereon relating to:

- Note no 4 of the notes to the Statement of un-audited standalone financial results relating to recoverability of an amount of Rs.15226 Lacs as at March 2014 including Rs.1629 lacs for the quarter under trade receivables where the Company has received arbitration awards/DRB recommendations in its favor in respect of which the client has preferred an appeal for setting aside the said arbitration awards and Rs. 5800 Lacs where the Company is confident of recovery based on advanced stage of negotiation and discussion. The recoverability is dependent upon the final outcome of the appeals & negotiations getting resolved in favor of the company.

- Note 5 in case of Sofinter S.p.A. where the management has made assertions about the investment and reasons why the same does not require any provision towards diminution in the value of investment and loans provided. Relying on the assertions no adjustments have been made in the financials towards possible impairment.

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Natvarlal Vepari & Co.
CHARTERED ACCOUNTANTS

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6. Subject *to the possible effects of the matters described in our basis for qualified conclusion paragraph* referred to para 4(a) to 4(d) in the Basis of Qualified Conclusion and based on our review conducted as 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 recognised 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.
Chartered Accountants
Firm registration number:106971W

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