



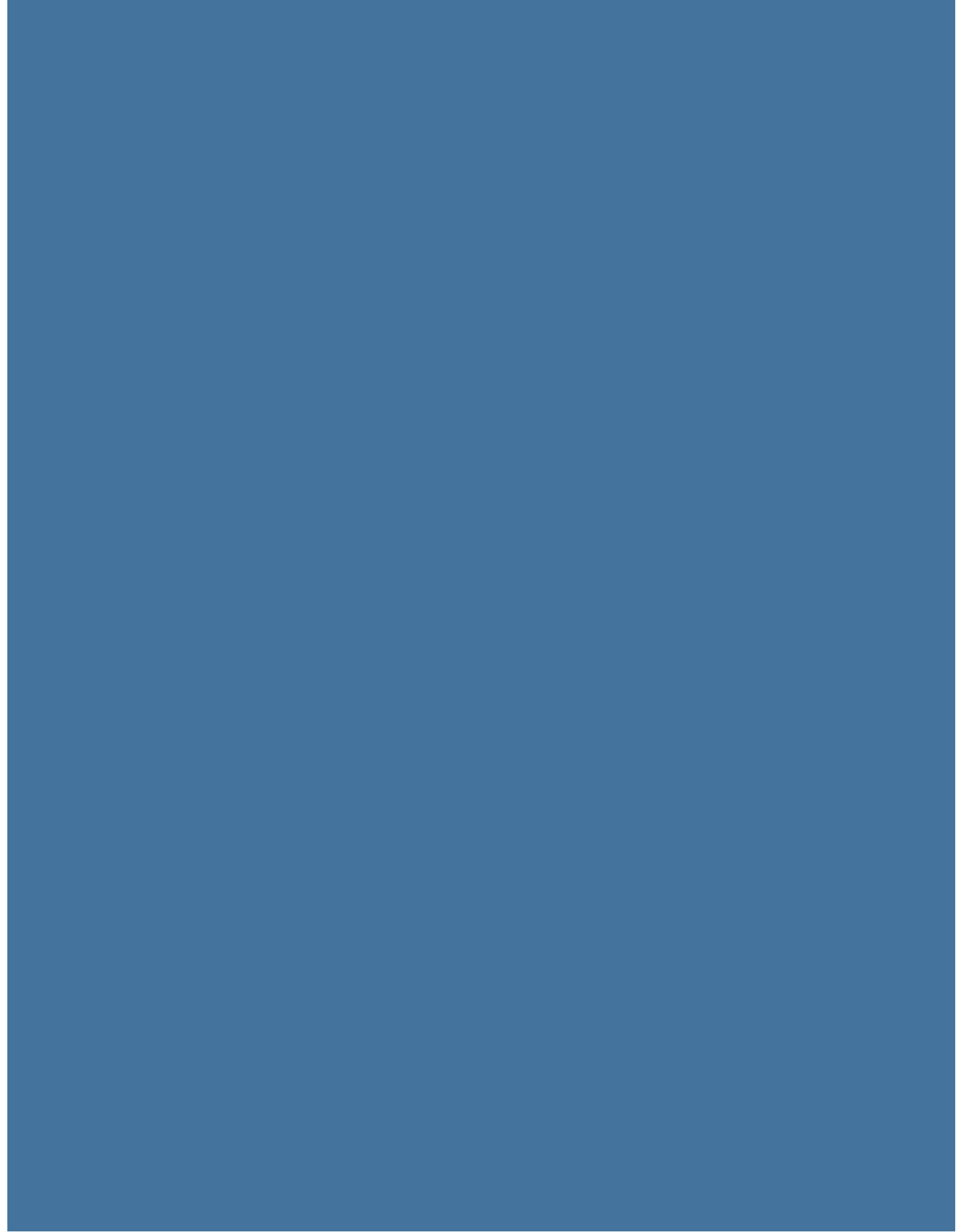
GAMMON
Builders to the Nation



COMBATTING CHALLENGES

ANNUAL REPORT - 2014
9 Months
Ended September

Gammon India Limited





COMBATTING CHALLENGES

The infrastructural sector continues to be faced by economic uncertainties. Order intake remains sluggish, since stalled projects are yet to be kick-started. Projects already awarded are progressing slowly due to continuing problems on ground, which remain unresolved over the years leading to cost escalations. This has led to multiple cases of corporate debt restructuring (CDR) and high consequential costs for the industry at large.

We too are combatting these challenges as we are working towards steering the Company out of the framework of CDR. Irrespective of all this, we are geared to make transformative moves to deliver value in the future. Through a disciplined functioning, we are optimising resources and capitalising on our core strengths. By improving efficiencies, lowering operating

costs and creating operational flexibility, we are optimising frugality and productivity. Our key priority is to deliver projects held up due to working capital shortage and sites that need to be expeditiously concluded. These actions will release resources, improve cashflows and generally build confidence with our stakeholders.

As we look into the distance, we are traversing a progressive and forward looking journey. We are confident of our solid foundation, accumulated experience, engineering capabilities and inherent strengths across verticals. Our future is about opportunities and growth, while our progress is about exploring and sustaining them. We intend to be enduring and be relevant to India's growing infrastructure needs.

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CORPORATE INFORMATION



Bankers/Financial Institutions

ICICI Bank Limited
Canara Bank
UCO Bank
Bank of Baroda
Syndicate Bank
Bank of Maharashtra
IDBI Bank Limited
United Bank of India
Union Bank of India
Life Insurance Corporation of India
General Insurance Corporation of India
Central Bank of India
United India Assurance
Allahabad Bank
Karnataka Bank
Indian Bank
Oriental Bank of Commerce
Punjab National Bank
DBS Bank

Chief Financial Officer

Mr. Vardhan Dharkar

Company Secretary

Ms. Gita Bade

Auditors

Natvarlal Vepari & Co.

Registered Office

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Veer Savarkar Marg,
Prabhadevi,
Mumbai – 400 025

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+91 22 6744 4105

Board of Directors

Mr. Abhijit Rajan
Chairman & Managing Director

Mr. Digambar C. Bagde
Deputy Managing Director -
Transmission & Distribution Division

Mr. Rajul A. Bhansali
Executive Director - International Operations

Mr. Ajit Desai
Executive Director &
Chief Executive Officer

Mr. Chandradas C. Dayal
Independent Director

Mr. Naval Choudhary
Independent Director

Mrs. Urvashi Saxena
Independent Director

Mr. Jagdish C. Sheth
Independent Director

Mr. Atul Kumar Shukla
Independent Director

Mr. Atul Dayal
Independent Director

ABOUT GAMMON GROUP

We are amongst the largest civil engineering firm and an EPC contractor associated with various landmark projects. With specific expertise in roads, flyovers & bridges, and power projects, we are the leaders in construction and turnkey engineering projects.

We have made a concrete contribution to India's infrastructure sector by executing multifarious civil engineering works, designing and constructing ports, harbours, thermal and nuclear power stations, dams, high-rise structures, cooling towers, chimneys, metro stations, chemical and fertiliser complexes in India and the Middle East. We also have diversified businesses, including a full-fledged EPC and manufacturing capabilities for power equipment as well as power transmission and distribution (T&D).

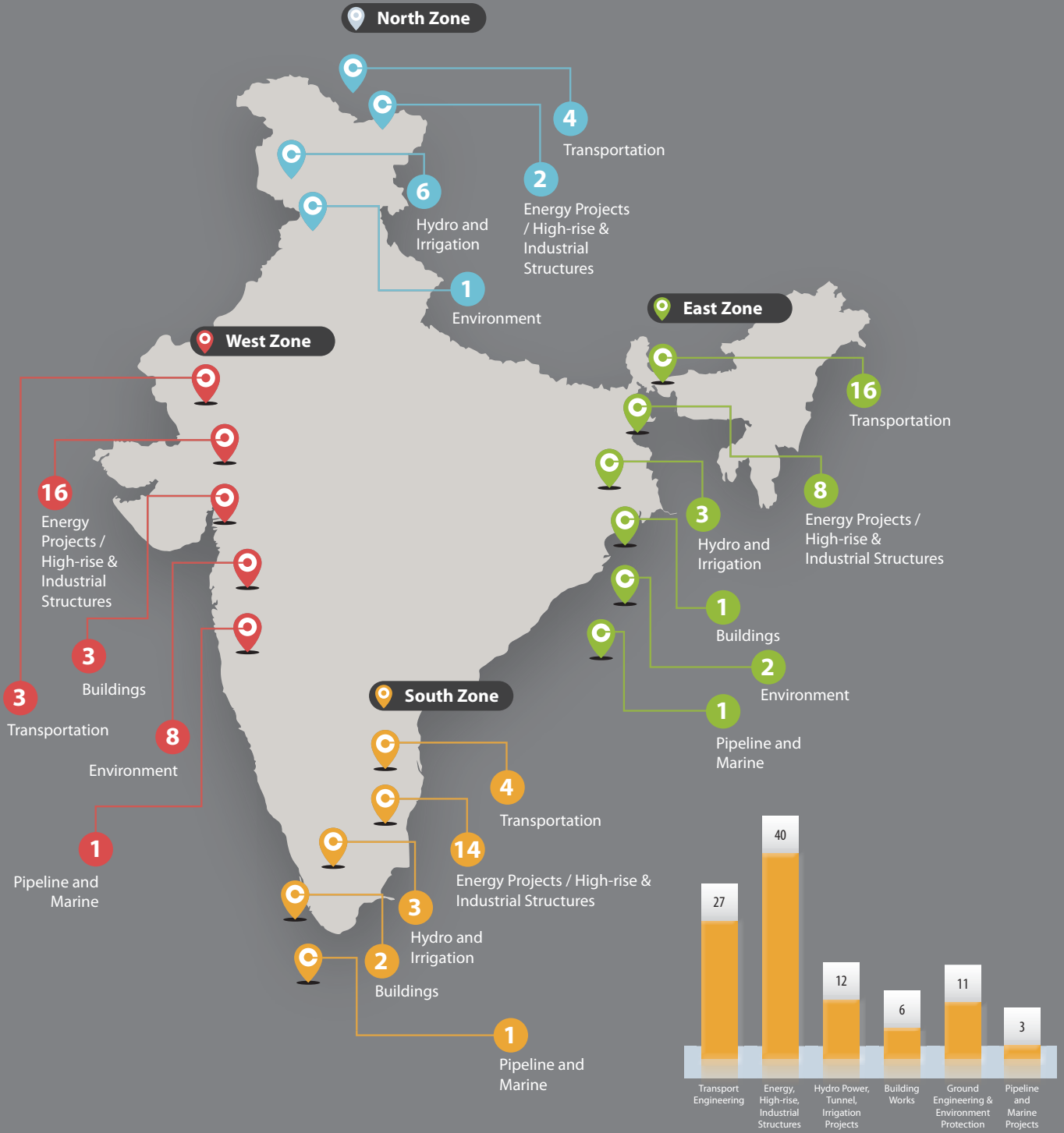
Our infrastructure development/investment business involves undertaking the design, financing, construction and operation of state-of-the-art infrastructure facilities such as toll roads, expressways, bridges, port projects (bulk & container), and power projects (hydro, thermal, among others). Our land parcels at strategic locations and our projects are expected to give high returns.

Our overseas presence includes a strategic holding in Italy-based Sofinter Group, with state-of-the-art manufacturing facilities in Italy, Romania and India. The Group is engaged in the engineering, procurement and construction of steam and power generation boilers, water and waste treatment and flameless combustion technology, with application in oil & gas, power generation and industrial sectors. Sofinter S.p.A., AnsaldoCaldaie S.p.A., AnsaldoCaldaie Boilers India, ITEA and Europower are some companies under the Group. Our overseas transmission and distribution projects are executed by our international subsidiary, SAE Powerlines S.r.L, Italy. We also have a substantial stake in Puma Oil Block in the Oriente basin in Ecuador.

Our Area of Operations

- **Engineering, Procurement and Construction - Civil**
 - Transportation (highways, railways, metro rail, ports, bridges & flyovers), Power Generation (thermal, industrial and co-generation plants, nuclear and hydro energy, cooling towers and chimney)
 - Transmission & Distribution (design, engineering and manufacturing of high-voltage transmission towers, high mast/poles manufacturing)
 - Environmental engineering (water treatment, transmission and distribution)
 - PPP Projects (Roads, Ports, Power)
 - Irrigation
 - High-rise buildings
- **Design, Construction and Operation**
 - Infrastructure Investment and Development (toll roads, expressways, bridges, bulk and container port projects and hydro/thermal power projects)
- **Oil Exploration and Production**
- **Real Estate Development**

PAN-INDIA PRESENCE



CHAIRMAN'S STATEMENT



Abhijit Rajan

Chairman & Managing Director

Dear Shareholders,

2014 was another challenging year for EPC companies as also for infrastructure developers, owners and operators and your Company was no exception.

The Indian economy continued to face troubled times with the depreciating rupee, high inflation and endemic liquidity problems. The falling price of oil in the world markets towards the end of the year was the only cause for cheer but was limited in its overall impact. Order intake remains sluggish, since many of the stalled projects are yet to be kick-started. Projects already awarded are generally progressing slowly due to various continuing problems on ground, which remain unresolved over the years leading to cost escalations which remain unpaid. All these factors combined, have led to a vicious cycle culminating in a pile up of debt or corporate debt restructuring and high consequential costs for the construction industry.

New Ray of Light

A lot of hopes were pinned on the new Government at the Centre to bring about much needed policy initiatives and systemic changes which alone would have brought the required equilibrium followed by growth trajectory. Regrettably, these have not so far been rolled out with the required speed and the problems are festering. For companies already in corporate debt restructuring, a turnaround in this situation is extremely challenging and calls for an urgent re-look of the relevant rules relating to CDR in the interest of stakeholders.

Industry Issues

A key request of the construction industry for a long time has been a substantive change to the dispute resolution mechanism seeking payment of awarded amounts on completion of an arbitration and appealing against the same only in exceptional circumstances rather than as a rule. Another key request has been to ensure that all land is made available before award of projects so that works proceed speedily and disputes relating to idling are eliminated. Both these requests, if actioned, will bring about a tangible, qualitative change in the manner in which projects are executed and infrastructure is created in India, the benefits of which will be seen within the short to medium term. The ambitious GDP growth and job creation targets set by the present Government will then be a reality.

The economies globally are facing their own challenges characterised by rapidly changing geo-political environment and volatility in currency. With growth in China substantially declining and the European economies, barring a few exceptions, yet to come out of the slump, the upturn being witnessed in the U.S. economy offers hope, going forward.

Year Under Review

The period under review is 9 months period commencing on 1st January 2014 and ending on 30th September 2014. During the period, your Company's turnover on a standalone basis stood at ₹ 2,966.99 crore, as compared to ₹ 3,279.31 crore during the previous period. The Company posted a net profit of ₹ 67.80 crore during the period ended September 2014, as against a net loss of ₹ 765.91 crore during the previous period ended December 2013. On a consolidated basis, the turnover of the Gammon Group stood at ₹ 3,842.61 crore, as compared to ₹ 4,932.42 crore for the previous period. The Group's net loss stood at ₹ 728.88 crore, as against a net loss of ₹ 761.86 crore in the previous year. Our order book in hand is a healthy ₹ 12,800 crore.

Accelerating Change

The situation during the year has no doubt been exceptional, but has reinforced our determination to come out of the same by accelerating change during these turbulent times and adopting a cautious approach. We are streamlining our business processes, reinforcing our project management skills, trimming our structure costs, disposing our non-core assets, improving our operational efficiencies and working capital cycle. Our solid foundation, engineering capabilities, multiple skill sets and accumulated experience over the decades will be drawn upon to drive our turnaround and set us back on a growth path to realise our share in India's infrastructure space.

We thank our strategic partners, employees, bankers and all stakeholders for their support and the faith reposed in us during these tough times and we assure all that we will work towards our goal with renewed and dedicated commitment.

Thank you.

Abhijit Rajan
Chairman & Managing Director

KEY PROJECTS

CHENNAI METRO RAIL PROJECT

LOCATION: Tamil Nadu

SCOPE OF WORK: Design and construction of underground stations and associated tunnels at Chennai (in Consortium)

CLIENT: Chennai Metro Rail Corporation

VALUE: ₹ **1,947** crore

BAJOLI HOLI HYDRO-ELECTRIC PROJECT

LOCATION: Himachal Pradesh

SCOPE OF WORK: Civil works for GMR Bajoli Holi Hydropower

CLIENT: GMR Bajoli Holi Hydropower Pvt. Ltd.

VALUE: ₹ **769** crore

SIGNATURE BRIDGE

LOCATION: New Delhi

SCOPE OF WORK: Construction of bridge and its approaches over River Yamuna D/s of existing bridge at Wazirabad, Delhi

CLIENT: Delhi Tourism & Transport Development Corp. Ltd.

VALUE: ₹ **821** crore

ELEVATED ROAD CORRIDOR

LOCATION: Bihar

SCOPE OF WORK: Construction of Elevated Corridor from AIIMS (NH-98) to Digha (Ganga Path-2) (10.5 km) in Patna District

CLIENT: Bihar State Road Development Corporation Ltd.

VALUE: ₹ **717** crore

COOLING TOWER & CHIMNEY

LOCATION: Maharashtra

SCOPE OF WORK: National Draught Cooling Towers (4) and Chimney (2) for 4 X 600 MW Power Plant, Raigarh

CLIENT: Jindal Power Limited

VALUE: ₹ **375** crore

ISKCON TEMPLE

LOCATION: West Bengal

SCOPE OF WORK: Construction of Iskcon Temple at Mayapur

CLIENT: ISKCON

VALUE: ₹ **137** crore

CIVIL WORKS - TUTICORIN



NATHANI HEIGHTS BUILDING

LOCATION: Maharashtra

SCOPE OF WORK: Construction of high-rise 72-storied residential tower in Mumbai

CLIENT: Nathani Builders

VALUE: ₹ **346** crore

VYASI HYDRO PROJECT

LOCATION: Uttarakhand

SCOPE OF WORK: Execution of balance civil works related to concrete dam, diversion works, intake and 1.35 Km HRT

CLIENT: Uttarakhand Jal Vidyut Nigam Limited

VALUE: ₹ **317** crore

KOLKATA METRO STATIONS

LOCATION: West Bengal

SCOPE OF WORK: Construction of 10 stations and 5 KM Viaducts for Kolkata Metro Project

CLIENT: Rail Vikas Nigam Limited

VALUE: ₹ **716** crore

COOLING TOWER & CW SYSTEM

LOCATION: Rajasthan

SCOPE OF WORK: Natural Draught Cooling Towers & Cooling Water Pump House for RAPP 7 & 8 at Rawatbhata

CLIENT: Nuclear Power Corporation of India Limited

VALUE: ₹ **648** crore

WATER TREATMENT & DISTRIBUTION PROJECTS

LOCATION: Rajasthan

SCOPE OF WORK: 5 Nos. Water Supply projects at different locations

CLIENT: Rajasthan PHED

VALUE: ₹ **1,301** crore

MANGDECHHU HE PROJECT

LOCATION: Trongsa, Bhutan

SCOPE OF WORK: Head Race Tunnel

CLIENT: Mangdechhu HE Project Authority

VALUE: ₹ **343** crore

KEY PROJECTS

OPAL DAHEJ PETROCHEMICAL COMPLEX

LOCATION: Dahej, Gujarat

SCOPE OF WORK: Cooling water system works

CLIENT: OPAL- ONGC Petro Additions Limited

VALUE: ₹ **281** crore

SHRISHTI MIXED USED DEVELOPMENT PROJECT

LOCATION: Bhopal

SCOPE OF WORK: Development of 14.8 acres of Land

CLIENT: Deepmala Infrastructure Private Limited

VALUE: ₹ **163** crore

KRISHNAPATNAM NDCT AND COOLING TOWER

LOCATION: Krishnapatnam, Nellore

SCOPE OF WORK: Twin flue chimney (275m height) and 2 nos NDCT (173 m ht)

CLIENT: Tata Projects Limited

VALUE: ₹ **180** crore

RUNWAL GREENS PROJECT

LOCATION: Mulund, Mumbai

SCOPE OF WORK: Commercial and Residential Development of Civil and Structural 2 basement + 4 podium + stilt+36 habitable floors

CLIENT: Runwal Homes Private Limited

VALUE: ₹ **220** crore

SANTACRUZ CHEMBUR LINK ROAD

T & D PROJECTS

400 KV DC TRANSMISSION LINE FROM OTTIAMBAKKAM-VEERAMANUR

LOCATION: Tamil Nadu

SCOPE OF WORK: Design, Erection and Stringing including Manufacture and Supply of Towers

CLIENT: Tamil Nadu Electricity Board

VALUE: ₹ **440** crore

800 KV HVDC TRANSMISSION LINE FROM CHAMPA-KURUKSHETRA

LOCATION: Champa-Kurukshetra

SCOPE OF WORK: Design, Erection and Stringing including Manufacture and Supply of Towers

CLIENT: Power Grid Corporation

VALUE: ₹ **350** crore

765 KV DC TRANSMISSION LINE FROM RAIPUR - WARDHA II

LOCATION: Raipur-Wardha

SCOPE OF WORK: Design, Erection and Stringing including Manufacture and Supply of Towers

CLIENT: Power Grid Corporation

VALUE: ₹ **414** crore

400 KV DC TRANSMISSION LINE FROM PUNATSANGCCHU I - SUNKOSH

LOCATION: Bhutan

SCOPE OF WORK: Design, Erection and Stringing including Manufacture and Supply of Towers

CLIENT: Bhutan Power Corporation

VALUE: ₹ **290** crore

TRANSMISSION TOWERS

PUBLIC PRIVATE PARTNERSHIP PROJECTS

ANDHRA EXPRESSWAY LIMITED

LOCATION: Andhra Pradesh

CLIENT: National Highway Authority of India Limited

PROJECT LENGTH: 47 Kms

PROJECT DETAILS: Strengthening of the existing 2 lanes and widening thereof to 4-lane dual carriageway between Dharmavaram-Tuni Section of NH-5, connecting Chennai-Kolkata

VALUE: ₹ **248** crore

RAJAHMUNDRY EXPRESSWAY LIMITED

LOCATION: Andhra Pradesh

CLIENT: National Highway Authority of India Limited

PROJECT LENGTH: 53 Kms

PROJECT DETAILS: Strengthening of the existing 2 lanes and widening thereof to 4-lane dual carriageway between Rajahmundry-Dharmavaram Section of NH-5

VALUE: ₹ **256** crore

MUMBAI NASIK EXPRESSWAY LIMITED

LOCATION: Maharashtra

CLIENT: National Highway Authority of India Limited

PROJECT LENGTH: 97 Kms

PROJECT DETAILS: Improvement, operation & maintenance, rehabilitation and strengthening of existing 2-lane road and widening to 4-lane divided highway from Vadape to Gonde section of NH-3 connecting Mumbai to Nasik

VALUE: ₹ **927** crore

KOSI BRIDGE INFRASTRUCTURE COMPANY LIMITED

LOCATION: Bihar

CLIENT: National Highway Authority of India Limited

PROJECT LENGTH: 10 Kms

PROJECT DETAILS: Design, construction, finance, operation and maintenance of 4-lane bridge across River Kosi including its approaches, the Guide Bund and Afflux Bund on NH-57

VALUE: ₹ **519** crore

DHARMAVARAM TUNI ROAD

GORAKHPUR INFRASTRUCTURE COMPANY LIMITED

LOCATION: Uttar Pradesh

CLIENT: National Highway Authority of India Limited

PROJECT LENGTH: 32 Kms

PROJECT DETAILS: Design, construction, finance, operation and maintenance of a 32.27 kms long 4-lane bypass to Gorakhpur town on NH-28

VALUE: ₹ **721** crore

VIZAG SEAPORT PRIVATE LIMITED

LOCATION: Andhra Pradesh

CLIENT: Vishakhapatnam Port Trust

PROJECT CAPACITY: 10.5 MMTPA

PROJECT DETAILS: Development, construction and operation of two multi-purpose berths EQ8 and EQ9

VALUE: ₹ **326** crore

PATNA HIGHWAY PROJECTS LIMITED

LOCATION: Bihar

CLIENT: National Highway Authority of India Limited

PROJECT LENGTH: 63 Kms

PROJECT DETAILS: Design, construction, finance, operation and maintenance of a 63.87 kms long 4-lane dual carriageway of Hajipur Muzzafarpur section, including new bypass of 16.87 km long

VALUE: ₹ **1,003** crore

RAJAHMUNDRY GODAVARI BRIDGE LIMITED

LOCATION: Andhra Pradesh

CLIENT: Andhra Pradesh Roads Development Corporation

PROJECT LENGTH: 14.5 Kms

PROJECT DETAILS: Design, construction, finance, operation and maintenance of a 4.15 kms long 4-lane bridge which will connect Kovur and Rajahmundry across the Godavari River with 10.34 kms of approach road

VALUE: ₹ **1,070** crore



OVERSEAS PRESENCE



GROUP SOFINTER, ITALY

Established in 1979, Group Sofinter, Italy comprises four principal Companies viz: Sofinter S.p.A., AnsaldoCaldiaie S.p.A., Europower SpA , ITEA SpA. The Group is engaged in the manufacture/EPC of packaged industrial boilers/ utility/ power generation boilers respectively, catering to the oil and gas industry, industrial manufacturing and power utility plants worldwide. The Group has modern manufacturing facilities in Italy, Romania and India and a dedicated R&D facility in Italy.

SOFINTER SPA

Sofinter SpA, the holding company of the Group, also has two manufacturing divisions - Macchi and SWS.

- a) Macchi is a world leader and original equipment manufacturer of packaged industrial boilers and Heat Recovery Steam Generators with applications in Oil and Gas refineries, petro chemical plants, industrial manufacturing units and co-generation plants. Till date Macchi has over 1,000 units installed world wide to its credit which is backed by a strong after sales service unit to cater to their needs.
- b) SWS is saline water treatment specialist having end to end capabilities in raw water treatment, BFW deaerators, seawater thermal desalination units,

desalinated water and condensed treatment. Several plants of SWS are in operation in different parts of the globe in a short span of 8 years.

AnsaldoCaldiaie S.p.A.

AnsaldoCaldiaie S.p.A. is the market leader in design, supply, manufacturing and installation of utility power boilers and original equipment manufacturer of HRSGs upto 260 MWe for CCP plants. With 150 years of experience in steam generation and burner technology field, the company has an installed base of over 80,000 MWe and 1,000 units. It also provides rehabilitation, fuel conversion and after-sales services for existing boilers, with a strong foothold in Egypt (ACBE – 98%) and India (Ansaldo Caldaie Boilers, India – 26%). The Advance Combustion Research Centre of the company offers specialised services to customers, even as its products are qualified for Super Critical Applications.

Europower SpA

Europower SpA is active in EPC of waste-to-energy turnkey plants, including CHP for refinery, petrochemical and chemical industry, CCPP for power plants, district heating and cooling plants. It is also engaged in operations & maintenance of power and industrial plants.



ITEA SpA

Established in 2002, ITEA is the R&D division dedicated to development and patenting of zero-emission Isotherm PWR Flameless Oxy-combustion technology (Isotherm PWR*) to be used in industrial and utility Power Plants. The flameless pressured oxy-combustion technology uses high temperatures, oxygen-enriched air and pressurisation in an innovative manner and satisfies future environmental challenges in energy and waste segments. Industrial waste treatment, municipal solid urban waste, and low-grade coal are other applications of the cost-effective clean coal technology.

Benefits of 'clean coal' combustion technology:

- Lowest cost of energy solution for clean coal technologies
- Cleanest fuel gas emissions
- Most inert and benign slag in the form of "glass like" substance

ITEA SpA is set to commercially roll out this technology in select applications in the coming years.

PUMA OIL BLOCK

The Puma Oil Block is located in Ecuador's Oriente Basin in the Ovellana Province east of Quito with an area of

162 Km². The Block was part of the second international marginal field bidding round and the contract was signed in March 2008 for a 20 year term with Consorcio pegaso comprising two Companies, namely Campo Puma Oriente S.A.(CPO) with 90% share and Joshi Technologies Inc. with the balance 10%. Gammon India Limited has a 73.80% share in CPO corresponding to 66.40% share in Consorcio Pegaso. Initially, the contract was production sharing, but in February 2011, it was changed to a service contract for an 18 year term. The remaining oil recovery after considering production till date from the existing Puma field is approximately 16 million barrels, excluding probable and possible reserves.

SAE POWERLINES, ITALY S.R.L.

SAE Powerlines, Italy, S.r.L. is engaged in the design and construction of tower transmission line and high and medium voltage sub-station. Power transmission & distribution is historically the most important business for SAE. The activities of this Company are rooted since 1926, when SAE was established and through changes in its organisation and ownership it became SAE Powerlines S.r.L. on March 1, 2005. The Company is presently operating in Ghana, Tanzania, Ethiopia, Mozambique, Benin and Togo and Ireland.

OPERATIONAL HIGHLIGHTS

ROADS, BRIDGES, FLYOVERS & METRO RAIL

- Ach MoRTH (mobilisation resources).
- On course to commission Bogibeel Bridge, Ganga Bridge and Rajahmundry-Godavari Bridge.
- Executing Signature Bridge project in New Delhi.
- Work ongoing on Elevated Road Corridor from AIIMS to Digha; Surat Cable Stay bridge; and Munger Bridge over River Ganga.
- Chennai Metro Station Works.

THERMAL & INDUSTRIAL

- Awarded ₹ 750-crore project by Nuclear Power Corporation of India (NPCIL).
- Work ongoing for thermal, cooling tower and chimney projects at Chhatisgarh, Raigarh, Tuticorin, Madhya Pradesh.

HYDRO POWER

- Bagged ₹ 317-crore Vyasi Hydroelectric Project (mobilising resources).
- Advanced stage of completion for Punatsangchhu-I HEP and Punatsangchhu-II HEP in Bhutan.
- On course to complete GMR Bajoli Holi project.

BUILDING CONSTRUCTION

On course to complete:

- ISKCON Temple at Mayapur, Kolkata.
- Runwal Greens, a high-rise residential development at Mulund, Mumbai.
- Sattva Group's Salarpuria Gold in Bangalore.
- Project Shristi, a mixed-use development project at Bhopal.
- Nathani Heights, a 72-storey residential tower in Mumbai.

INTERNATIONAL OPERATIONS

- Established presence in United States by setting up Sofinter LLC in Houston.
- Set up 3x650 MW utility power plant at Egypt, first-of-its kind dual plant for coal & gas for super-critical applications.
- In process of licensing technology and showcasing O&M expertise for municipal waste and low-grade coal.



AWARDS & ACCOLADES



Lapanga Chimney Project received Certificate of Appreciation for achieving 3 million safe man hours



Jindal Project was appreciated by client for best Safety Performance in May 2014



Certificate of Appreciation from Tata Power



CIDC awarded the Vishwakarma Safety Award to Signature Bridge Project in February 2014



Safety Performance Certificate received from DTDC Signature Bridge Project



DTDC awarded appreciation Certificate to Signature Bridge Project for performance in Health, Safety & Environment

MANAGEMENT DISCUSSION & ANALYSIS



BELLARY CEMENT PLANT

The Government has set aside 20% of investment of \$1 trillion reserved for infrastructure during the 12th Five-Year Plan (2012–17) to develop roads.

INDIAN ECONOMY

India's GDP growth had slowed down in FY2013 and FY2014 as it experienced sub-5% growth in the last two years. However, Q1 of FY2015 recorded 5.7% GDP growth and Q2 recorded 5.3%. Inflation showed improvement as it averaged at 6.8% for the first 9 months of FY2015. With a pro-growth and reforms-oriented Government at the Centre, the OECD forecast rates India as one of the best performing nations among emerging economies.

INDIAN INFRASTRUCTURE SECTOR

Infrastructure is highly critical for propelling India's overall development. India is currently ranked 85th out of 148 countries for its infrastructure in the World Economic Forum's most recent Global Competitiveness Report. With an ever increasing population (projected to grow to 1.45 billion in 2028), there is a need for infrastructure development. However, the sector continues to face risks of delays in acquisition, financing, planning, construction, and approvals, among others. The Indian government is proactive in taking initiatives to accelerate the pace of development.

Some of the initiatives include:

- An Infrastructure Debt Fund has been set up to attract investors and provide long-term funding.

- Rules for FDI have been relaxed in construction sector by reducing minimum built-up area and capital requirement and liberalising exit norms.
- Changes have been proposed to Land Acquisition Act to spur infrastructure development.
- India and US have signed an MoU to establish Infrastructure Collaboration Platform to facilitate US industry participation.
- Rules have been eased in several sectors including environment and forest clearances to get several road, power and coal projects moving.

Roads

India has the 2nd largest road network in the world at 4.7 million kms, which transports over 60% of all goods and 85% of total passenger traffic. Road is the most significant mode of cargo transport in India. Understanding this need, the Government has set aside 20% of investment of \$1 trillion reserved for infrastructure during the 12th Five-Year Plan (2012–17) to develop roads (India in Business, Ministry of External Affairs). The length of National Highways is expected to grow from 92,850 kms in 2013-14 to 100,000 kms by the end of 2017 (Source: FICCI). In a bid to boost infrastructure development, the Government plans to build 30 kms of roads a day in 2 years, remove hurdles facing ₹ 1.5 lakh crore projects. It is also taking various initiatives to encourage private investment in the Roads Sector.

Some of the initiatives are:

- To avoid delays in projects, the Government will not award any project without acquiring 80% of required land
- Exit clause for developers relaxed to improve liquidity
- Ministry of Road Transport & Highways to adopt Engineering, Procurement and Construction (EPC) mode for National Highways instead of Public-Private Partnership (PPP)
- Go-ahead to Exemption of Environmental Clearance Requirement for stretches up to 100 kms
- Under Make in India initiative, companies enjoy 100% tax exemption in road projects for 5 years and 30% relief for next five years
- 100% FDI allowed under automatic route in Roads and Highways sector
- Plans to set up finance corporation of ₹ 1 trillion to fund road projects

Railways

The Indian Railways is amongst the world's largest railway networks. In the Rail Budget, the Government has announced highest-ever plan outlay of ₹ 65,445 crore (Source: IBEF). It is focussed on investing in rail infrastructure and has enabled Foreign Direct Investment (FDI) to improve infrastructure for freight and high-speed trains. Development of Metro rail systems is picking up steam. Metros in Kochi, Nagpur and Lucknow have already been approved and metros in many other cities have been proposed like Kanpur, Indore and Pune. In next five years, Indian railway market will be the 3rd largest, accounting for 10% of the global market, with Metro rail going to be 70% of India's railway market (Source: IBEF).

Power

India's total Installed capacity increased from 243 GW in March 2014 to 253.4 GW in August 2014 (Ministry of Power). The Government has allowed FDI up to 100% for projects of electricity generation and Transmission & Distribution (T&D), and also the planned reforms in the Electricity Act, 2003 to strengthen energy production. Installed capacity of thermal power currently is 176 GW (Ministry of Power). The Government has announced broader coal and power sector reforms, including plans to open up coal mining sector to private and international investors. It is working on improving infrastructure required to remove transportation bottlenecks between mines and power plants. Installed capacity of hydro power is 41 GW and other renewables was

32 GW. The Government is expecting an investment of \$100 billion in green energy projects (T&D) and a commitment to finance renewable projects totaling 78 GW has been made by financial institutions. (Firms back renewable energy push). Transmission & Distribution is likely to attract \$50 billion (T&D).

Real Estate

Real estate is an integral part of India's economy. Real estate contributed about 6.3% to India's gross domestic product in 2013. Real estate market size is expected to touch \$180 billion by 2020, growing at a CAGR 11.6% from \$66.8 billion in 2011 (source: IBEF). Construction and Development sector was recorded at ₹ 36.0 billion in H1 of 2014, a 58% increase from 2013. Private equity (PE) funding has picked up due to attractive valuations. PE funds have invested close to ₹ 89.0 billion in real estate until September 2014, more than double of the investment during corresponding period in 2013. Urban housing demand in India is expected to be nearly 13 million units by 2018, driven by growth in population, increasing urbanisation, development of industrial clusters and proposed development of smart cities, mostly from outside of top 8 cities. (Source: C&W Report)

Water

An estimated 16% of the world's total population and 4% of the world's water resources are available in India. According to Census 2011 data, only 31% of the 167 million rural households in India have any kind of access to tap water and domestic toilets. There is a need to upgrade all kinds of urban infrastructure – including water supply, sewerage, solid waste management, urban roads and storm water drains. Water infrastructure in India is estimated to be a \$30 billion annual business opportunity, most of which exists in the agricultural and residential sector. The ultimate irrigation potential has been assessed at 139.9 million hectares for India. Prime Minister's Clean India Campaign also represents a huge opportunity. Of the total allocation of ₹ 196,000 crore, about ₹ 134,000 crore has been earmarked for building 11.11 crore toilets in rural areas and remaining ₹ 62,009 crore for improving sanitation in urban areas. The sector presents growing opportunities for companies that can Design, Develop & Construct various irrigation schemes, Water Supply & Sanitation schemes, and sewerage schemes, amongst others.

Management Discussion & Analysis

INDUSTRY OUTLOOK

Infrastructure development is critical for India to achieve strong and inclusive growth. Indian Government has made Infrastructure Development its top priority. Government has charted out 12th Five Year Plan (2012-17), which estimates an investment of around \$1 trillion in the infrastructure sector. This step-up in investment will be feasible primarily because of enlarged private sector participation and their contribution is expected to be about 48% during the 12th Plan.

With the large magnitude of investment required in the sector and a transparent growth and reform oriented business and investment climate, the sector outlook looks strong.

OPERATIONAL OVERVIEW

About Gammon India Limited

Gammon India Limited ("Gammon") is amongst the largest infrastructure construction companies in India. We are a civil engineering and an EPC contractor associated with various landmark projects. With specific expertise in roads, flyovers & bridges, and power projects, we are the leaders

in construction and turnkey engineering projects. We are amongst the top-rated engineering and construction companies in India known for delivering engineering structures par excellence.

We are one of the few companies in India qualified to participate and are present in all the areas of construction. We have made concrete contribution to India's infrastructure sector by executing multifarious civil engineering works, designing and constructing of ports, harbours, hydro, thermal and nuclear power stations, cooling towers & chimneys, bridges, roads, metro rail stations, dams, high-rise structures, chemical and fertiliser complexes in India and abroad. We also have diversified businesses, a full-fledged EPC and manufacturing capabilities for power equipment and power Transmission & Distribution ("T&D") businesses.

We undertake challenging projects which we proficiently deliver to our customers' satisfaction. We continue to select projects where we can add value in executing and delivering complex structures. The Company is under Corporate Debt Restructuring (CDR) and its operations and initiatives are under the constant review of CDR lenders.



Domestic Operations

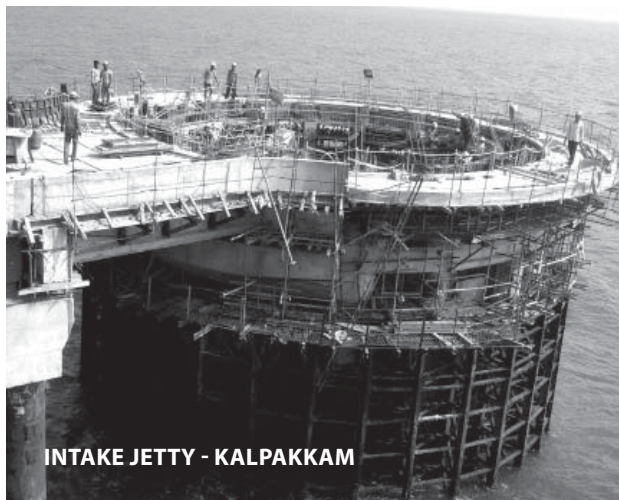
Roads

Gammon has successfully executed challenging road works in the past. Currently, we are better equipped to meet the challenges of the sector. We are technically one of the most competent civil engineering companies with requisite design and construction capabilities. With the change of Government at the Centre, the Roads sector is gradually picking up in a big way and earlier grievances are getting redressed. The PPP model is being reviewed by the government and new concession agreements are being drafted. At Gammon, henceforth no project will get commenced unless 80% of the land is made available. This protects us against the vagaries of the market and also takes care of cost and time overruns.

Notwithstanding delays in land acquisitions, some road works have been successfully completed.

Projects Completed

- Four laning of existing single / intermediate lane carriageway of National Highway no. 57, Bihar

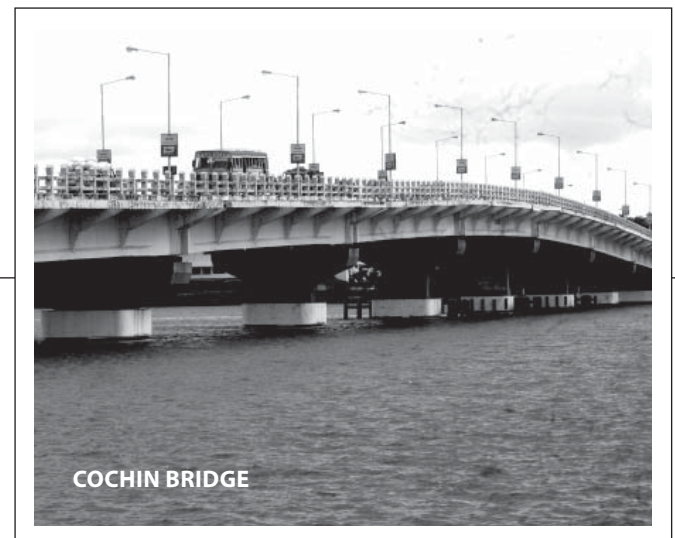


Projects Under Execution

- SH 91, SH 69, Damuria – Ranitalab Road - Bihar
- Arunachal Road Work (Seppa Road)
- Four laning of Hajipur – Muzaffarpur section of the existing NH- 77, Bihar

Bridges, Flyovers and Metro Rail

With the new central government pushing for change in the infrastructure sector, the segment is expected to see better days ahead and reap the benefits derived from easing of regulations and norms by bankers. Your Company is a market leader in bridges and structures. During the period under review, the Company bagged the ₹ 580-crore Brahmaputra Bridge project from MoRTH despite challenging market conditions, with mobilisation of resources currently taking place. We hope to win projects from Ministries, NHAI, Public Works Department and metro projects in Ahmedabad, Lucknow, Delhi and Cochin. During FY2015-16, the Bogibeel Bridge, Ganga Bridge and Rajahmundry-Godavari Bridge will attain completion. Fast-track completion of Gangapath Elevated Corridor is likely to lead to an order pick-up. Your Company's core strengths in the segment are: technical know-how, cutting edge technology in bridge engineering, inhouse design team, cost control by value engineering, innovative use raw materials and leveraging of available resources.



Management Discussion & Analysis

Bridges and Structures under Execution:

- Signature Bridge project, an iconic cable stayed bridge with an inclined steel pylon, in New Delhi (under progress)
- The iconic 2x4 km Rajahmundry Godavari Bridge (nearing completion)
- The prestigious Elevated Road Corridor from AIIMS (NH-98) to Digha (on Ganga Path) (10.5 Kms) at Patna
- Surat Cable Stay Bridge having 150m cable stay spans and complex foundations in river which warrant sophisticated sheet piling for construction of pile caps for pylon foundations
- Munger Bridge with 125m spans steel super structure for railways, realised by cantilever construction at Munger, over river Ganga in Bihar
- Bogibeel Rail cum Road Bridge across river Brahmaputra near Dibrugarh
- Chennai Metro station works

Marine Sector

Several of our marine work projects are currently under execution stage, including the Mumbai Offshore Container Terminal at Mumbai Port. We have also made substantial progress in our other ongoing marine structures:

- EPC works for establishment of sea water Intake and Outfall system for 1040MW Coal Based TPP for Hinduja Power
- EPC works for sea water Intake Structure, Intake Submarine Tunnel, Approach Jetty and Seal well for Outfall structure for 500 MWe PFBR Project at Kalpakkam for the Nuclear Power Corporation of India Limited (NPCIL)

Power and Industrial Sector (Including Cooling Towers & Chimneys)

The power sector is slowly picking up momentum and many power sector awards put "on hold" due to coal block auction are now likely to pick-up pace. Come FY2015-16, and we are likely to witness a power boom in a big way in India. During the period under review, Gammon won the ₹ 750-crore award from the Nuclear Power Corporation of India (NPCIL).

Our focus is on completion of the ongoing and existing power projects in our portfolio, collection of receivables and retention, minimisation of cost and adding to our revenues. However, with intense competition in the power segment, margins will continue to remain under pressure.

Ongoing works in Thermal, Cooling Tower and Chimney Projects

- NDCT & CWPH package for RAPP 7 & 8, Kota, Rajasthan (under initial mobilisation)
- NDCT & Chimney works for 2x687.5 MW for GMR at Raipur, Chhatisgarh
- NDCT & Chimney works for 4x600 MW for OP Jindal STPP, Raigarh, Chhatisgarh
- NDCT & Chimney works for 2x500 MW NLC Tuticorin TPP
- Civil & Structural Steel works for 2x600 MW Thermal Power Project near Tuticorin for Coastal Energy
- NDCT & Chimney works for Shreesinghaji STPP at Khandwa, Malwa, Madhya Pradesh
- NDCT & Chimney works for Jindal Power, Raigarh
- General Civil Works for Unit 1&2, 2 chimney (Unit 1, 2, 3) for Reliance Power Sasan

Hydro Power

With a healthy order-book position and a significant edge over competitors, we have been utilising our resources well for efficient implementation of our hydro power projects. During the year, we bagged the ₹ 317-crore Vyasi Hydroelectric Project. The preliminary work has commenced and we are now mobilising resources. All the three projects in Bhutan are progressing well.

Projects Under Execution

- GMR Bajoli Holi Project, Himachal Pradesh
- Parbati HEP Stage II TBM tunnelling project under initial mobilisation, Himachal Pradesh
- Koldam HEP, Himachal Pradesh
- Parbati Stage 3 HEP, Himachal Pradesh
- Rampur HEP, Himachal Pradesh
- Punatsangchhu-I HEP, Bhutan

- Punatsangchhu-II HEP, Bhutan
- Mangdechhu HEP, Bhutan

Bhutan being highly conducive for hydro-power generation, we are hopeful of winning sizeable projects. In August 2014, India's Prime Minister Narendra Modi inaugurated the 45 MW Nimoo-Bazgo hydroelectric power project and laying of power transmission lines, connecting Srinagar-Kashmir-Leh, besides the Chutak hydroelectric project in Kargil. The recent visit of Prime Minister Mr. Modi to Bhutan and his offering active support to the Government of Bhutan in harnessing hydro potential in Bhutan, the prospects of more hydro power projects coming up in Bhutan have greatly improved.

Transmission & Distribution

The Transmission and Distribution (T&D) business of your Company operates in power transmission & distribution and also has a large manufacturing capacity for transmission tower and power conductors. The Company also has a world-class Tower Testing Station at Deoli, Wardha (M.S.) capable of testing towers up to 1200 kV. This tower testing facility has been globally acclaimed by clients from U.S., Canada, Malaysia, and Mexico, among other nations. Your Company also has a global foothold in countries such as U.S., Canada, Algeria, Kenya, Afghanistan, Ethiopia, Bhutan, Nigeria, Rwanda, Botswana, Tanzania, Mozambique and Benin-Togo. The conductor business is registered with global utility companies across Europe, U.S., Africa and Asia and technically qualified to support customers in U.S., Canada, Latin America, Europe and Australia.

During the period under review, your Company achieved substantial progress by completing 6 projects of 765 kV and 400 kV transmission lines worth ₹ 870 crore and has planned to complete 4 more projects valued at ₹ 620 crore by March 2015. The T & D business has an order-book of ₹ 1,750 crore, of which about 25% orders are of export nature to the international market. Recently awarded contract in Yemen worth \$61 million is on hold due to the adverse political situation in the country. Your Company is the lowest bidder in 500 kV transmission line project in Afghanistan valued at \$51 million. It has also bid in tenders

for 400 kV line in Bangladesh and 500 kV line in Indonesia.

The Government of India is giving a thrust on power sector, which shall pave way for awarding voluminous projects in Transmission & Distribution. Your Company, therefore, expects to book substantial orders in the current financial year.

Building Construction

During the period under review work on building construction projects are at an advanced stage of completion in spite of a slowdown in the industry. Gammon India has deployed modern method for construction of Mumbai's one of the Tallest building at Nathani Heights. We have secured a mixed-use development project of 14.8 acres located in Bhopal for Shristi Development and work is progressing on the same.

Projects Under Execution

- The iconic ISKCON Temple at Mayapur, Kolkata
- Runwal Greens, a high-rise residential development in Mulund, Mumbai
- Salarpuria Gold, Bangalore, one of the tallest residential tower of Sattva Group
- Project Shristi, a mixed-use development project at Bhopal, with construction area of approx. 2.8 million sq. ft. from Deepmala Infrastructure Pvt Ltd. (We plan to deliver possession for its shopping block A and B by March 2015)
- Nathani Heights, a 72-storey residential tower in Mumbai

Water

Gammon India Limited has successfully executed several challenging works in the water sector. We are well equipped with the required resources to meet the continuous challenges posed by the sector. For the 5 ongoing water projects in Rajasthan, our key emphasis is to complete their execution.

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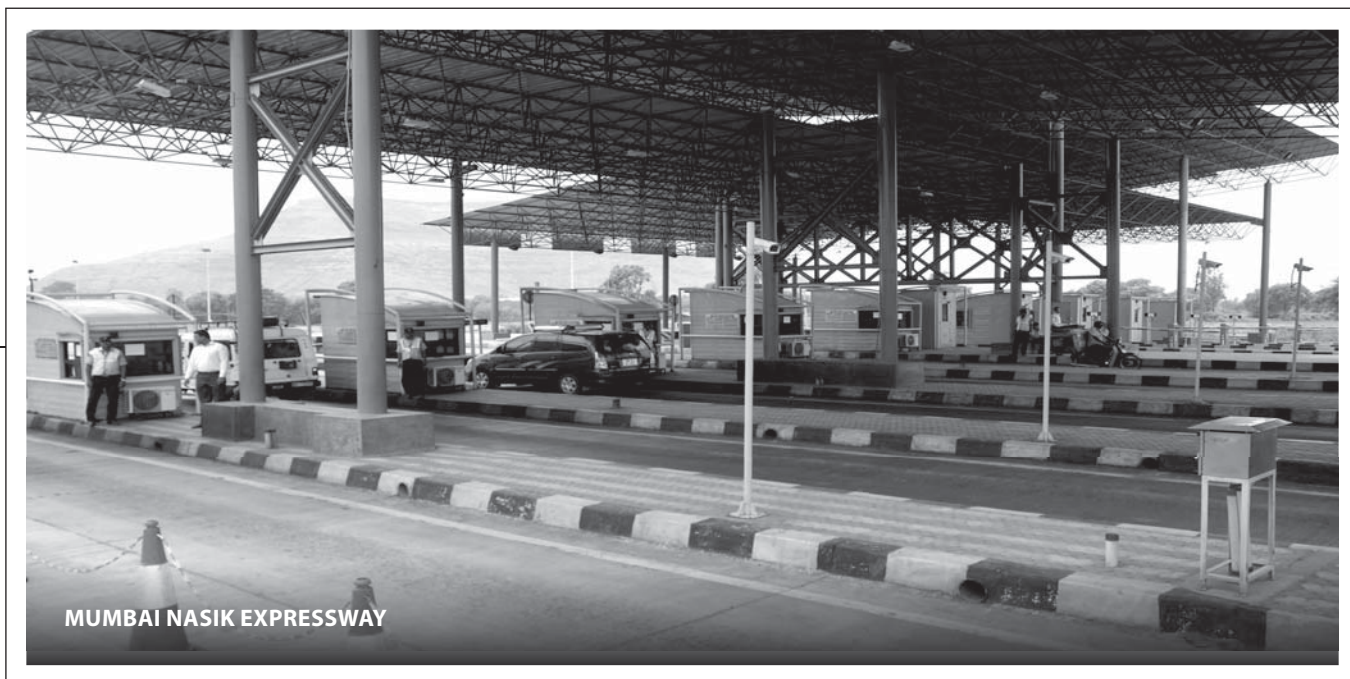
Projects Under Execution

- Narmada Gudhamalani Water Supply Project for 263 Villages
- 107 MLD capacity, Portable water supply Infrastructure project on turnkey basis for Guwahati City (South Guwahati Part)
- Supply, Installation, Construction and Commissioning of Rising & Transmission Main for Guwahati city (Gravity Mains, pressure Mains) Reservoirs for South Central Zone
- Tonk Water Supply Project for 436 Villages in Rajasthan for PHED, Rajasthan
- Regional Water Supply Scheme of 267 Villages of Chaksu & 8 villages of Phagi tehsil in Rajasthan for PHED, Rajasthan
- Pokharan & Jawai Water Supply Scheme for PHED, Rajasthan

OUR INFRASTRUCTURE DEVELOPMENT BUSINESS

Gammon Infrastructure Projects Limited (GIPL) is a pan-India BOT infrastructure project development company. It has a diverse portfolio of 7 operational assets and 11 projects under different stages of development spread across 13 states in India. We are engaged in development of infrastructure projects in core sectors such as Roads (10 projects), Ports (3 projects) and Power (5 projects) through a multi-segment footprint, significant geographical spread, vast repository of industry experience and technical expertise. We also provide our services in other areas of project development such as operations & maintenance and project advisory services.

GIPL posted a total income of ₹ 55,169 lakhs during the nine month period ending 30th September, 2014, as compared with ₹ 46,066 lakhs in the earlier period ending December 2013. Net Profit stood at ₹ (4,025) lakhs vis-à-vis ₹ (5,644) lakhs in the previous period, while EBITDA was ₹ 31,343 lakhs as compared to ₹ 28,384 lakhs in the year ago period.



Summary of GIPL's Project Portfolio

Details	REL	AEL	MNEL	KBICL	GICL	PHPL	RGBL	VGRPPL	SSRPL	VSPL	ICTPL	PREL	SHPVL
Location	Andhra Pradesh	Andhra Pradesh	Maharashtra	Bihar	Uttar Pradesh	Bihar	Andhra Pradesh	Andhra Pradesh	Madhya Pradesh	Andhra Pradesh	Maharashtra	Maharashtra	Sikkim
Client	NHAI	NHAI	NHAI	NHAI	NHAI	NHAI	APRDC	NHAI	MPRDC	Vizag Port Trust	Mumbai Port Trust	Sahakari Sakhar Karkhana	SPDC
Project Length	53 Kms	47 Kms	96.64 Kms	10 Kms	32.27 Kms	63.17 Kms	14.49 Kms	103.59 Kms	102.6 Kms	9 MMTPA Capacity	1.2 Million TEUs Capacity	30 MW Capacity	66 MW Capacity
Revenue Model	Annuity	Annuity	Toll	Annuity	Annuity	Annuity	Toll	Toll	Toll	Rev Share 17.11%	Rev Share 35.064%	Sale of power, steam to client; surplus power to electricity board	IPP
Annual Annuity	₹ 59.24 crore	₹ 55.82 crore	NA	₹ 63.8 crore	₹ 97.2 crore	₹ 189.2 crore	NA	NA	NA	NA	NA	NA	NA
Concession Period	17.5 years	17.5 years	21 years	20 years	20 years	15 years	25 years	30 years	30 years	30 years	30 years	25 years post COD	35 years post COD
Project Cost	₹ 256 crore	₹ 248 crore	₹ 813 crore	₹ 513 crore	₹ 721 crore	₹ 1,060 crore	₹ 1,070 crore	₹ 2,087 crore	₹ 1,094 crore	₹ 318 crore	₹ 1,233 crore	₹ 258 crore	₹ 496 crore
Project Stage	Operational	Operational	Operational	Operational	Operational	Under Construction	Under Construction	Under Construction	Under Construction	Operational	Under Construction	Under Construction	Under Construction

Projects Commissioned and Under Operation

- Rajahmundry Expressway Limited (REL)
- Andhra Expressway Limited (AEL)
- Mumbai Nasik Expressway Limited (MNEL)
- Vizag Seaport Private Limited (VSPL)
- Kosi Bridge Infrastructure Company Limited (KBICL)
- Gorakhpur Infrastructure Company Limited (GICL)
- Vijayawada Gundugolanu Road Project Private Limited (VGRPPL)-4 Lanes Operational

Projects Under Construction

- Rajahmundry Godavari Bridge Limited (RGBL)
- Patna Highway Projects Limited (PHPL)
- Indira Container Terminal Private Limited (ICTPL)
- Sidhi Singrauli Road Project Limited (SSRPL)
- Pravara Renewable Energy Limited (PREL)

Projects Under Development

- Vijayawada Gundugolanu Road Project Private Limited (VGRPPL) 2 lanes to be constructed
- 250 MW Thermal Power Project
- Youngthang Power Ventures Limited (YPVL)
- Tidong Hydro Power Limited (THPL)
- Mormugao Terminal Limited (MTL)

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INTERNATIONAL BUSINESS OPERATIONS

Group Sofinter

The Consolidated Report of the Group includes the financial statements of Sofinter S.p.A (the parent company) and those of the companies over which it exercises control directly or indirectly, from the date on which control was acquired upto the date on which it ceases. As at September 30, 2014 there are no changes compared to the previous period.

The nine-month period upto September 30, 2014 was characterised by a significant contraction in the economic performance of the Group over the previous year due to the unexpected cancellation in Ansaldo Caldaie at the end of 2013, of a large order of over Euro 250 million from Rabigh II, Saudi Arabia and a delay in award of the South Helwan Project, Egypt for approximately Euro 265 million which finally came through in November 2014. With sharply reduced workload, the manufacturing facilities remained largely unutilised leading to significant unabsorbed costs. Consequently, Group Revenues declined to Euro 127 million during this period vis-à-vis Euro 251 million recorded in the 12 months of the previous year while EBIT turned negative at Euro 10.5 million vs Euro 16.8 million in the previous year. The EBIT is however after an extraordinary write-off of financial receivables of Euro 8.8 million from an associate company of the Group in Singapore which has since been sold to stop further drain on cash for the Group. Net debt at Group level was Euro 94.5 million vis-à-vis Euro 80 million in the previous year.

At the end of December 2014, the order backlog of the Group was approximately Euro 550 million which will translate into a positive impact on revenues and bottomline during 2015. In addition, the Group has embarked upon a new operating model with integration of some of the business functions with the aim to exploit synergies, bring in flexibility within the organization to deal with fluctuating volumes and improve cost competitiveness, given the constantly changing market dynamics. The model also features a time-bound relocation of production activities to the Group's facilities in Romania and other such low cost but quality conscious countries by

gradually reducing the production plant near Rome. The impact of all these initiatives will start in 2015 and will be fully realised by 2018.

The Macchi Division, engaged in the manufacture of industrial boilers mainly for the oil, gas and petrochemical industry, has consolidated its presence as envisaged in the previous year in the shale gas producing countries led by the United States while also growing in its traditional markets. During the nine-month period, the Macchi order intake was Euro 198 million which is significantly higher than in the earlier years. With a view to further enhance its presence in the US market a new Company Sofinter LLC has been incorporated in Delaware, to give dedicated support and develop the Group's activities in that country.

Ansaldo Caldaie S.p.A., engaged in EPC of utility power plants, had a setback during the year due to the low order backlog and delayed intake which severely impacted its revenues and profitability as already explained here before. Furthermore, the international acquisitions in the power market have generally been sluggish, which also negatively impacted the Company's order intake. To meet the challenging situation, among the various streamlining measures taken at the Group level, the Company also temporarily laid off its workforce within the available legal framework. With the award of the South Helwan Project in Egypt in November 2014 and another project in UAE, the order backlog of the Company is approximately Euro 325 million. The pipeline orders are in excess of Euro 1.5 billion and it is expected that during 2015 this would translate into new orders of about Euro 250 million. This will help restore revenues and profitability during 2015 and subsequent years.

ITEA S.p.A., the R&D company engaged in flameless pressurized oxy combustion technology has, as reported last year, consolidated its technology leadership position in applications using industrial waste, municipal solid waste and low-grade coal and is set to roll these out commercially in the coming year.

Europower S.p.A. which is engaged in the EPC of waste-to-energy plants and their operation and maintenance has successfully ventured outside its traditional market in

Italy to neighbouring countries in the region. The company continues to improve its revenues and profitability and has an order book of approximately Euro 45 million.

Franco Tosi Meccanica S.p.A. (In Extraordinary Administration)

As reported last year, the Judicial Commissioner appointed to administer the procedure for sale of the operating business of the Company and the subsequent sale of its non-operating assets to pay its creditors set December 22, 2014 as the last day for receiving offers for the operating business from interested buyers. This delay of nearly six months from the date last set by the Commissioner has vindicated our concerns expressed last year since two of the projects under execution by the Company in Nicaragua and Bolivia were cancelled by the respective clients who also invoked the bank guarantees of Euro 17.8 million and Euro 4.04 million respectively. The latter amount in respect of Bolivia has been provided in the books of Gammon India Ltd as corporate guarantor. However, in respect of the Nicaragua Project, the Company has re-entered into a new contract with the client and one of the conditions for the same is the reinstatement of the bank guarantees and consequent return of the invoked amount. However, this new contract would get operational only when the successful bidder is on board and this is expected only in the second quarter of 2015 based on the last set bid date. Due to the fact that, barring any change in the procedure or slippage in finalising the successful bidder, the re-instatement of the invoked guarantees is foreseen, no provision has been made by Gammon India Limited as corporate guarantor.

In light of the ongoing procedure, the Commissioner continues to withhold releasing the financial statements of the Company as in the previous year and it is expected that this will not be released until the entire process is complete.

Campo Puma Oriente S.A.

As earlier reported, the 11 operational wells in 2013 were producing an average of 1600 barrels of oil per day at a per barrel service fee of \$21.50 approximately. It was programmed to increase the flow above 2000 barrels during 2014 with timely interventions and enhanced

recovery techniques including water injection, acid stimulation artificial lift which entailed capex from both partners as also an upward revision in service fee to approximately \$29 per barrel. However, due to the stringent conditions imposed under the CDR on Gammon, the entire work program has been put on hold. Meanwhile, the well pressures have started declining rapidly and the average production at the end of September 2014 fell to about 950 barrels and continues to decline. We are in the process of identifying a strategic partner to remedy the situation apart from pursuing a complete divestment of the asset.

SAE Powerlines S.r.L.

The Company is engaged in design and construction of tower transmission lines and high and medium voltage sub-stations. The Company is presently operating in Ghana, Tanzania, Ethiopia, Mozambique, Benin, Togo and Ireland. At the end of September 2014, order backlog amounted to almost Euro 52 million.

In 2014, West Africa was infested with the Ebola epidemic which slowed down business activities in the region where SAE has a significant presence. Global outlook of the industry especially in Africa and Europe in 2014-15 is good. Inter-connecting lines and infrastructure impetus in Africa region and revamping of Transmission systems in Europe creates good possibilities for SAE in Ghana, Tanzania, Togo, Benin, Ethiopia, Poland, Georgia and Ireland. It has also participated in new tenders in Bangladesh and Indonesia as part of its geographical expansion strategy.

SAE, however, is facing challenges of tight cash flows due to delayed projects and delayed receipt of retention and claims. It is expediting realisation of claims and final closure of projects and garnering banking support to execute projects faster in the coming year.

FINANCIAL PERFORMANCE

The year under review is a 9-month period commencing on 1st January, 2014 and ending on 30th September, 2014. During the period, the Turnover of the Company on a standalone basis stood at ₹ 2,966.99 crore, as compared to ₹ 3,279.31 crore during the previous period. The Company posted a Net Profit after Tax of ₹ 67.80 crore

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during the period ended 30 September, 2014, as against a Net Loss after Tax of ₹ 765.91 crore during the previous period ended 31 December, 2013. The profit was mainly on account of sale of the Company's stake in its infrastructure development arm Gammon Infrastructure Projects Limited to its subsidiary Gammon Power Limited.

On a Consolidated basis, the Turnover of Gammon Group stood at ₹ 3,842.61 crore as compared to ₹ 4,932.42 crore for the previous period. The Group posted a Net Loss after Tax of ₹ 728.88 crore during the period ended 30 September 2014, as against a Net Loss after Tax of ₹ 761.86 crore during the previous period ended 31 December 2013.

The macro-economic environment is facing a slow growth trend. It has further deteriorated and year 2014 was another challenging year for EPC companies and your Company was no exception. The Indian economy continued to face troubled times with the depreciating rupee, high inflation and endemic liquidity problems. Policy indecisiveness, scarce financial resources, inflationary pressures, project delays due to unexpected developments, bureaucratic hurdles and other similar factors continued to create innumerable difficulties to both, the sector and the Company.

The infrastructure segment continued to be sluggish due to policy inaction and liquidity constraints. Project execution continued to be slow due to delays in funding. Interest and Finance costs continued to be high. The backlog at stalled project sites created due to severe liquidity crisis continued to adversely affect project execution. The Company was affected due to resource crunch, delays beyond the control of the Company such as delays in land acquisition, municipal permission, approval of designs by client, and over and above scarcity in availability of labour and materials thereby widening the gap between the planned outlay and actual spending. Order intake remained sluggish, since many of the stalled projects are yet to be kick-started. Projects already awarded are generally progressing slowly due to various continuing problems on ground which remain unresolved over the years leading to cost escalations which remain unpaid.

The Company's overseas operations were characterised by weak order booking, inflexible labour markets, paucity of working capital and uncertain political climate. Continuation of recession in the European economy, and weak Euro position against the USD has frazzled the investment of the Group.

The Company is exploring several options for overcoming the liquidity crisis. The Group is in the process of monetizing its investments in real estate as well as of its overseas assets and to divest its non-core businesses, disposal of idle equipment, During the period under review, the Company focused on realising long pending receivables, arbitration awards, retention moneys. Several projects were concluded and moneys are being realised. The Company is now concentrating on bidding projects relating to its core competency as also projects with high yielding margins. The Order Book as on 30th September, 2014 stood at ₹ 12,800 crore.

CHANGE MANAGEMENT

The infrastructure sector continued to face a slowdown due to recessionary trends, policy indecisiveness, reduced government spending, liquidity crunch, inflationary pressures, and other difficult macro-economic conditions. Delay in projects, issues related to land acquisitions, lack of fuel for power projects and lower traffic in road projects led to infrastructure companies being straddled with stretched balance sheets, inability to service debt obligations and low appetite for new projects. Gammon, in particular, suffered from strategic investments in overseas subsidiaries and real estate projects, increased debt burden and interest liability and investment in PPP/BOT arm Gammon Infrastructure Projects Limited, all of which hurt the core operations of the EPC business.

To emerge out of the current situation, it sought a lifeline from lenders who recast the Company's debts through a Corporate Debt Restructuring (CDR) mechanism. The cut-off date is 1st January, 2013. Total debt aggregating ₹ 14,814.17 crore (both fund and non-fund based) has been restructured. The package provides a ten-year repayment plan (including two-year moratorium) of the existing debts. The interest rate has been lowered by 1% for 15 months, waiver of penal charges till date of implementation and

additional funding by way of priority loan. All securities envisaged under the CDR scheme have been created.

The CDR package offered us an opportunity to turn around our business through a boost in working capital and rescheduling our debts. It provided the much-needed breather to improve the Company's cash flows, recover trade receivables, reduce operational costs and provide additional funding to meet the additional working capital

requirements. Capitalising on our core and inherent strengths of engineering and management, we have also lined up a "Change Management" strategy aimed towards protecting the earnings and eliminating losses arising out of risks. Our key focus is towards efficient completion and execution of existing projects, exploring newer opportunities and fresh order generation. Below are some steps we have initiated during the year as part of our "Change Management" strategy.

Key Strategies in Play

Sharpening the Basics

Our key focus is to adhere to our basic business principles of excellence, pragmatism and patience to enhance our leadership position in the industry. Moving in this direction is helping us become more resilient to the ups and downs of economic cycles. As part of this, we are now focusing on timely execution, operational excellence and strong domain expertise for each of our project to demonstrate our mettle on optimal asset operation.

Rejigging Core Business

We are reviewing and rejigging our core business from the demands of non-core activities to gain flexibility and rake in growth capital. Our focus is currently on high-margin, core competency EPC business of construction of bridges, elevated structures, metro rail, hydro and nuclear power, marine structures, high-rise structures and power T&D projects.

Increasing Net Receivables

During the year, our key emphasis continued to be cash collection and recovering pending dues from clients to help us meet working capital requirements. We have set up a dedicated team whose main target is to recover net receivables, arbitration awards, final bills and retention money.

Trimming Debt Burden

Being in a capital hungry business, we constantly aim at raking in capital to trim our debts. We are working towards divestment of non-core assets and proceeds will be utilised to trim our debts.

Completing Delayed Projects

We have begun leveraging our core strengths in executing and delivering projects held due to working capital requirements to release our resources. During the period under review, we identified such projects and are working actively towards delivering them, with sufficient support from our lenders.

Generating Fresh Orders

There is a definite pick-up in our current order-book of ₹ 12,800 crore. We are currently concentrating on selective acquisition of value-accretive orders in construction of bridges, water supply, metro rail projects and hydro power. Our core strengths lie in appropriate risk evaluation and risk mitigation mechanism.

Cost Optimisation

Optimising working capital and establishment costs is at the top of our minds always. We emphasise on lowering operational costs and improving efficiencies. By becoming a much leaner organisation, we are rejigging establishment costs in order to spur better top lines and sharper margins.

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MANAGING RISKS & SYSTEMS

Our business sectors continue to face challenges from both internal as well as external environment like shortage of skilled labour, adaptability of technologies, availability of competent sub-contractors, commodity prices, frequent changes in political and economic scenarios. To add to these challenges, the recent economic slowdown has put a further strain on the sector operators due to change in funding environment resulting in a very demanding set-up with increased scrutiny from various stakeholders. Risk management is one of the key areas and your Company endeavours to protect its earnings and reduce/eliminate losses arising out of the various risks it faces. Over the years, your Company has steadily incorporated practices in risk management to mitigate various types of risks.

Some of the key risks that the Company manages and the various steps taken to mitigate these are listed here below:

1. The contract conditions are studied from a risk perspective for conditions including escalation provisions, land acquisition, right of way, clearances, utility shifting, retentions, etc. right at the estimation and tendering stage. Also carefully the project cash flow situation is gauged at the tendering stage itself. In case the project conditions are not found favourable we decide not to participate for such projects as such unfavourable conditions do not fit our risk appetite. To this end, the Company continuously reviews and strengthens the projects undertaken by any course correction required at planning, project management, contract management, execution stage.

In addition, the process of tender estimation is continuously reviewed with a view to make the bid realistic. This is of special significance in light of the severe competition prevailing in the industry today which is exerting immense pressure on margins.

2. Defaults and delays in payment of running bills and retention money by clients exerts pressure on the working capital requirements of the Company and pushes up the financial costs.
3. The Company has overseas operations and hence exposed to several external risks. The Company

addresses these risks by secondment of trained and competent personnel, engaging specialised agencies locally for proactive guidance and partnering with local business groups of repute in Joint Ventures.

4. The Company has in place adequate and comprehensive insurance covers for all its assets and projects to deal with calamities.
5. The Company has inflows and outflows in different currencies related to its projects. In addition, it has foreign currency denominated borrowings. To the extent that the overall position exceeds the natural hedge, the Company evaluates and puts in place a hedging strategy, for which it is adequately equipped with the necessary mandates at the operating level.
6. The internal audit cell of the Company has in place a comprehensive program across the Company. The internal controls of the Company are reviewed to detect and minimise the risks of fraud and misreporting. The reports of the internal controls are regularly reviewed by Audit Committee of the Board and their recommendation for better effectiveness implemented.
7. The Company has introduced controls through appropriate systems, striving to either eliminate the risk or reduce the adverse effects of Risks adequately in the following ways:
 - a. Supporting and strengthening its marketing, bidding and estimation team which enhanced the prequalification, estimation, tender evaluation, format pre-bid risk assessment and also ordered greater commercial oversight on the attractiveness of opportunities and also threats.
 - b. Improved project planning and management by involvement of competent and experienced resources, focus on plant utilisation, efficiency and effectiveness, coordination meetings to address cross-functional issues, establishing DOA (Delegation of Authorities) and SOPs (Standard Operating Procedures) and effective utilisation of ERP in decision-making process.

- c. Careful sub-contractors selection, performance monitoring and evaluation, improved terms and conditions, including performance guarantees (transfer of risk), wherever necessary.
- d. Systematic monitoring, periodic review and reporting of applicable statutory and regulatory compliance requirements, strengthening of internal audit function and improved verification process, established work procedures, guidelines, quality assurance methodologies and structured internal disclosures mechanism.
- e. Cash management committee established at the highest management level for streamlined fund allocation.
- f. Monitoring of cost and time over-runs, creating sector finance controller position and integrating with execution team has resulted in improved cost effective decision making process, various ratio analysis related to cost facilitate execution team leaders to forecast the project cost/time overrun.
- g. Creating a special task force for collection of long pending rightful dues from Clients.

Persistent efforts in implementing the mitigation plan will ultimately drive the Company to evolve a mature and sustainable solution for compliance, loss minimisation, risk management and measurement, strategic integration to optimisation of returns.

MANAGEMENT SYSTEMS

GIL has established a management system to comply with applicable requirements, standards, and legal requirements, related to quality, occupational health, safety and environment. Through the management system, GIL aims to:

- Assure customers that GIL's products and services will meet their specified requirements,
- Ensure that personnel working on site, members of public, and visitors to site are adequately protected from risk of injury or illness, and

- Ensure that appropriate environmental protection measures are implemented on works undertaken within work areas.

The management systems ensure that all the operations which directly affect quality, safety and environment are identified and planned to ensure that they are carried out under planned and controlled conditions. It establishes a framework to identify risks, control risks, assess effectiveness of these controls and improve management of quality, occupational health & safety and environment. This includes processes to identify, control and review, OH&S and environmental risks over which it has control or influence. The process identifies safety controls and environment protection measures that must be put in place to minimise identified risks.

The controls and measures are developed in consultation with the site personnel and represent the safest and most practical way of carrying out work activity and fulfilling any specific project safety requirements or environmental aspects. The project management team is responsible for the development of such operational control procedures. Existing operational control procedures and method statements are amended, or additional procedures issued, as may be necessary, to address changes in the risk portfolio. Similarly, registers of applicable legal requirements are compiled, and their compliance tracked on an electronic database centrally accessible by concerned personnel.

For processes, which directly cannot be measured for their acceptance (for instance, concreting, welding, complex computer-programs, use of ground anchors), the Project Head along with the customer, defines the process of qualification of product, i.e. the personnel, workmen and processes of execution. The results of these validations are kept as a record so that it can be referred at a later stage.

The management system also incorporates provisions for product identification and traceability and to positively indicate the conformance or non-conformance of a product and/or process with regard to inspection and tests performed.

The organisation implements provisions to ensure that all employees of GIL shall be made aware on how to respond to and behave in an emergency situation. Necessary

Management Discussion & Analysis

information in this regard is readily available and posted at appropriate locations in the office and at project sites. GIL conducts emergency drill at regular intervals, at all its premises, including project sites, with an aim to periodically review its emergency preparedness and response.

GIL monitors conformity to its established benchmarks for process performance. These benchmarks are based on standards required by customers, as well as industry standards. Compliance to requirements of contracts, standards, law, statutes, regulations and other requirements related to project, OH&S, and environment, are evaluated periodically by the concerned HODs and project managers. Such leadership personnel and designated personnel ensure that elements related to the following areas are monitored at defined intervals:

- Significant hazards, environmental aspects and legal requirements
- Process efficiency
- Product quality
- Customer satisfaction
- Monitoring agency, methods and instruments
- System compliance

These involve internal audits, management reviews, inspections, tests, calibrations, performance assessments of employees and sub-contractors, audits by external agencies, incident reporting, and customer satisfaction surveys. The results of the monitoring, decisions and actions are duly recorded.

INTERNAL CONTROLS

Your Company believes that sound internal controls and systems are related to the principle of good governance, and should be exercised within a framework of proper checks and balances. Accordingly, your Company has devised and implemented such internal control systems as are required in its business processes; the adequacy of these have been commented upon by the Statutory Auditors in their report as required under the Companies (Auditors Report) Order, 2003.

The Company remains committed to ensuring an effective internal control environment that provides assurance on

the operations and safeguarding of its assets. The internal controls have been designed to provide assurance with regard to recording and providing reliable financial and operational information, complying with the applicable statutes, safeguarding assets, executing transactions with proper authorisation and ensuring compliance with corporate policies.

Internal Audit is that function which monitors the Company's Internal control environment. Conventional and strong internal audit processes, both at the Corporate and project level ensure concurrent review of the adequacy and effectiveness of internal controls across the Company and the compliance status with laid down systems, policies and procedures. In the ERP environment of the Company, authentication of IT security and rights to operate and view are periodically addressed by the internal audit team and observations are submitted to the management on a case to case basis.

The Internal Audit department is made up professionally qualified accountants, management graduates & engineers, located at its Corporate Office and elsewhere in the country, who regularly review the planning and conduct of internal audits of major construction and transmission line sites. In addition to the inhouse team, a firm of Chartered Accountants has been appointed to carry out internal audits of various functional areas at the Head Office.

Your Company's Internal Audit function has a documented process which is in conformity with ISO quality standards. In addition to the traditional "post-audit", i.e., a review of historical transactions, your Company has also introduced in its Internal Audit methodology a concept of "pre-audit", where a separate Centralised Certification Unit has been established to verify all liabilities that are generated at the site level.

The Audit Committee consists of Independent Directors and is headed by experienced professionals. The Committee meets periodically to review the Auditor's reports and their observations and makes recommendations for adequacy, effectiveness of Internal Controls and required remedial action, if any, to the Board of Directors for its implementation.

PEOPLE'S POLICY

This year initiatives around fast track project execution, optimum working capital management, efficient and timely service from service department were the main focus areas. These initiatives have become a routine matter for working.

In order to further strengthen the capability, HR undertook strategic hiring at leadership level. Organization wide training activities were further strengthened by including behavioral training programmes. Various key HR processes have been automated to better serve the employees. HR also continued its focus on rightsizing the organization to reduce the supervision cost. As on 30 September 2014, the total number of employees was 4056 including the Transmission and Distribution business.

RESEARCH & DEVELOPMENT

Increasing focus on developing infrastructure in the country has opened up many opportunities for the construction companies. To rise up to the challenge of completing a huge quantum of work in a short time, we have to back up the onsite teams with continual improvement in our construction technology. During the year under review, various R&D activities undertaken by your company include:

- Designing high strength M60, M80 grade concrete for vertical pumping distance of 170 metre
- Designing pre-stressed concrete for bridge superstructure with high early strength using Fly Ash as replacement of cement
- Designing concrete cooling systems for placing mass concrete at 10°C
- Designing & construction of composite well on sloping rock profile
- 3T Capacity cantilever platform with telescopic arrangement for material loading & shifting
- 1.5T capacity Movable Formwork Lifting Gantry for DAM construction
- Access stair tower 4 storied high on modular cantilever structural arrangement
- 7m cantilever structural cover at high-rise building for safety of pedestrian movement

- Designing, fabrication and erection methodology for Santacruz-Chembur Link Road Project (SCLR)-Phase-1-Section-II. Fabrication and Erection of 50.9 m long Steel Plate Girders.

HEALTH, SAFETY & ENVIRONMENT

Health, Safety & Environment is a dynamic field continually evolving with new challenges. At Gammon India Limited, we are keeping pace with the challenges to resolve and deal with each concern. Corporate Safety has brought out "Ten Safety Resolves", which are:

- Acceptance of 'zero deviation' in safety
- Prevention of single mistake of worker leading to accident
- Visible second-level safety protection
- Responsibility & accountability in safety
- Compliance to accident causation theory and dominos
- Detection of large number of SRDs
- Near miss accident identification, reporting and correcting
- Investigation of first aid cases and minor injuries with same seriousness as a fatal accident
- Maintaining safe access, egress and working platforms
- Ensuring electrical safety, traffic safety and safety with material handling

CAUTIONARY STATEMENT

Statement made in the Management Discussion & Analysis describing the Company's objectives, projections, estimates, expectations may be "Forward-looking statements" within the meaning of applicable securities laws & regulations. Actual results could differ from those expressed or implied.

Important factors that could make a difference to the Company's operations include economic conditions affecting demand supply and price conditions in the domestic & overseas markets in which the Company operates, changes in the government regulations, tax laws & other statutes & other incidental factors.

Director's Report

Report on Corporate Governance

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DIRECTORS' REPORT

The Directors have pleasure in presenting their 93rd Annual Report together with the Audited Accounts of the Company for the nine (9) months period ended 30th September, 2014.

The Ministry of Corporate Affairs has, vide General Circular 08/2014 No. 1/19/2013-CL-V dated 4th April 2014, clarified that the financial statements (and documents required to be attached thereto), auditors report and board's report in respect of financial years that commenced earlier than 1st April 2014 shall be governed by the relevant provisions/schedules/rules of the Companies Act, 1956. In view of the same the aforementioned statements have been prepared in line with the applicable provisions of the Companies Act, 1956.

1. FINANCIAL PERFORMANCE & OPERATIONS:

(₹ in Crore)

Particulars	Standalone		Consolidated	
	9 months ended 30.09.2014	9 months ended 31.12.2013*	9 months ended 30.09.2014	9 months ended 31.12.2013
Profit before Other Income, Depreciation & Interest	(96.45)	(510.01)	143.74	(30.01)
Add:				
Other Income	708.46	84.44	58.32	46.34
Less:				
Depreciation	81.85	83.30	275.17	273.01
Interest	452.72	402.15	699.25	683.54
Profit/(Loss) before Tax	77.44	(911.02)	(772.36)	(940.22)
Less:				
Provision for Taxation	9.64	(145.11)	(12.14)	(123.29)
Profit/(Loss) after Taxation	67.80	(765.91)	(760.22)	(816.93)
Transferred to Minority Interest	NIL	Nil	31.34	55.07
Profit/(Loss) for the year	67.80	(765.91)	(728.88)	(761.86)
Add:				
Profit brought forward from the previous year	(843.12)	(77.21)	(1,913.86)	(1051.74)
Available for Appropriation	(775.32)	(843.12)	(2,642.74)	(1813.60)
Appropriations:				
Transfer to General Reserve	Nil	Nil	Nil	Nil
Transfer to Debenture Redemption Reserve	Nil	Nil	Nil	Nil
Transfer from Debenture Redemption Reserve	Nil	Nil	Nil	Nil
Dividend from Own Shares	Nil	Nil	Nil	Nil
Transfer to Capital Reserve	Nil	Nil	Nil	Nil
Transfer to Foreign Currency Translation Reserve	Nil	Nil	(45.71)	120.64
Adjustments to Minority Interest	Nil	Nil	(5.64)	(2.41)
Adjustments due to change of stake in Sofinter S.p.A.	Nil	Nil	Nil	(18.29)
Dividend (Proposed) Equity Shares	Nil	Nil	Nil	Nil
Tax on Dividend	Nil	Nil	Nil	Nil
Other Adjustments	Nil	Nil	(0.14)	0.32
Balance carried to Balance Sheet	(775.32)	(843.12)	(2,591.25)	(1913.86)

*Figures for the previous period have been regrouped.

The year under review is a 9 month period commencing on 1st January, 2014 and ending on 30th September, 2014. During the period, the Turnover of the Company on a standalone basis stood at ₹ 2,966.99 Crore, as compared to ₹ 3,279.31 Crore during the previous period. The Company posted a Net Profit after Tax of ₹ 67.80 Crore during the period ended 30 September, 2014, as against a Net Loss after Tax of ₹ 765.91 Crore during the previous period ended 31 December 2013. The profit was mainly on account of sale of the Company's stake in its infrastructure development arm Gammon Infrastructure Projects Limited to its wholly owned subsidiary Gammon Power Limited.

On a Consolidated basis, the Turnover of Gammon Group stood at ₹ 3,842.61 Crore as compared to ₹ 4,932.42 Crore for the previous period. The Group posted a Net Loss after Tax of ₹ 728.88 Crore during the period ended 30 September 2014, as against a Net Loss after Tax of ₹ 761.86 Crore during the previous period ended 31 December 2013.

The macro -economic environment is facing a slow growth trend. It has further deteriorated and year 2014 was another challenging year for EPC companies and your Company was no exception. The Indian economy continued to face troubled times with the depreciating rupee, high inflation and endemic liquidity problems. Policy indecisiveness, scarce financial resources, inflationary pressures, project delays due to unexpected developments, bureaucratic hurdles and other similar factors continued to create innumerable difficulties to both, the sector and the Company.

The infrastructure segment continued to be sluggish due to policy inaction and liquidity constraints. Project execution continued to be slow due to delays in funding. Interest and Finance costs continued to be high. The backlog at stalled project sites created due to severe liquidity crisis continued to adversely affect project execution. The Company was affected due to resource crunch, delays beyond the control of the Company such as delays in land acquisition, municipal permission, approval of designs by client, and over and above scarcity in availability of labour and materials thereby widening the gap between the planned outlay and actual spending. Order intake remained sluggish, since many of the stalled projects are yet to be kick-started. Projects already awarded are generally progressing slowly due to various continuing problems on ground, which remain unresolved over the years leading to cost escalations which remain unpaid.

The Company's overseas operations were characterized by weak order booking, inflexible labour markets, paucity of working capital and uncertain political climate. Continuation of recession in the European economy, and weak Euro position against the USD has frazzled the investment of the Group.

The Company is exploring several options for overcoming the liquidity crisis. The Group is in the process of monetizing its investments in real estate as well as of its overseas assets divesting its non-core businesses and disposal of idle equipment. During the period under review the Company focused on realizing long pending receivables, arbitration awards, retention moneys. Several projects were concluded and moneys are being realized. The Company is now concentrating on bidding projects relating to its core competency as also projects with high yielding margins. Your management has been striving hard and taking all efforts in ensuring repayment of interest due to CDR lenders. The Order book as on 30th September 2014 stood at ₹ 12,800 Crore.

With a new and progressive government at the Centre, the situation is likely to improve. With the Government's helping hand and positive attitude we look forward to a phased economic revival and boosting of business confidence due to hard policy decisions. We are hoping the government will come up with a clear cut road-map for implementing the policies. The upturn in sentiment means roads, ports and power projects will get on-stream. In addition to this, there will also be expediting of stalled infrastructure projects, revival of investment climate and sorting of infrastructure clearances. The government is expected to provide an environment conducive for growth investments, with major reforms in infrastructure sector, enabling all-round growth. There is a expected to be a kick-start to slow-moving highway projects.

Your Directors continue to believe in the long-term potential of India's infrastructure space. Moving forward, our business growth will be driven by our proven technical prowess in design, operations and maintenance. Going forward, our focus will be to consolidate existing opportunities and leverage new possibilities.

2. DIVIDEND:

As the Company is under a corporate debt restructuring, the Directors have not recommended any dividend for the nine (9) months period ended 30th September 2014 even though the Company has earned profits during the said period.

3. DEPOSITORY SYSTEM:

The Company's equity shares are compulsorily tradable in electronic form. As of 30th September 2014, 93.08% of the Company's total paid-up capital representing 127,048,879 equity shares is in dematerialized form. In view of the benefits offered by the Depository system, members holding shares in physical mode are advised to avail the demat facility.

4. FINANCE:

The Company is presently under a Corporate Debt Restructuring which was approved by lenders in June 2013. Total debts aggregating to ₹ 14,817.17 Crore have been restructured. The said restructured debts have been secured by mortgage and hypothecation of the Company's movable and immovable properties. Collateral security has also been provided to the CDR Lenders by way of (i) infusion of an amount of ₹ 100 Crore by the promoters, (ii) pledge of equity shares held by the promoters in the Company, (iii) personal guarantee by Mr. Abhijit Rajan – Chairman & Managing Director and (iv) Corporate Guarantee by one of the promoter companies viz. Nikhita Estate Developers Private Limited. The CDR package provides a ten year repayment plan (including a two year moratorium) of the Company's existing debts. The interest rate on the restructured debt has been lowered by 1-2% for 15 months period from cut-off date i.e. 1st January 2013 upto 31st March 2015, apart from waiver of penal charges from the cut-off date till the date of implementation of the project and additional funding by way of priority loan. The CDR package approved by the lenders gave the Company the much needed breather to streamline its operations, improve cash flows, recover its long term trade receivables, reduce its operational costs and also additional funding to tide over its immediate working capital requirements. ICICI Bank Limited is the monitoring institution and IDBI Trusteeship Services Limited is the Security Trustee acting on behalf of all the CDR Lenders. Majority of the envisaged securities were created by 31st March 2014.

During the year under review the Company did not raise any capital from the Capital markets either by way of issue of equity shares /ADR/GDR / or any debt by way of Debentures. The Company continued to get financial assistance from its CDR lenders within the overall facilities sanctioned under the CDR package to meet the working capital requirements.

5. PUBLIC DEPOSITS:

The Company did not invite or accept deposits from public during the year under review.

6. TRANSFER TO INVESTOR EDUCATION AND PROTECTION FUND:

During the nine (9) months period ended 30th September 2014, the Company has transferred Interim Dividend amounting to ₹ 209,863/- and Final Dividend amounting to ₹ 47,094/- (both for the year 2006-07) to Investor Education and Protection Fund (IEPF), which was due and payable and remained unclaimed and unpaid for a period of seven years, as provided in Section 205C(2), of the erstwhile Companies Act, 1956.

7. SUBSIDIARY COMPANIES:

No new subsidiary was incorporated / acquired by the Company during the nine (9) months period ended 30th September 2014. During the period under review, names of the Company's following step down subsidiaries were struck off the Register of Companies by the Ministry of Corporate Affairs on an application made by the respective companies:

- (a) Dohan Renewable Energy Private Limited (effective 23rd March 2014)
- (b) Kasavati Renewable Energy Private Limited (effective 23rd March 2014)
- (c) Indori Renewable Energy Private Limited (effective 2nd July 2014)
- (d) Markanda Renewable Energy Private Limited (effective 2nd July 2014)
- (e) Sirsa Renewable Energy Private Limited (effective 29th August 2014)

During the period under review, the Company divested its entire stake in its subsidiary viz. Gammon Infrastructure Projects Limited ("GIPL") by sale of 528,000,000 equity shares (constituting 52.28% at the time of the sale) of ₹ 2/- (Rupees Two Only) of GIPL to its wholly owned subsidiary viz. Gammon Power Limited. As a result of the said sale of shares, GIPL is now a step-down subsidiary of the Company.

As per the General Circular 08/2014 No. 1/19/2013-CL-V dated 4th April 2014 issued by the Ministry of Corporate Affairs, the financial statements (and documents required to be attached thereto), auditors report and board's report in respect of financial years that

commenced earlier than 1st April 2014 shall be governed by the relevant provisions/Schedules/rules of the Companies Act, 1956. In view of the same the financial information of the Company's subsidiaries have been provided as per the provisions of the erstwhile Companies Act, 1956 and the applicable circulars issued thereunder.

The Ministry of Corporate Affairs, Government of India has, vide General Circular No. 2/2011 dated 8th February, 2011 read together with General Circular No. 3/2011 dated 21st February, 2011, granted exemption under Section 212(8) of the Companies Act, 1956, for not attaching Annual Report of subsidiary companies, subject to fulfillment of certain conditions by the holding company. As stated in the said circulars, the Board of Directors, vide its resolution dated 18th December 2014 accorded its consent for not attaching the balance sheet of the subsidiaries. Further the Company has presented in the Annual Report, the consolidated financial statements of the Company and all its subsidiaries duly audited by its statutory auditors. The consolidated financial statements have been prepared in strict compliance with the applicable Accounting Standards and, where applicable, the Listing Agreement as prescribed by the Securities and Exchange Board of India. The Company has disclosed in the consolidated balance sheet the following information in aggregate for each subsidiary including subsidiaries of subsidiaries:- (a) capital (b) reserves (c) total assets (d) total liabilities (e) details of investment (except in case of investment in the subsidiaries) (f) turnover (g) profit before taxation (h) provision for taxation (i) profit after taxation (j) proposed dividend.

8. CONSOLIDATED FINANCIAL STATEMENTS:

Your Directors have pleasure in attaching the Consolidated Financial Statements pursuant to Clause 32 of the Listing Agreement entered into with the Stock Exchanges and prepared in accordance with the Accounting Standards prescribed by the Institute of Chartered Accountants of India, in this regard and forms part of the Annual Report.

9. DIRECTORS' EXPLANATION ON AUDITOR'S REPORTS:

Directors explanation on the Auditors comments on the financial statements (both on Standalone and Consolidated) for the year ended 30th September 2014 as set out in their respective auditors reports of 5th December 2014 and 18th December 2014 is as follows:

- (a) With reference to clause (e) of the "Basis of Qualified Opinion" in the Audit Reports on the Standalone Financial Statements wherein the auditors have opined that the Company has during the year after 1st April 2014 granted unsecured loans to one of its Joint Ventures beyond the limits specified in Section 186 of the Companies Act 2013 i.e. without the prior approval of the members in general meeting, the Board would like to inform you that, as explained in Note 12(vi) of the Standalone Financial Statements, the loan was given as a business exigency and in the ordinary course of business. The Company had entered into joint venture namely, Gammon Cidade Tensacciai Joint Venture (the "JV") with Construtora Cidade LTDA and Tensacciai S.p.A. for the purpose of execution of "Construction of bridge and its approaches over river Yamuna downstream of existing bridge of Wazirabad [SH: Main Bridge (Cable Stayed)] at Delhi" (the "Project"). The JV was required to import materials for the said Project. On account of business exigency, the Company had granted unsecured loan to the JV for purchasing the material. The said transaction amounted to giving of loan by the Company to the JV and though in the ordinary course of business, exceeded the limits prescribed under Section 186 of the Companies Act, 2013. The Directors would also like to inform you that the Company shall, in due course, obtain shareholders' approval for giving of loans/advances to its joint ventures/associates.
- (b) With reference to clause (a) of the "Basis of Qualified Opinion" in the Audit Reports on both Standalone as well as Consolidated Financial Statements wherein the auditors have opined that they are unable to comment on the adequacy of the provisions made by the Company for diminution of the value of its investments due to non-availability of financials of Franco Tossi Mecanica S.p.A ("FTM") the Company's subsidiary in Italy, the Board, while drawing your attention to Note 33(c)(i) and (ii) of Standalone and in Note 1(a)(ii)(a) of Consolidated Financial Statements, would like to reiterate that FTM has filed an application for a pre-insolvency procedure which has been admitted by a court at Milan. In light of the ongoing procedure, till date, the financial statements of FTM have not been released by the empowered Commissioner. Further, it is envisaged that these will not be released until the process of insolvency is complete. However, the Company has made adequate provision towards its exposure for all the known liabilities in FTM. The management is of the opinion that since it will recover an amount not less than the carrying amount of FTM, no further provision for diminution is required to be made.

- (c) With reference to clause (b) of the “Basis of Qualified Opinion” in the Audit Reports on both Standalone as well as Consolidated Financial Statements wherein the auditors have opined that “they are unable to comment on the adequacy of the provisions made towards the Company’s exposure towards corporate guarantees issued towards the jobs of FTM”, the Board would like to inform you that as mentioned in Note 33(c)(iii) of Standalone and in Note 1(a)(ii)(b) of Consolidated Financial Statements, the Company is in active negotiation with the clients of FTM for the cancellation of the demand of € 17.80 Million (₹ 139.21 Crore) made by the Clients. Further, the Company has made provision for the balance amount of € 4.04 Million (₹ 31.59 Crore).
- (d) With reference to clause (c) of the “Basis of Qualified Opinion” in the Audit Reports on both Standalone as well as Consolidated Financial Statements wherein the auditors have opined that “they are unable to comment on the adequacy of the provisions made towards the Company’s exposure in investments in and Guarantees given by the Company in respect of SAE Powerlines S.p.A ,the Company’s subsidiary in Italy” the Board would like to inform you that as mentioned in Note 33(e) of Standalone and in Note 1(a)(v) of Consolidated Financial Statements, the management is of the opinion that considering the order book position and adequate references and strengths in international markets of its subsidiary SAE Powerlines the provision made by it for impairment of its investment, loans and trade receivables is adequate.
- (e) With reference to clause(d) of the “Basis of Qualified Opinion” in the Audit Report on Standalone Financial Statements and Clause (e) of the “Basis of Qualified Opinion” in the Audit Report on Consolidated Financial Statements, wherein the auditors have opined on managerial remuneration , the Board would like to inform you that as mentioned in Note 24(a) of Standalone and in Note 24 of Consolidated Financial Statements, the Company’s application for payment of ‘Minimum Remuneration’ of ₹ 6 Crore to Mr. Abhijit Rajan – Chairman & Managing Director for the financial years 2012-13 & 2013-14 was rejected by the Ministry of Corporate Affairs (“MCA”). The Company has made an application to the MCA for review of its decision and the MCA’s reply in this matter is awaited. The Company had also made an application to the MCA for waiver of payment of ‘Minimum Remuneration’ of ₹ 2 Crore to Mr. Himanshu Parikh (Former Executive Director) for the financial year 2012-13. In response to the Company’s said application, the MCA approved payment of ‘Minimum Remuneration’ of ₹ 1.66 Crore to Mr. Parikh. The Company has made a representation to the Ministry to reconsider its decision and reply is awaited. In view of the pending status of the aforementioned applications, no effect for the same has been given in the financial statements.
- (f) With reference to clause (d) of the “Basis of Qualified Opinion” in the Audit Report on Consolidated Financial Statements wherein the auditors have reported that the financial statements of Sofinter S.p.A. (“Sofinter”), Campo Puma Oriente S.A. (“CPO”), Ansaldo Caldaie Boilers (India) Limited, Gammon Holdings (Mauritius) Limited, Ansaldo Caldaie GB Engineering Limited and Gammon OJSC Mosmetrostroy Joint Venture are unaudited , the Board would like to inform you that as mentioned in Note 1(a)(i), 1(b)(iii) and Note 1(c) of Consolidated Financial Statements, the financial statements of these companies could not be audited due to insufficient time , unavailability of support staff and other severe administrative issues in these companies .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 joint venture partners.
- (g) With reference to clause (d) of the “Basis of Qualified Opinion” in the Audit Report on Consolidated Financial Statements wherein the auditors have reported about the non-recognition of possible claims on trade receivables of Europower S.p.A., a subsidiary of the Associate Sofinter S.p.A., the Board would like to inform you that as mentioned in Note 1(c)(i)(c) of Consolidated Financial Statements, Europower S.p.A. has initiated legal proceedings in the competent court in Italy, against their customer to recover the amount of Euro 3 Million i.e. ₹ 23.46 crore (Company’s share being Euro 0.98 Million (₹ 7.62 crore). Pending the outcome of the said litigation, the risk of non-recovery arising from the same has been provided by Europower S.p.A to the extent of 2.3 Million Euro i.e. ₹ 17.92 crore. Considering the current status of the legal proceedings, the Directors of the said Europower S.p.A. believe that Sofinter S.p.A. will not incur additional losses over and above the said amount.
- (h) With reference to clause (d) of the “Basis of Qualified Opinion” in the Audit Report on Consolidated Financial Statements wherein the auditors have reported about non provision of trade receivables of Gammon & Billimoria LLC (GBLLC), Dubai a Subsidiary of the Company, the Board would like to inform you that as mentioned in Note 16(iv) of Consolidated Financial Statements, the amount is due from a Debtor of GBLLC which includes retention money aggregating to AED 2.7 million (₹ 4.54 crore) due

to GBLLC acting as a sub-contractor. The management of the said subsidiary is of the opinion that the amount is contractually recoverable and the subsidiary company is in negotiations with the principal client and in their opinion no provision is required to be made towards the same.

- (i) With reference to second para of clause (d) of the "Basis of Qualified Opinion" in the Audit Report on Consolidated Financial Statements wherein the auditors have reported their inability to determine recoverability of an amount of ₹ 81.27 Crore in connection with legal proceedings initiated by the Company's subsidiaries viz. (i) Patna Buxar Projects Limited and (2) Mormugao Terminal Limited against unilateral termination of their respective concession agreements, the Board would like to inform you that since the management of the respective aforementioned companies is confident of recovery of the aforesaid amounts, no provision has been made in the accounts.
- (j) With reference to clause (f) of the "Basis of Qualified Opinion" in the Audit Report on Consolidated Financial Statements, wherein the auditors have opined on encashment of bank guarantee of one of the subsidiaries viz. Patna Water Supply Distribution Network Private Limited, by the client and subsequent termination of the contract by the Client, the Board would like to inform you that since the said subsidiary believes that it has a good case against the Client, it has sought legal advice on the matter and hence the said encashment does not require any provision.

Members' attention is drawn to "Emphasis of Matter" stated in the Auditor's Report dated 5th December 2014 on the Standalone Financial Statements and in the Audit Report dated 18th December 2014 on the Consolidated Financial statements for the nine (9) months period ended 30th September 2014. The Directors would like to state that the said matters are for the attention of members only and have been explained in detail in the relevant notes to accounts as stated therein and hence require no further clarification.

10. AUDITORS:

The members had at the 92nd Annual General Meeting held on 30th June 2014, approved the appointment of:

- (a) M/s. Natvarlal Vepari & Co., Chartered Accountants, Firm Registration no. 106971W, Statutory Auditors of the Company for the next three (3) financial years i.e. 2014-2015, 2015-16 and 2016-17; &
- (b) M/s. Vinod Modi & Associates, Chartered Accountants, Firm Registration no. 111515W and M/s. M. G. Shah & Associates, Chartered Accountants, Firm Registration no. 112561W, as the Joint Branch Auditors of 'Gammon India Limited –Transmission& Distribution Business for the next five (5) financial years i.e. 2014-2015, 2015-16, 2016-17, 2017-18 and 2018-19.

Pursuant to Rule 3(7) of the Companies (Audit and Auditors) Rules, 2014, the aforesaid appointments need to be ratified by the members at the forthcoming Annual General Meeting. Accordingly, (i) the appointment of M/s. Natvarlal Vepari & Co., Chartered Accountants, as the Statutory Auditors of the Company to hold office from the conclusion of the meeting until the conclusion of the Annual General Meeting to be held for the financial year 2016-17 and (ii) the appointment of M/s. Vinod Modi & Associates, Chartered Accountants, Firm Registration no. 111515W and M/s. M. G. Shah & Associates, Chartered Accountants, Firm Registration no. 112561W, as the Joint Branch Auditors of 'Gammon India Limited –Transmission& Distribution Business, to hold office from the conclusion of the meeting until the conclusion of the Annual General Meeting to be held for the financial year 2018-19 is commended for ratification by the members.

A certificate from (i) M/s. Natvarlal Vepari & Co., Chartered Accountants, (ii) M/s. Vinod Modi & Associates, Chartered Accountants and (iii) M/s. M. G. Shah & Associates, Chartered Accountants, that their appointment is within the prescribed limits under Section 141 of the Companies Act, 2013 has been obtained.

11. COST AUDITOR :

Pursuant to the Cost Audit Order dated 24th January, 2012 issued by the Ministry of Corporate Affairs (MCA), the Board of Directors had appointed Mr. R. S. Raghavan, as the Cost Auditor for audit of cost accounting records of the transmission and distribution business for the nine (9) months period ended 30th September 2014. The report of the Cost Auditor will be filed with the MCA within the prescribed period. The Board, in its meeting held on 5th December 2014, has on the recommendation of the Audit Committee and subject to the approval of the Central Government approved the re-appointment of Mr. R. S. Raghavan as the Cost Auditor of the Company for the financial year commencing from 1st October 2014 for the applicable product of the transmission and distribution business.

12. REPORT ON CORPORATE GOVERNANCE AND MANAGEMENT DISCUSSION AND ANALYSIS:

Report on Corporate Governance and Management Discussion and Analysis Report for the year under review, together with a Certificate from the Auditors of the Company regarding compliance of the conditions of Corporate Governance, as stipulated under Clause 49 of the Listing Agreement forms part of the Annual Report.

13. DIRECTORS:

During the nine (9) months period ended 30th September 2014, Mr. Peter Gammon, Non-Executive Director (Chairman Emeritus) and Mr. Parvez Umrigar, Non-Executive Non-Independent Director resigned from the Company's Board with effect from 28th June 2014 and 31st July 2014 respectively. The Board places on record its sincere appreciation for the services rendered by Mr. Peter Gammon and Mr. Parvez Umrigar.

The members have at the 92nd Annual General Meeting held on 30th June 2014, approved the appointment of the following Independent Directors for a term of five (5) consecutive years up to 31st March, 2019:

1. Mr. Chandrahas C. Dayal
2. Mr. Naval Choudhary
3. Mr. Jagdish Sheth
4. Mrs. Urvashi Saxena
5. Mr. Atul Kumar Shukla
6. Mr. Atul Dayal

The Board, at its meeting held on 18th December 2014, on the recommendation of the Nomination and Remuneration Committee, appointed/re-appointed the following directors:

1. Mr. Ajit B. Desai was appointed as the Whole-time Director of the Company designated as Executive Director & Chief Executive Officer for a period of three (3) years. The appointment of Mr. Desai as the Executive Director & Chief Executive Officer is subject to the approval of the CDR Lenders, the shareholders and the Central Government.
2. Mr. Rajul A. Bhansali was re-appointed as the Whole-time Director of the Company designated as Executive Director – International Operations for a further period of three (3) years. The re-appointment of Mr. Bhansali as the Executive Director – International Operations is subject to the approval of the shareholders and the Central Government.

14. DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to Section 217 (2AA) of the Companies (Amendment) Act 2000, the Directors confirm that:

1. The applicable accounting standards have been followed by the Company in preparation of the annual accounts for the nine (9) months period ended 30th September 2014;
2. The Directors have selected accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 30th September 2014 and of the Profit of the Company for the period ended on that date;
3. Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Act and for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities;
4. The annual accounts for the nine (9) months period ended 30th September 2014 have been prepared on a going concern basis.

15. PARTICULARS OF EMPLOYEES:

The particulars of employees required to be furnished under Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, forms part of this Report. However, as per the provisions of Section 219(1)(b)(iv) of the Companies Act, 1956, the Report and Accounts are being sent to all shareholders, excluding the statement of particulars of employees. Any shareholder interested in obtaining a copy may write to the Company Secretary at the Registered Office of the Company.

16. PARTICULARS UNDER COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF THE BOARD OF DIRECTORS) RULES, 1988:

A. Conservation of Energy:

“Energy conservation” means to reduce the quantity of energy that is used for different purposes. This practice results in increase of financial capital, environmental value, national and personal security, and human comfort. Your Company is continuing with energy saving measures initiated earlier. Practices followed for conservation of Energy and efficient energy use are as follows:

- Constant monitoring of Diesel Consumption at the project sites.
- Replacement of diesel/fuel operated plant and machinery with electrically operated plant and machinery wherever possible at the project sites.
- Effective utilization of plant & machinery at the project sites.

The following initiatives taken at the Company's T&D Division at Nagpur to conserve energy and environment by reducing the consumption of non-renewable energy sources continue to be followed during the current year:

- Installation of drying oven for preheating of materials prior to galvanizing with the help of waste flue gases from galvanizing furnace which has reduced fuel consumption by 10%.
- Change in fuel from LDO to Ignite oil and from ignite oil to Liquefied Petroleum Gas through liquid off take (LOT) system in galvanizing furnace reduces carbon deposition which minimizes breakdown, gives uniform heating to kettle thereby increasing the life & increase overall efficiency of the furnace.
- Maintaining power factor towards unity through capacitor bank.
- Transparent polycarbonate sheets provided at shop floor roof for usage of Natural light.
- Sewage Treatment Plant is installed to use waste water for gardening.
- Provided 85 Watt CFL in place of 250 Watts Metal Halide at finish yard Deoli works.
- Installed air operated diaphragm type pump instead of 10 HP electrical pump to save electrical power.
- Installed heat exchanger for heating of flux tank with the help of quench water.

B. Technology Absorption:

Timely completion of the projects as well as meeting the budgetary requirements are the two critical areas where different techniques help to a great extent. Many innovative techniques have been developed and put to effective use and the efforts to develop new techniques continue unabated.

C. Research and Development (R & D):

Increasing focus on developing infrastructure in the country has opened up many opportunities for the construction companies. In the continued difficult economic conditions, cost reductions and early completion of projects remains high on the agenda for every construction company. The opportunities for economizing the designs, improving the productivity, reducing wastage and adopting better construction practices leave a lot of scope for research and technology implementation. There is an urgent need

to increase efforts for standardization of equipment, formwork, structural designs and construction procedures. The current market challenges makes it all the more important not to lose focus on the Research & Technology investments as innovating technologies are key to overcome the economic challenges.

To rise up to the challenge of completing huge quantum of work in a short time, we have to back up the onsite teams with continual improvement in construction technology. During the year under review the R&D activities undertaken by the company include:

- Designing high strength M60, M80 grade concrete for vertical pumping distance of 170 metres.
- Designing prestressed concrete for bridge superstructure with high early strength using Fly Ash as replacement of cement
- Designing concrete cooling systems for placing mass concrete at 10°C
- Designing & construction of composite well on sloping rock profile
- 3T Capacity cantilever platform with telescopic arrangement for material loading & shifting
- 1.5T capacity Movable Formwork Lifting Gantry for DAM construction
- Access stair tower 4 storied high on modular cantilever structural arrangement
- 7m cantilever structural cover at high-rise building for safety of pedestrian movement
- Designing, fabrication and erection methodology for Santacruz-Chembur Link Road Project (SCLR)-Phase-1- Section-II. Fabrication and Erection of 50.9 m long Steel Plate Girders (each girder weighing around 70 t).

D. Foreign Exchange Earnings and Outgo:

Total foreign exchange used and earned during the year:

	<i>(₹ in Crore)</i>	
	Current Period	<i>Previous Period</i>
Foreign Exchange Earnings	145.97	<i>186.63</i>
Foreign Exchange Outgo	113.04	<i>162.60</i>

17. ACKNOWLEDGEMENTS:

Your Directors thank all its valued customers and various Government, Semi-Government and Local Authorities, Suppliers and other Business associates. Your Directors appreciate continued support from Banks and Financial Institutions and look forward to their co-operation in the future. Your Directors place on record their appreciation of the dedicated efforts put in by the employees at all levels and wish to thank the Shareholders and all other stakeholders for their unstinted support and co-operation.

For and on behalf of the Board of Directors

ABHIJIT RAJAN
Chairman & Managing Director

Place : Mumbai

Dated : 18th December 2014

REPORT ON CORPORATE GOVERNANCE

In compliance with Clause 49 of the Listing Agreement entered into with the Stock Exchanges applicable as on 30th September, 2014.

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE :

The Company's philosophy on Corporate Governance envisages accountability, responsibility and transparency in the conduct of the Company's business and its affairs and accordingly lays great emphasis on regulatory compliances. The Company firmly believes that Corporate Governance is a powerful tool to sub-serve the long term growth of the Company and continues to give priority to the principles and practice of Corporate Governance and has accordingly benchmarked its practices with the existing guidelines of corporate governance as laid down in the Listing Agreement.

2. BOARD OF DIRECTORS ('Board') :

(a) Composition :

The Company has an optimum combination of Executive and Non-Executive Directors in conformity with Clause 49 of the Listing Agreement entered into with the stock exchanges, to maintain the independence of the Board and to separate the Board functions of governance and management.

As on 30th September, 2014 the Board comprises of a Chairman and Managing Director (Executive), 2 (two) Executive Directors and 6 (six) Non-Executive Independent Directors including a woman Director. All the members of the Board are persons with considerable experience and expertise in industry, finance, management and law.

The Chairman and Managing Director provides leadership to the Board and to the Management in strategizing and realizing business objectives and is supported by the Executive Directors. The Independent Directors contribute by giving their valuable guidance and inputs with their independent judgment on the overall business strategies and performance.

None of the Directors on the Board is a Member of more than 10 (ten) Committees and Chairman of more than 5 (five) Committees (as specified in Clause 49 of the Listing Agreement), across all the Companies in which he / she is a Director as per the disclosures made by all the Directors.

None of the Independent Directors on the Board serve as an Independent Director in more than seven listed companies.

None of the Whole time Directors on the Board serve as an Independent Director in more than three listed companies.

(b) Changes in Board Composition :

Effective from 1st January, 2014 till date the following changes have taken place in the Board composition:

- 1) Mr. Peter Gammon ceased to be a Non-Executive Director (Chairman Emeritus) with effect from 28th June, 2014 by virtue of his resignation from the Board.
- 2) Mr. Parvez Umrigar ceased to be a Non-Executive Director with effect from 31st July, 2014, by virtue of his resignation from the Board.

(c) Board Meetings :

The Board meets at least once in each quarter inter-alia, to review the quarterly financial results. The gap between two consecutive meetings is less than 120 days. In addition the Board also meets whenever necessary. The Board periodically reviews compliance reports of all laws applicable to the Company. Steps are taken by the Company to rectify instances of non-compliances.

During 9 (nine) months period under review the Company held 8 (eight) Board Meetings on 14th February 2014, 18th February 2014, 18th March 2014, 3rd April 2014, 14th May 2014, 3rd June 2014, 13th August 2014 and 21st August 2014.

(d) Directors' Attendance Record and Directorships held:

The names and categories of the Directors on the Board, their attendance at Board Meetings during the 9 (nine) months period and at the last Annual General Meeting, also the number of directorships and committee memberships held by them in other Companies are given below:

Name and Designation of Director	Category of Directors	No. of Board Meetings attended (01.01.2014 to 30.09.2014)		Attendance at last AGM. held on 30 th June, 2014	Directorships in other Companies in India***	Committee Positions held (Other than Gammon India Limited)	
		Held	Attended			Chairman	Member
Mr. Peter Gammon Chairman Emeritus*	Promoter/ Non - Executive & Non Independent	8	NIL	No	NIL	NIL	NIL
Mr. Abhijit Rajan Chairman & Managing Director	Promoter, Executive & Non Independent	8	8	Yes	5	NIL	NIL
Mr. Rajul Bhansali Executive Director	Executive & Non Independent	8	8	Yes	3	NIL	NIL
Mr. Digambar Bagde Executive Director	Executive & Non Independent	8	5	Yes	9	NIL	NIL
Mr. Parvez Umrigar Director**	Non - Executive & Non Independent	8	1	No	NIL	NIL	NIL
Mr. Chandrahas C. Dayal Director	Non - Executive & Independent	8	7	Yes	16	1	5
Mr. Jagdish Sheth Director	Non - Executive & Independent	8	8	Yes	NIL	NIL	NIL
Ms. Urvashi Saxena Director	Non - Executive & Independent	8	5	Yes	5	NIL	NIL
Mr. Naval Choudhary Director	Non - Executive & Independent	8	Nil	Yes	3	NIL	NIL
Mr. Atul Kumar Shukla Director	Non - Executive & Independent	8	8	Yes	6	1	2
Mr. Atul Dayal Director	Non - Executive & Independent	8	1	No	9	NIL	2

* Mr. Peter Gammon resigned as Director (Chairman Emeritus) w.e.f 28th June, 2014.

** Mr. Parvez Umrigar resigned as Director w.e.f 31st July, 2014.

*** Includes Directorships in private limited companies. Details are as on 30th September, 2014.

Notes:

- a) Chairmanship / Membership of Committees includes only Audit and Stakeholders Relationship Committee.
- b) Mr. Chandrahas C. Dayal and Mr. Atul Dayal are related to each other.

The Board meetings are held at the registered office of the Company. Agenda of the business to be transacted at each meeting is given to the Board in advance together with relevant information and explanations. The Board deliberates on every matter placed before it before arriving at a decision / approving matters placed before it. The Company Secretary conveys the decisions of the Board to the Senior Management to initiate action. The information as required under Annexure IA to Clause 49 is being made available to the Board. The Company did not have any pecuniary relationship or transactions with Non-Executive Directors during the year.

3. BOARD COMMITTEES :

In compliance with the requirements of the Companies Act, 2013, the Listing Agreement and the applicable laws, the Board constituted / reconstituted the following committees:

(i) Audit Committee (ii) Stakeholders Relationship Committee (iii) Nomination & Remuneration Committee (iv) Corporate Social Responsibility Committee (v) Review Committee of Independent Directors

The Board determines the constitution of the committees and the terms of reference for committee members including their roles and responsibilities.

(A) Mandatory Committees:

(i) Audit Committee :

Composition:

The Audit Committee as on 30th September, 2014 comprised of 5 (five) Non-Executive Independent Directors viz.:

(1) Mr. Chandrahas C. Dayal (Chairman), (2) Mr. Atul Dayal, (3) Ms. Urvashi Saxena, (4) Mr. Naval Choudhary and (5) Mr. Atul Kumar Shukla.

Note : Mr Atul Dayal ceased to be a member of the Audit Committee effective from 5th December, 2014. The Committee was reconstituted with the following members 1) Mr.Chandrahas C. Dayal (Chairman), (2) Ms. Urvashi Saxena, (3) Mr. Naval Choudhary and (4) Mr. Atul Kumar Shukla.

All the members of the Audit Committee are financially literate and have accounting / related financial management expertise.

Ms Gita Bade - Company Secretary acts as Secretary to the Committee.

Terms of reference:

The terms of reference of the Audit Committee are broadly as follows:

- a) Overseeing of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- b) Recommending to the Board the appointment, re-appointment and removal of statutory auditors, cost auditors, branch auditors and fixation of their remuneration.
- c) Approving the payments to statutory auditors for any other services rendered by them.
- d) Reviewing with management the annual financial statements and auditor's report before submission to the Board for approval, focusing primarily on:
 - Matters required to be included in the Director's Responsibility statement to be included in the Board Report in terms of clause (c) of sub-section 3 of Section 134 of the Companies Act, 2013;
 - Any changes in accounting policies and practices and reasons for the same;
 - Major accounting entries involving estimates based on exercise of judgments by management;
 - Qualifications in draft audit report;
 - Significant adjustments made in the financial statements arising out of audit;
 - The going concern assumption;
 - Compliance with accounting standards;
 - Compliance with listing and legal requirements concerning financial statements;
 - All related party transactions i.e., transactions of the Company of material nature, with promoters or the management, their subsidiaries or relatives etc.
- e) Reviewing with the management, statutory and internal auditors, internal financial controls and risk management system.
- f) Reviewing with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus / notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board.

- g) Reviewing with the management the quarterly and half yearly financial results before submission to the Board.
- h) Reviewing the adequacy of internal audit functions, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
- i) Scrutinizing of the inter corporate loans & investments.
- j) Discussion with Internal Auditors, any significant findings and follow up thereon.
- k) Reviewing the findings of any internal investigations by the Internal Auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- l) Approval or any subsequent modification of transactions of the Company with related parties.
- m) To look into reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (incase of non-payment of declared dividends) and creditors.
- n) Review and monitor the auditor's independence and performance, and effectiveness of audit processes.
- o) To review the functioning of the Whistle Blower and Vigil mechanism.
- p) Valuation of undertaking or assets of the company where ever it is necessary.
- q) Approval of appointment of CFO (i.e. the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate.
- r) All such other functions as may be specified from time to time.

Meetings:

During the 9 (nine) months period ended 30th September, 2014, the Audit Committee held 6 (six) meetings on 14th February 2014, 18th February 2014, 3rd April 2014, 14th May 2014, 13th August 2014 and 21st August 2014. Necessary quorum was present at all the meetings.

The details of meetings attended by the Members are given below:-

Name of the Member	No. of Audit Committee Meetings attended
Mr. Chandrahas C. Dayal - Chairman	5
Mr. Atul Dayal - Member	NIL
Ms. Urvashi Saxena - Member	3
Mr. Naval Chaudhary - Member	NIL
Mr. Atul Kumar Shukla - Member	5

Mr. Chandrahas C. Dayal - Chairman of the Audit Committee was present at the previous Annual General Meeting held on 30th June, 2014.

The Audit Committee meetings are held at the Registered Office of the Company and attended by invitation by the Chief Financial Officer, Finance Controllers, Representatives of the Statutory Auditors and the Internal Auditors of the Company and various Business Heads.

(ii) Stakeholders' Relationship Committee :

In order to ensure compliance with the requirements of Section 178 of the Companies Act, 2013 and revised clause 49 of the listing agreement (applicable w.e.f 1st October,2014) the nomenclature of the Investor Grievance Committee was changed to Stakeholders Relationship Committee with revised role which also includes to consider and resolve the grievances of all security holders of the Company.

Composition:

The Stakeholders' Relationship Committee comprises of four (4) Non-Executive Independent Directors viz.:

(1) Mr. Chandrahas C. Dayal (Chairman) (2) Mr. Atul Dayal (3) Mr. Naval Choudhary and (4) Mr. Atul Kumar Shukla.

Ms Gita Bade - Company Secretary acts as Secretary to the Committee.

Terms of reference:

The Stakeholders Relationship Committee primarily attends to and resolves grievances of the Company's shareholders and other stakeholders.

Meetings:

During the 9 (nine) months period ended 30th September, 2014 the Committee held 12 (twelve) meetings on 7th January, 2014, 15th February 2014, 22nd March 2014, 29th March 2014, 7th April 2014, 29th April 2014, 15th May 2014, 23rd June 2014, 7th July 2014, 15th July 2014, 22nd July 2014 and 29th September 2014. Necessary quorum was present at all the meetings.

The minutes of the Stakeholders' Relationship Committee are reviewed and noted by the Board. The details of the Committee meetings attended by the Members are given below:

Name of the Member	No. of Committee Meetings attended
Mr. Chandrahas C. Dayal - Chairman	11
Mr. Atul Dayal - Member	1
Mr. Naval Chaudhary - Member	2
Mr. Atul Kumar Shukla - Member	12

Details of Investor Complaints:

A total of 23 queries / complaints were received by the Company from Investors as detailed below. All the complaints were resolved by the Company to the satisfaction of the Investors'. As on 30th September, 2014, there were no pending letters / complaints. The status of Investors complaints received up to 30th September, 2014 is as stated below:

No. of Complaints received during the 9 (nine) months period ended 30 th September, 2014.	23
No. of Complaints resolved as on 30 th September, 2014.	23
No of Complaints pending as on 30 th September, 2014.	NIL
No. of pending share transfers as on 30 th September, 2014	NIL

Name, Designation and Address of Compliance Officer:**Ms. Gita Bade**

Company Secretary
Gammon India Limited
'Gammon House', Veer Savarkar Marg,
Prabhadevi, Mumbai - 400 025.
E-mail Id: gita.bade@gammonindia .com
Telephone : 022 - 6115 3000.
Facsimile : 022 - 2430 0221.

Name, Designation and Address of Investor Relations Officer:**Mr. Mandar Godbole**

Asst. Manager - Secretarial
Gammon India Limited
'Gammon House', Veer Savarkar Marg,
Prabhadevi, Mumbai - 400 025.
E-mail Id: mandar.godbole@gammonindia.com
Telephone : 022 - 6115 3000.
Facsimile : 022 - 2430 0221.

(iii) Nomination & Remuneration Committee :

In order to ensure compliance with the provisions of Section 178 of the Companies Act, 2013, the nomenclature of the Selection and Remuneration Committee was changed to Nomination and Remuneration Committee.

Composition:

The Nomination & Remuneration Committee comprises of 3 (three) Non-Executive Independent Directors viz.:

(1) Mr. Chandrahas C. Dayal (Chairman) (2) Mr. Naval Choudhary and (3) Mrs. Urvashi Saxena.

Ms Gita Bade - Company Secretary acts as Secretary to the Committee.

Terms of reference:

The role of the Nomination and Remuneration Committee is:

- To identify persons who are qualified to become directors or who can be appointed in the senior management.
- To formulate criteria for evaluation of Independent Directors and the Board.
- To devise a policy on Board diversity.
- To recommend the appointment/ removal of directors or senior management personnel.
- To carry out evaluation of every director's performance.
- To formulate criteria for determining qualifications, positive attributes and independence of a director.
- To recommend to the Board, policy relating to remuneration for the directors, key managerial personnel and other senior employees and to review the policy at regular intervals.

Meetings:

During the 9 (nine) months period ended 30th September, 2014, the Committee held 2 (two) meetings on 12th March, 2014 and 25th July, 2014. Necessary quorum was present at all the meetings. The details of the Committee meetings attended by the Members are given below:

Name of the Member	No. of Committee Meetings attended
Mr. Chandrahas C. Dayal - Chairman	2
Ms. Urvashi Saxena - Member	2
Mr. Naval Chaudhary - Member	NIL

Chairman of the Nomination & Remuneration Committee was present at the previous Annual General Meeting held on 30th June, 2014.

Ms. Gita Bade - Company Secretary acts as Secretary to the Committee.

(iv) Nomination & Remuneration Policy

The Nomination and Remuneration policy provides a framework for appointment of Directors, Key Managerial Personnel and senior management, their performance evaluation and fixing their remuneration based on their performance.

Details of Remuneration paid to Directors during the period ended 30th September, 2014:

All Executive Directors are paid salary, allowances, perquisites performance linked incentives and commission while Non-Executive Independent Directors receive sitting fees for attending Board and Committee meetings. Payment of remuneration to the Chairman & Managing Director and the Executive Directors is governed by an Agreement entered into between the Company and the Managerial Personnel, the terms and conditions of which have been duly approved by the Board and the Shareholders of the Company.

The Remuneration (including perquisites and benefits) paid to the Executive Directors during the 9 (nine) months period ended 30th September, 2014 is as follows:

Name of Director	(Amt. in ₹)		
	Mr. Abhijit Rajan	Mr. Rajul Bhansali	Mr. Digambar C. Bagde
Salary	41,410,893	5,454,120	9,130,298
Perquisites*	5,725,800	7,45,445	4,38,000
Commission	Nil	Nil	Nil
Performance linked incentives	Nil	Nil	Nil
Total	47,136,693	6,199,565	9,568,298
Tenure :			
From	14/02/1991	30/03/2003	09/07/2009
To **	16/05/2016	28/03/2015	08/07/2017
Shares of ₹ 2/- each held as on 30 th September, 2014	8172459	NIL	817472

** As re-appointed from time to time

* Perquisites includes employers contribution to Provident Fund, Superannuation Fund and Gratuity for Directors. (Except Mr. Digambar C. Bagde whose perquisites includes only provident fund contribution)

The Company had made an application to the Ministry of Corporate Affairs ("MCA") seeking its approval for payment of remuneration of ₹ 6 Crores p.a. to Mr. Abhijit Rajan – Chairman & Managing Director for each of the years that is 2012-13 & 2013-14 respectively, which was rejected by the MCA. The Company has preferred an appeal to the MCA for review of its decision. Further, the Company has also made an application to the MCA seeking its approval for payment of 'Minimum Remuneration' of ₹ 6 Crores p.a. to Mr. Abhijit Rajan for the period from 1st January, 2014 to 31st March, 2015, for the financial year 2015-16 & for the period 1st April, 2016 to 16th May, 2016 and the same is awaited.

Service Contract, Severance Fees & Notice Period:

The terms of employment stipulate a notice period of 3 (three) months, for termination of appointment of Chairman & Managing Director and Executive Directors, on either side. There is no provision for payment of severance fees.

Sitting Fees to Non-Executive Independent Directors:

Non-Executive Independent Directors of the Company do not draw any remuneration from the Company other than sitting fees for attending Board and Committee meetings. None of the Non-Executive Independent Directors have entered into any pecuniary transaction or relationship with the Company.

Details of sitting fees paid for attending Board and Committee Meetings during the 9 (nine) months period from 1st January, 2014 to 30th September, 2014 are given below:

(Amt in ₹)

Name	Board Meeting	Committee Meeting*	Total
Mr. Chandrahas C. Dayal	1,40,000	1,80,000	3,20,000
Mr. Atul Dayal	NIL	NIL	NIL
Mr. Jagdish Sheth	1,60,000	NIL	1,60,000
Ms. Urvasi Saxena	1,00,000	1,40,000	2,40,000
Mr. Atul Kumar Shukla	1,60,000	1,00,000	2,60,000
Mr. Naval Chaudhary	NIL	20,000	20,000

Note: (*) includes Audit Committee, Review Committee of Independent Directors and Nomination & Remuneration Committee.

Details of Shareholding of Non-Executive Directors as on 30th September, 2014

Name of Director	No of shares held	Percentage
Mr. Chandrahas C. Dayal	1500	0.001
Mr. Atul Dayal	NIL	NIL
Mr. Jagdish Sheth	NIL	NIL
Ms. Urvasi Saxena	NIL	NIL
Mr. Atul Kumar Shukla	NIL	NIL
Mr. Naval Chaudhary	NIL	NIL
Mr. Parvez Umrigar*	2,15,648	0.158
Mr. Peter Gammon**	NIL	NIL

* Mr. Parvez Umrigar ceased to be Director w.e.f 31st July, 2014

** Mr. Peter Gammon ceased to be Director (Chairman Emeritus) w.e.f 28th June, 2014

(v) Corporate Social Responsibility Committee :

The Board of Director at its meeting held on 3rd April, 2013 constituted "Corporate Social Responsibility Committee" ("CSR Committee") as required under Section 135 of the Companies Act, 2013.

Composition:

The CSR Committee comprises of the Chairman & Managing Director- Mr. Abhijit Rajan and 3 (three) Non-Executive Independent Directors viz.: (1) Mr. Chandrahas C. Dayal, (2) Mr. Naval Choudhary and (3) Ms. Urvasi Saxena.

The Chairman of the Committee is Mr. Chandrahas C. Dayal

Ms Gita Bade - Company Secretary acts as Secretary to the Committee.

Terms of reference:

The role of the Corporate Social Responsibility Committee is to:

- (i) formulate and recommend to the Board a Corporate Social Responsibility Policy to indicate the activities to be undertaken by the Company as specified in Schedule VII and amendment thereof.
- (ii) recommend the amount of expenditure to be incurred on the activities to be undertaken by the Company; and
- (iii) monitor the Corporate Social responsibility Policy from time to time.

Meetings:

No meetings were held during the 9 (nine) months period ended 30th September, 2014.

(B) Non-mandatory Committees:**Review Committee of Independent Directors :**

The Board in its meeting held on 25th November, 2013 constituted a Review Committee of Independent Directors.

The role of the Review Committee of Independent Directors is to review, *inter alia*, the Company's projects on a periodical basis and all project related issues as well as such matters as may be referred to the Committee by the Board.

Composition:

The Committee comprises of 3 (three) Non-Executive Independent Directors viz.:

- (1) Mr. Naval Choudhary (Chairman) (2) Mr. Chandrahas C. Dayal and (3) Mrs. Urvashi Saxena.

Ms Gita Bade - Company Secretary acts as Secretary to the Committee.

Meetings:

During the 9 (nine) months period ended 30th September, 2014, the Committee held 3 (three) meetings on 4th January 2014, 19th April 2014 and 25th July 2014.

The details of the Committee meeting attended by the Members are given below:

Name of the Member	No. of Committee Meetings attended
Mr. Naval Chaudhary - Chairman	3
Mr. Chandrahas C. Dayal - Member	3
Ms. Urvashi Saxena - Member	1

4. COMPANY POLICIES :

During the year under review, the Board adopted the following policies:

(a) Policy on Related Party Transactions:

Pursuant to Clause 49 of the Listing Agreement and upon recommendation by the Audit Committee, the Board of Directors, at its meeting held on 21st August, 2014, approved and adopted the Policy on Related Party Transactions. This Policy can be viewed on the Company's website viz. www.gammonindia.com in the "Investors" Section.

(b) Policy on Material Subsidiaries:

Pursuant to Clause 49 of the Listing Agreement and upon recommendation by the Audit Committee, the Board of Directors, at its meeting held on 21st August 2014, approved and adopted the Policy on Material Subsidiaries. This Policy can be viewed on the Company's website viz. www.gammonindia.com in the "Investors" Section.

(c) Whistle Blower Policy:

Pursuant to Clause 49 of the Listing Agreement and upon recommendation by the Audit Committee, the Board of Directors, at its meeting held on 21st August, 2014, approved and adopted the Whistle Blower Policy. This Policy can be viewed on the Company's website viz. www.gammonindia.com in the "Investors" Section.

(d) Nomination & Remuneration Policy:

Pursuant to Clause 49 of the Listing Agreement and upon recommendation by the Nomination & Remuneration Committee, the Board of Directors, at its meeting held on 13th August, 2014, approved and adopted the Nomination & Remuneration Policy. This Policy can be viewed on the Company's website viz. www.gammonindia.com in the "Investors" Section.

5. OTHER INFORMATION :

(a) The Corporate Identity Number allotted to the Company by the Ministry of Corporate Affairs is : L74999MH1922PLC000997

(b) Code of Conduct :

The Company has laid down a Code of Conduct for all Board members and the Senior Management Personnel. The Code of Conduct is available on the Company's website viz., www.gammonindia.com. All the Board Members and Senior Management Personnel have affirmed compliance with the Code of Conduct. A declaration to this effect signed by the Chairman & Managing Director forms part of this Report.

(c) General Body Meetings :

(i) Location, Date and Time of Annual General Meetings held during the last 3 (three) years:

The Annual General Meetings of the Company for the nine (9) months period ended 31st December, 2013 and for the financial years 2012 - 13 and 2011 - 12 were held at Ravindra Natya Mandir (P.L. Deshpande Maharashtra Kala Academy), Sayani Road, Prabhadevi, Mumbai - 400 025, as detailed below :

AGM	Financial Year/Period	Date & Time
92 nd	9 months period ended 31 st December, 2013	30 th June, 2014 at 4.30 p.m.
91 st	2012 - 2013	24 th September, 2013 at 3.30 p.m.
90 th	2011 - 2012	25 th September, 2012 at 3.30 p.m.

(ii) Special Resolutions passed in the previous three Annual General Meetings:

30 th June, 2014	<p>(i) Allotment of 36,968,575 Equity shares of the Company of face value of ₹ 2/- each at a price of ₹ 27.05/- aggregating to ₹ 1,000,000,000/- on preferential basis to the promoters of the Company.</p> <p>(ii) Payment of remuneration aggregating to ₹ 60,000,000/- (Rupees Six Crores only) per annum to Mr. Abhijit Rajan - Chairman & Managing Director for the financial year 2014-2015 & for a period from 1st April, 2016 - 16th May, 2016.</p> <p>(iii) Payment of remuneration aggregating to ₹ 80,00,000/- (Rupees Eighty Lakhs only) per annum to Mr. Rajul A. Bhansali - Executive Director (International Operations) for the period starting from 1st January, 2014 until the remainder of his tenure i.e. 29th March, 2015.</p> <p>(iv) Appointment of Mr. Harshit Rajan, a relative of Mr. Abhijit Rajan - Chairman & Managing Director as Vice President - Procurement for a period of 3 (three) years effective 1st May, 2014.</p>
24 th September, 2013	<p>(i) Payment of remuneration of an amount not exceeding ₹ 4,500,000/- (Rupees Forty five Lakhs only) to Mr. Parvez Umrigar, Non - Executive Director for the financial year 2013-2014.</p> <p>(ii) Re-appointment of Ms. Ruchi Bagde, a relative of Mr. D.C. Bagde - Whole-time Director, as Management Trainee for a further period of 1 (one) year.</p>
25 th September, 2012	<p>(i) Payment of 'Minimum Remuneration' to Mr. Abhijit Rajan - Chairman & Managing Director for a period of 3 (three) financial years i.e. for financial years 2011-12, 2012-13 & 2013-14.</p> <p>(ii) Payment of 'Minimum Remuneration' to Mr. Rajul A. Bhansali, Executive Director - International Operations for a period of 3 (three) financial years i.e. for financial years 2011-12, 2012-13 & 2013-14.</p> <p>(iii) Payment of 'Minimum Remuneration' to Mr. Himanshu Parikh - Executive Director for a period of 3 (three) financial years i.e. for financial years 2011-12, 2012-13 & 2013-14.</p> <p>(iv) Payment of 'Minimum Remuneration' to Mr. Digambar C. Bagde, Deputy Managing Director - Transmission & Distribution Business for a period of 3 (three) financial years i.e. for financial years 2011-12, 2012-13 & 2013-14.</p> <p>(v) Payment of 'Minimum Remuneration' to Mr. Rohit Modi - Deputy Managing Director for the financial year 2011-12.</p>

(iii) **Resolution Passed by Postal Ballot during the period 1st January, 2014 to 30th September, 2014:**

The following resolution was passed by Postal Ballot during the period 1st January, 2014 to 30th September, 2014:

Approval of the Members sought for authorizing the Board of Directors to give loans/guarantee to/provide securities to/make investments in subsidiary(ies) upto an aggregate amount not exceeding ₹ 800 crore.

Particulars	No. of Postal Ballots	No. of shares
Total number of physical ballot forms received.	188	20,525,293
Total number of electronic ballot forms received.	44	48,792,871
Number of invalid physical ballot forms.	11	3,948
Number of invalid electronic ballot forms.	0	0
Number of valid physical ballot forms.	177	20,521,345
Number of valid electronic ballot forms.	44	48,792,871
Votes in favour of the resolution (both, physical & electronic)	193	66,523,515
Votes against the resolution (both, physical & electronic)	28	2,790,701
Percentage of votes cast in favour of the resolution (both, physical & electronic):	95.97%	
Percentage of votes casted against the resolution (both, physical & electronic) :	4.03%	

The aforesaid resolution was passed on 25th September, 2014.

Mr. V. V. Chakradeo of M/s. V. V. Chakradeo & Co., Company Secretaries was appointed as the Scrutinizer for conducting the Postal Ballot process.

Procedure for Conducting Postal Ballot:

After receiving the approval of the Board of Directors and consent of the scrutinizer, notice of the Postal Ballot containing text of the Resolution and Explanatory Statement to be passed through postal ballot, Postal ballot Form and self-addressed postage pre-paid envelopes are sent to the shareholders to enable them to consider and vote for or against the proposal within a period of 30 days from the date of dispatch. The Company also provides e-voting facility to enable the shareholders to cast their vote by electronic means. A notice is also published in the newspapers regarding dispatch of Postal Ballot notices. After the last date of receipt of ballots, the Scrutinizer, after due verification, submits the result to the Chairman. Thereafter, the Chairman declares the result of the postal ballot. The same along with Scrutinizer's Report is submitted to the Stock Exchanges and also displayed on the website of the Company.

6. OTHER DISCLOSURES :

- Other than transactions entered into in the normal course of business for which necessary approvals are taken and disclosures made, the Company has not entered into any materially significant related party transactions i.e., transactions of material nature, with its Promoters, Directors or the Management, their subsidiaries or relatives etc. that may have potential conflict with the interest of the Company at large. However the Company has annexed to the accounts a list of all related parties as per the Companies Act, 2013 and Accounting Standard 18 and the transactions entered into with them.
- The Stock Exchanges (i.e. NSE & BSE) levied and the Company paid penalties as follows for non-compliance with the provisions of clause 41 of the Listing Agreement

Financial Year	NSE	BSE
During the 9 (nine) months period 1 st April, 2013 to 31 st December, 2013.	75,000/-	84,270/-
During the 9 (nine) months period 1 st January, 2014 to 30 th September, 2014.	20,000/-	Nil
TOTAL	95,000/-	84,270/-

Save as mentioned above no other penalties/ strictures have been imposed on the Company by SEBI or any other Statutory Authority on any matter related to capital markets, during the last three years.

- A qualified practicing Company Secretary conducts Share Capital Reconciliation Audit to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) along with shares held in physical form and the total issued and listed capital. The Share Capital Reconciliation Audit Report confirms that the total issued/paid-up capital is in agreement with the total number of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL.

- iv. The Chairman and Managing Director and the Chief Financial Officer have certified to the Board in accordance with Clause 49 (V) of the Listing Agreement pertaining to CEO / CFO Certification for the period ended 30th September, 2014.
- v. The Companies risk management framework is being reviewed and revised to minimize risk and strengthen risk assessment.

7. MEANS OF COMMUNICATION :

- (a) **Financial Results:** As required under the Listing Agreement, Quarterly and Half-Yearly results of the Company are published within forty five days from the end of the respective quarter and the annual audited results are announced as and when approved by the Board. The financial results are published usually in the Free Press Journal/ Navshakti/ Economic Times/ Business Standard/ Sakal/ Maharashtra Times.
- (b) **News Releases, Presentations etc.:** Official news releases, detailed presentations made to media, analysts, institutional investors etc. if any, are displayed on the Company's website viz. www.gammonindia.com. Official announcements are sent to the Stock Exchanges.
- (c) **Website:** The Company's corporate website www.gammonindia.com provides information about the Company's business. It also contains a separate dedicated Section 'Investor Relations' where shareholders information is available. The Annual Report of the Company is also available on the website in a user-friendly and downloadable format.
- (d) **Annual Report:** Annual Report containing, inter alia, Audited Annual Accounts, Consolidated Financial Statements, Directors' Report, Auditors' Report and other important information is circulated to members and others entitled thereto. The Management Discussion and Analysis (MD&A) Report forms part of the Annual Report.

8. MANDATORY REQUIREMENT :

The Company has complied with the mandatory requirements of Clause 49 of the Listing Agreement relating to Corporate Governance.

9. NON-MANDATORY REQUIREMENTS :

Subsidiary Monitoring Framework:

All Subsidiaries of the Company are Board managed with their Boards having the rights and obligations to manage such Companies in the best interest of their stakeholders. As a majority shareholder, the Company has nominated its representatives on the Boards of subsidiary Companies and monitors the performance of such Companies, inter alia, by means of taking Consolidated Accounts and including all items of the subsidiaries as required under Section 212 of the Companies Act 1956, except the items which are exempted by the Ministry of Corporate Affairs.

10. GENERAL SHAREHOLDER INFORMATION :

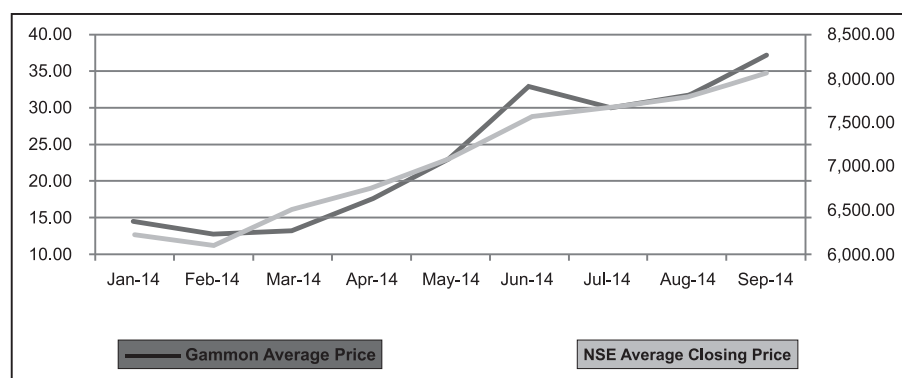
Date, Time and Venue of the 93 rd Annual General Meeting	Tuesday, 24 th March 2015 at 3.30 P.M. at Ravindra Natya Mandir P. L. Deshpande Maharashtra Kala Academy 3 rd floor (Mini Theatre), Sayani Road, Prabhadevi, Mumbai - 400 025.
Financial Calendar for the year Starting from 01 st October, 2014 - 30 th September, 2015 (Tentative)	<ul style="list-style-type: none"> • Results for the quarter ending 31st December 2014 - Second week of February 2015. • Results for half year ending 31st March 2015 - Second week of May 2015. • Results for quarter ending 30th June 2015 - Second week of August 2015. • Results for year ending 30th September 2015 - Second week of November 2015.
Date of Book Closure	19 th March 2015 to 24 th March 2015 (both days inclusive)
Listing on Stock Exchanges: (a) Equity Shares	<p>(i) BSE Limited P. J. Towers, Dalal Street, Fort, Mumbai 400 001. Telephone: 022 - 2272 1233/34 Facsimile: 022 - 2272 1919 (Stock code - 509550)</p> <p>(ii) The National Stock Exchange of India Limited Exchange Plaza, Plot No. C/1, 'G' Block, Bandra Kurla Complex, Bandra (East), Mumbai 400 051. Telephone: 022 - 2659 8100/8114 Facsimile: 022 - 2659 8137/8138 (Stock code - GAMMONIND EQ)</p>

(b) Global Depository Receipts (GDR)	Luxembourg Stock Exchange, 11, Avenue de la Porte - Neuve B.P.165, L-2227 Luxembourg. Telephone: +352 40800 - 3142 Telefax: +352 40800 - 3100 Cusip No. : 36467M200 Common Code: 20772565
Listing Fees	Paid to the above Stock Exchanges for the Financial Year 2014-2015.
International Securities Identification No. (ISIN)	Equity: INE 259B01020 GDR: US36467M2008
Registrar & Share Transfer Agents	M/s. Link Intime India Private Limited, C-13, Pannalal Silk Mills Compound, LBS Road, Bhandup (West), Mumbai 400 078. Telephone: 022 - 2596 3838 Facsimile: 022 - 2594 6969 e-mail : mumbai@linkintime.co.in
Share Transfer System	Trading in Company's shares on the Stock Exchanges takes place in electronic form. However physical shares are normally transferred and returned within 15 days from the date of lodgment provided the necessary documents are in order.

MARKET PRICE DATA: High and Low (in ₹) during each month in the 9 (nine) months period ended 30th September, 2014 on the Stock Exchanges.

MONTH	BSE		NSE	
	High	Low	High	Low
January, 2014	15.60	12.35	15.40	12.15
February, 2014	13.85	11.70	13.95	11.60
March, 2014	15.60	12.15	15.80	12.05
April, 2014	19.45	14.40	20.50	14.30
May, 2014	34.25	16.00	34.30	15.75
June, 2014	38.50	27.60	39.50	27.25
July, 2014	35.70	26.85	35.85	26.25
August, 2014	35.80	28.30	35.70	28.25
September, 2014	44.70	28.80	44.65	28.75

STOCK PERFORMANCE IN COMPARISON TO NIFTY:



11. DISTRIBUTION OF SHAREHOLDING AS ON 30TH SEPTEMBER, 2014:

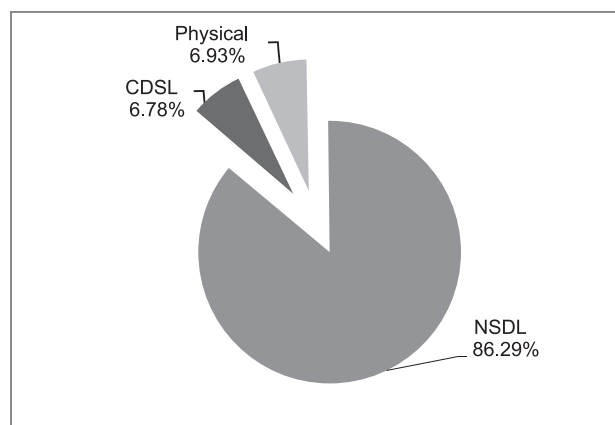
Shareholding of Shares	No. of Shareholders	% of Total	Share Capital Amount (₹)	% of Total
Upto - 500	27794	80.0980	3881294	2.8434
501 - 1000	3202	9.2277	2658949	1.9479
1001 - 2000	1657	4.7752	2552203	1.8697
2001 - 3000	652	1.8790	1685914	1.2351
3001 - 4000	280	0.8069	1010754	0.7405
4001 - 5000	293	0.8444	1403663	1.0283
5001 - 10000	443	1.2767	3351940	2.4556
10001 - and above	379	1.0922	119955751	87.8794
TOTAL	34700	100.00	136500468	100.00

12. DEMATERIALISATION OF SHARES AS ON 30TH SEPTEMBER, 2014:

Particulars	No. of Equity Shares	% of Share Capital
NSDL	11,77,91,856	86.29%
CDSL	92,57,023	6.78%
Physical	94,51,589	6.93%
TOTAL	136,500,468*	100.000

(* 7,25,800 Equity Shares held in abeyance are included).

SHARES HELD IN DEMAT / PHYSICAL FORM



13. TOP TEN SHAREHOLDERS AS ON 30TH SEPTEMBER, 2014

Sr. No.	Name of the Shareholder	Category	No. of shares	% of Shareholding
1	Pacific Energy Private Limited	Promoter	18,013,015	13.20%
2.	Devyani Estate & Properties Private Limited	Promoter	12,182,805	8.93%
3.	HDFC Trustee Company Limited - HDFC Infrastructure Fund	Shareholder	12,114,310	8.87%
4.	Mr. Abhijit Rajan	Promoter	8,172,459	5.99%
5.	Gammon India Trust	Shareholder	5,804,680	4.25%
6.	Humid Investments & Traders Private Limited	Shareholder	4,827,045	3.54%
7.	Summicorp Limited	Shareholder	4,679,220	3.43%
8.	Nikhita Estate Developers Private Limited	Promoter	3,485,420	2.55%
9.	Ritu Estate Developers Private Limited	Shareholder	3,425,066	2.50%
10.	Masayor Enterprises Limited	Promoter	3,086,435	2.26%

14. LISTING OF DEBT SECURITIES:

The Secured Redeemable Non-Convertible Debentures issued by the Company are listed on the Wholesale Debt Market (WDM) Segment of The National Stock Exchange of India Limited (NSE).

15. DETAILS OF ON GOING PROJECT SITES (Contract value above ₹ 300 Crore) AND PLANT LOCATIONS

A. ON GOING PROJECT SITES

Sr. No.	Name of the Project
1.	Design and Construction of underground stations at Government Estates, LIC Building and Thousand Lights and associated Tunnels - Chennai Metro, Chennai
2.	Rampur Civil Works, Himachal Pradesh
3.	Parbati Hydro Electric Project (Tunnel) Stage II, Himachal Pradesh
4.	Bihar Elevated Road Corridor Project (Gangapath), Bihar
5.	Hajipur Muzaffarpur Road Project, Bihar
6.	Godavari Civil Works, Andhra Pradesh
7.	Civil works at Kalpakkam, Tamil Nadu
8.	NDCT & Cooling Water Pump at Rawatbhata, Rajasthan
9.	Kalwakurthy Lift Irrigation Scheme
10.	Design, Engineering, Procurement of materials & Construction of Offshore Container Terminal (OCT) in Mumbai Harbour - Mumbai Port Trust
11.	Widening and strengthening to 4-lane of existing of National Highway No. 57 in the State of Bihar on East West Corridor under NHDP, Phase-II
12.	Punatsangchhu - II Hydroelectric Project, Bhutan
13.	Construction of Balance Civil Work of Parbati HEP - II
14.	Gulabpur - Uniara Road project on Section of NH-148D
15.	Construction of New Brahmaputra Bridge near Guwahati NH-31, Assam
16.	Construction of Steel Superstructure and other Ancillary Works of Rail- Cum-Road Bridge across River Ganga at Munger, Bihar
17.	400 KV DC Transmission line from Ottiambakkam - Veeramanur, Tamil Nadu
18.	Punatsangchhu-I Hydroelectric Project (1200 MW) - Construction of Headrace Tunnel (HRT) , Bhutan
19.	Pokaran Water Supply Project
20.	Construction of well foundation and Sub-structure of Bogibeel Rail - cum- Road Bridge across the river Brahmaputra near Dibrugarh
21.	765 KV DC Transmission line from Raipur - Wardha II, Maharashtra
22.	Civil Works for Bajoli Holi - Hydro Electric Project, Lot 2, Himachal Pradesh
23.	Yamuna Downstream Bridge Wazirabad (Signature), Delhi
24.	Construction of Bridge and its Approaches River Yamuna Downstream of Existing Bridge at Wazirabad, Delhi
25.	Improvement/ Upgradation of Dumuria - Imamganj-Sherghati - Karamain-Mathurapur - Guraru - Ahiyapur - Tikari - Mau - Kurtha - Kinjar - Paligunj - Ranitalab Road
26.	Improvement/ Upgradation of Birpur - Balua - Jadia Mirgun - Muligunj - Udaikishangunj Road SH - 91
27.	Design & Construction of Complete new 107 MLD Capacity Potable Water Supply Infrastructure Project, Guwahati City (South Guwahati Western Part)
28.	Construction of Coffor Dams, Diversion Tunnel, Concrete Dam- Bajoli Holi HEP, Lot 1, Himachal Pradesh
29.	Santacruz Chembur Link Flyover , Mumbai
30.	Civil & Structural Steel works for 2 X 600 MW Thermal Power Project near Tuticorin, Tamil Nadu
31.	Construction of Head Race Tunnel work of Mangdechhu Hydroelectric Project, Bhutan.
32.	Construction of part Head Race Tunnel works : Parbati H.E. Project, Stage III
33.	800 KV HVDC Transmission line from Champa - Kuruksheetra
34.	Civil works and Architectural Finishes for high-rise Building "NATHANI HEIGHTS", Mumbai Central, Mumbai
35.	New Garia - Airport Metro Corridor & Station, at Kolkata Metro
36.	Jawai Water Supply Project
37.	Civil works at Vyasi HE Project (120MW) in District Dehradun, Uttarakhand
38.	Andhra Pradesh Irrigation Works, Cudappah

B. PLANT LOCATION

- 1. Delhi Workshop :**
Gammon India Limited
Opp. Gurudwara Balasahib, Bhagwan Nagar, New Delhi- 110 014
- 2. Taloja Workshop :**
Gammon India Limited
Plot no. 7 MIDC - Taloja, Dist. Raigad - 410 208
- 3. Butibori Workshop :**
Gammon India Limited
Central Workshop, Plot no. G-56 M.I.D.C., Butibori Nagpur - 441 122
- 4. Ranchi Workshop :**
Gammon India Limited
8/137,1st Floor opp. Sundarm Apartment, Doranda Ranchi - 843 002

16. ADDRESS FOR CORRESPONDENCE:

Registered Office:

'Gammon House', Veer Savarkar Marg,
Prabhadevi, Mumbai - 400 025.

Telephone : 022 - 61153000.

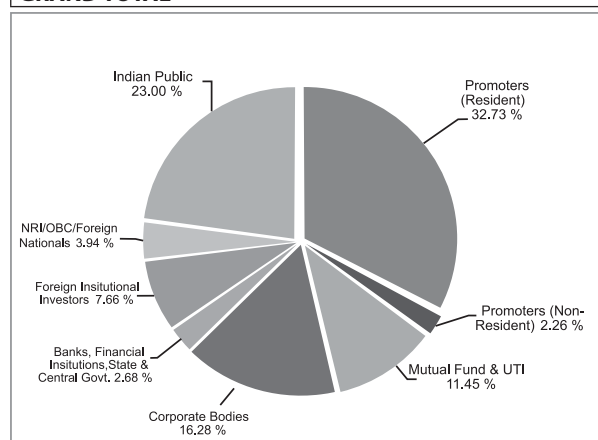
Facsimile : 022 - 2430 0221.

Website : www.gammonindia.com

Email : secretarial@gammonindia.com

17. CATEGORIES OF SHAREHOLDERS: (AS ON 30TH SEPTEMBER, 2014)

CATEGORY	NO OF SHARES	PERCENTAGE
Promoters Holdings		
Resident	44,670,719	32.73 %
Non - Resident	3,086,435	2.26%
Non-Promoter Holdings		
Mutual Fund & UTI	15,625,521	11.45%
Corporate Bodies	22,219,223	16.28 %
Banks, Financial Institutions, State & Central Govt	3,659,054	2.68 %
Foreign Institutional Investors	10,460,283	7.66 %
NRIs /OCBs/Foreign Nationals/GDRs	5,379,414	3.94 %
Indian Public	31,399,819	23.00 %
GRAND TOTAL	136,500,468	100.00%



AUDITORS' CERTIFICATE

ON CORPORATE GOVERNANCE

To
The Board of Directors
GAMMON INDIA LIMITED

1. We have examined the compliance of conditions of Corporate Governance by **GAMMON INDIA LIMITED** for the 9 (nine) months period ended on 30th September, 2014 as stipulated in clause 49 of the Listing Agreement of the said Company with stock exchanges.
2. The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
3. In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied in all material respects with the other conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement. The minutes of the unlisted subsidiary companies however needs to be placed regularly before the board of the holding Company.
4. We state that no investor grievance is pending for a period exceeding one month against the Company from the date of receipt of the grievance by the Company as per the records and other documents maintained by the Stakeholders Relationship Committee.
5. We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For Natvarial Vepari & Co.
Chartered Accountants
Firm Registration No 106971W

N. Jayendran
Partner
M.No. 40441

Mumbai, Dated : 18th December, 2014

CEO / CFO CERTIFICATION

To
The Board of Directors
GAMMON INDIA LIMITED

We, Abhijit Rajan, Chairman & Managing Director and Vardhan Dharkar, President – Finance & Chief Financial Officer of Gammon India Limited, to the best of our knowledge and belief, certify that:

- (a) We have reviewed financial statements and the cash flow statement for the 9 (nine) months period ended 30th September, 2014 and that to the best of our knowledge and belief state that:
 - (i) these statements do not contain any materially untrue statements or omit any material fact or contain statements that might be misleading.
 - (ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the 9 (nine) months period ended 30th September, 2014 which are fraudulent, illegal or violative of the Company's code of conduct.
- (c) We accept responsibility for establishing and maintaining internal controls and that we have evaluated the effectiveness of the internal control systems of the Company and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- (d) We have indicated to the Auditors and the Audit Committee:
 - (i) Significant changes in internal control during the 9 (nine) months period ended 30th September, 2014;
 - (ii) Significant changes in accounting policies during the 9 (nine) months period ended 30th September, 2014 and that the same have been disclosed in the notes to the financial statements; and
 - (iii) Instances of significant fraud of which they have become aware and that the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control systems.

ABHIJIT RAJAN
Chairman & Managing Director

VARDHAN DHARKAR
President – Finance & Chief Financial Officer

Place : Mumbai

Date : 18th December 2014

DECLARATION BY THE MANAGING DIRECTOR

UNDER CLAUSE 49 OF THE LISTING AGREEMENT

To
The Members of
GAMMON INDIA LIMITED

DECLARATION

I, Abhijit Rajan, Chairman & Managing Director of Gammon India Limited hereby declare that all the members of the Board of Directors and the senior management personnel have affirmed compliance with the Code of Conduct of the Company for the Nine Months Period ended 30th September, 2014.

For GAMMON INDIA LIMITED
ABHIJIT RAJAN
Chairman & Managing Director

Place : Mumbai

Date :18th December, 2014

INDEPENDENT AUDITOR'S REPORT

To
The Members of
Gammon India Limited

Report on Financial Statements

We have audited the accompanying Financial Statements of Gammon India Limited ("the Company"), which comprises the Balance Sheet as at 30 September 2014 and the Statement of Profit and Loss and the Cash Flow Statement for the period 1 January 2014 to 30 September 2014 ("period") and a summary of significant accounting policies and other explanatory notes on that date in which are incorporated the returns of the Nagpur branch including the overseas branches at Algeria, Nigeria, Kenya, Bhutan, Ethiopia, Rwanda, Yemen & Italy audited by branch auditors.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting standards referred to in Sub-Section (3C) of Section 211 of the Companies Act 1956 ("the Act") read with the General Circular 15/2013 dated 13 September 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act 2013 read with General Circular 8/2014 dated 4 April 2014. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a reasonable basis for our qualified opinion.

Basis For Qualified Opinion

- a. We invite attention to Note 33 (c) (i) and (ii) relating to the accounts of one of the subsidiaries M/s Franco Tosi Meccanica S.p.A (FTM) which have not been audited since December 2011 and the details of the application for pre-insolvency composition agreement including the plans to sell the business of the subsidiary. In view of the non-availability of the financial statements for reasons detailed in the aforesaid notes we are unable to comment on the adjustments to be made in the financials in respect thereof. The Company's exposure in the said subsidiary (net of provisions and credit balance in Foreign Exchange Translation Reserve) is ₹ 1162.87 Crore which includes the loans made and Investments made (net of provisions) of ₹ 268.06 Crore, the exposure of corporate guarantee towards the borrowing made by the overseas SPV through which the step down subsidiary is held of ₹ 302.94 Crore and corporate guarantee exposures in respect of the said FTM by way of corporate guarantee issued by the Company towards the non-fund based limits granted to the said FTM based on which guarantees were given to the projects of the said subsidiary of ₹ 591.87 Crore. In the absence of the financial statements and any indication of the outcome of the pre-insolvency composition agreement we are unable to comment on the adequacy of the provision towards diminution in the value of investments and loans resulting in the net carrying value as aforesaid.
- b. In respect of the corporate guarantees issued towards the jobs of FTM as detailed in Note 33(c)(iii) the Company has received fresh demand for Euro 21.84 Million (₹ 170.80 Crore) against which the Company has made a provision of Euro 4.04 Million (₹ 31.59 Crore) towards liabilities arising from demand against some of the corporate guarantees. In respect of the other demand of Euro 17.80 Million (₹ 139.21 Crore) in respect of another project no provision is made as the Company is in active negotiation with the clients of the subsidiary for the cancellation of the demand. In view of the uncertainties involved in the negotiation settling in favour of the Company and the future of the business of FTM we are unable to comment upon possible further liabilities arising from such corporate guarantees.
- c. The Auditors of M/s SAE Powerlines S.r.l, Italy (SAE), a subsidiary of the Company have expressed their inability to opine on the financial statements in view of the said SAE's ability to operate as a going concern being at risk and the directors of the said SAE have highlighted the liquidity crisis. The total exposure of the Company in SAE and ATSL Holdings B.V., Netherlands the Holding Company of SAE towards investments including guarantees towards the acquisition loan taken by SPV and guarantees towards the operating business of SAE is ₹ 328.06 Crore. The Company has made provision for impairment of investments and loan of ₹ 110.45 Crore and provision for risk and contingencies towards corporate guarantees for acquisition loan of the SPV of ₹ 88.29 Crore resulting in the net exposure of the Company at ₹ 129.32 Crore. Attention is invited to Note 33 (e) where the Company contends that the carrying value of ₹ 129.32 Crore does not need any provision despite the valuation of the business of SAE by independent valuers indicating an excess carrying value of ₹ 55.02 Crore that has not been provided for.
- d. The Company's application for managerial remuneration aggregating to ₹ 14.32 Crore for the Chairman and Managing Director has been rejected for the accounting years 2011-2012, 2012-2013 and 9 month period ended December 2013. The Company has preferred appeals for review of the matters with the Central Government for all the years for which the same is rejected. The Chairman and Managing Director has pending disposal of the review during the year refunded an amount of ₹ 1.85 Crore being the excess remuneration for the year ended 2011-2012. The remuneration for the period ended September 2014 of the Chairman and Managing Director is ₹ 4.71 Crore, of which an amount of ₹ 0.94 Crore is pending payment, for which application is being made. Pending the review and appeal of the Company for the accounting periods 2011-2012, 2012-2013, 9 month period ended December 2013 and 30 September 2014 no adjustments have been made for an amount of ₹ 17.18 Crore.
- e. The Company has during the year after 1 April 2014 granted unsecured loans to one of its Joint Ventures beyond the limits specified in Section 186 of the Companies Act 2013 without the prior approval of the members in general meeting.

Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, *except for the possible effects of the matters described in our basis for qualified opinion paragraph*, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) In the case of the Balance Sheet, of the state of affairs of the Company as at 30 September 2014;
- (b) In the case of the Statement of Profit and Loss of the profit for the period 1 January 2014 to 30 September 2014; and
- (c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Emphasis of Matter

Without qualifying our report we invite attention to

- (a) We draw attention to Note 35 of the explanatory notes relating to recoverability of an amount of ₹ 167.23 Crore as at September 2014 under trade receivables in respect of contract revenue where the Company has received arbitration awards in its favour in respect of which the client has preferred an appeal for setting aside the said arbitration awards, recognition of claims while evaluating the jobs of ₹ 451.56 Crore towards work done on account of cost overruns arising due to client delays, changes of scope, deviation in design and other charges recoverable from the client which are pending approval or certification by the client and ₹ 123.80 Crore 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 favour of the Company.
- (b) The Company has cash losses from operations after reducing the interest payments and has unabsorbed losses to the tune of ₹ 775.32 Crore. These conditions, along with other matters as set forth in Note 36 of the financial statements, indicate the existence of an uncertainty as to timing and realisation of cash flow.
- (c) Note 33(b) relating to the exposure of ₹ 197.16 Crore which includes non-fund based guarantees of ₹ 110.90 Crore towards acquisition of further stake of 35% in Sofinter. The transfer of shares to be done as detailed in the aforesaid note is essential to support the exposure of the Company towards the funded and non-funded exposure towards M/s Gammon Holdings (Mauritius) Limited for the additional 35% equity stake in Sofinter. Further 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 and on the further acquisition of interest in M/s Sofinter as detailed in the aforesaid note no adjustments have been made in the financials towards possible impairment.
- (d) We also invite attention to Note 12(iv) & Note 12(v) in case of Gactel Turnkey Projects Limited & G&B Contracting LLC 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 as detailed in Note 12(iv) and (v) no adjustments have been made in the financials towards possible impairment.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of Sub-Section (4A) of Section 227 of the Companies Act 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order. As detailed in the annexure the statement has been prepared with reference to the various sections of the Companies Act 1956, till its applicable date i.e. upto 31 March 2014
2. As required by Section 227(3) of the Companies Act 1956, we report that:
 - i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - ii) In our opinion, proper books of accounts as required by law have been kept by the Company so far as it appears from our examination of the books and proper returns adequate for the purposes of our audit have been received from the branches not visited by us.
 - iii) The reports on accounts of the branches audited by the other auditors have been forwarded to us as required by clause (c) of Sub-Section (3) of Section 228 and have been appropriately dealt with by us in preparing our report.
 - iv) The Balance Sheet, Statement of Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of accounts and with the returns received from the branches not visited by us.
 - v) In our opinion, *except for the possible effects of the matters described in our basis for qualified opinion paragraph*, the Balance Sheet, Statement of Profit and Loss Account and the Cash Flow Statement dealt with by this report comply with the accounting standards referred to in Sub-Section (3C) of Section 211 of the Companies Act 1956 read with the General Circular 15/2013 dated 13 September 2013 of the Ministry of Corporate Affairs and read with General Circular 8/2014 dated 4 April 2014 issued by the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act 2013.
 - vi) On the basis of the written representation received from the Directors and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 30 September 2014 from being appointed as a Director in terms of Sub-Section (2) of Section 164 of the Companies Act 2013 (corresponding to clause (g) of Sub-Section (1) of Section 274 of the Companies Act 1956).

For Natvarlal Vepari & Co.

Chartered Accountants

Firm Registration No 106971W

N Jayendran

Partner

M. No. 40441

Mumbai, Dated: 5 December 2014

ANNEXURE TO THE AUDITOR'S REPORT

Gammon India Limited

(Referred to in our report of even date)

- (i) (a) The Company is maintaining proper records showing particulars, including quantitative details and situation of fixed assets;
- (b) The Company has a program for physical verification of its fixed assets at periodic intervals. In our opinion, the period of verification is reasonable having regard to the size of the Company and the nature of its assets and operations. The discrepancies reported on such verification are not material and have been properly dealt with in the books of account.
- (c) The fixed assets disposed off during the year, in our opinion, do not constitute a substantial part of the fixed assets of the Company and such disposal has, in our opinion, not affected the going concern status of the Company.
- (ii) (a) Inventories, being project materials have been physically verified by the management at reasonable intervals during the year. In our opinion, the frequency of such verification is reasonable.
- (b) In our opinion and according to the information and explanations given to us, the procedure of physical verification of stock followed by the management is reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The discrepancies noticed between the physical stocks and books stocks were not material and the valuation of stock has been done on the basis of physically verified quantity. Therefore Shortage / Excess automatically get adjusted and the same is properly dealt in the books of accounts.
- (iii) (a) The Company has during the year granted unsecured loans to six parties covered in the register maintained under Section 301 of the Companies Act 1956. The maximum amount involved during the year was ₹ 1130.62 Crore and at the end of the year balance of loans granted to such parties was ₹ 1116.91 Crore.
- (b) In our opinion the rate of interest, wherever charged, and the other terms and conditions of such loans are not prima-facie prejudicial to the interest of the Company.
- (c) There are no stipulations for the repayment of principal and the interest, wherever charged. *The outstanding overdue interest receivable as at 30 September 2014 was ₹ 57.76 Crore.*
- (d) *Most of these parties are subsidiaries of the Company and therefore are being monitored for the recovery.*
- (e) The Company has not taken any fresh loans during the year from parties covered in the register maintained under Section 301 of the Companies Act 1956. In respect of the existing loans, taken from promoter group as part of the CDR agreement, the maximum amount involved during the year was ₹ 100 Crore and the end of the year balance of loans was ₹ 100 Crore.
- (f) In our opinion and according to the information and explanations given to us, the rate of interest, wherever charged and other terms and conditions for such loans are not prima-facie prejudicial to the interest of the Company.
- (g) Based on the terms of the Master Restructuring Agreement signed with the CDR lenders the promoter loans are subordinate to the restructured facilities and hence there are no repayments stipulated.
- (iv) In our opinion and according to the information and explanations given to us, the implementation of the *internal control procedure and assessment of risks in respect of the sub-contract and other site expenditure, material reconciliations, purchases needs strengthening to make it commensurate with the size and nature of its operations.* In respect of the purchase of fixed assets and sale of goods and services the internal control procedures are commensurate with the size of the Company and the nature of its business. *The weakness with respect to the adherence to the Internal control procedures for above referred activities are still continuing as at the Balance Sheet date which were reported upon in the previous audit reports.*
- (v) (a) In our opinion and according to the information and explanations given to us the transactions that need to be entered into a register in pursuance of Section 301 of the Act have been so entered.
- (b) All the transactions have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time and the nature of services rendered by such parties.
- (vi) The Company has not accepted any deposits from the public during the year under review and consequently the directives issued by the Reserve Bank of India and the provisions of Sections 58A and 58AA of the Act and the rules framed there under are not applicable. We are further informed that no orders have been passed by the Company Law Board in the case of the Company requiring compliances.
- (vii) In our opinion the internal audit system is presently commensurate with the size and nature of its business.
- (viii) We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules 2011 prescribed by the Company under 209(1)(d) of the Companies Act 1956 and are of the opinion that *prima-facie* the prescribed records have been maintained. We have however not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

- (ix) (a) *The Company has several instances of delay in depositing undisputed statutory dues including Provident Fund, Professional Tax, Employees State Insurance, Works Contract Tax, Service Tax/VAT, Cess and Sales Tax dues with the appropriate authorities observed on a test check basis.*
- (b) *On the basis of the audit procedures followed, test checks of the transaction and the representation from the Management there are arrears amounting to ₹ 0.25 Crore to be deposited with Investor Education and Protection Fund , 0.68 Crore in case of Service Tax ,Income Tax of ₹ 0.06 Crore, ₹ 0.16 Crore in case of Provident Fund, ₹ 0.13 Crore in case of Works Contract Tax, ₹ 1.08 Crore in case of Road Tax, ₹ 0.08 Crore in case of Value Added Tax, ₹ 0.22 Crore in case of Professional Tax, ₹ 0.01 Crore in case of Deposit Linked Insurance Scheme, ₹ 0.14 Crore in case of Pension Fund, ₹ 0.01 Crore in case of Labour Welfare Fund , ₹ 0.07 Crore in case of Employee's State Insurance Scheme and ₹ 5.32 Crore in case of Royalty which were outstanding as at the last day of the financial year for a period of more than six months from the date they became payable.*
- (c) *According to the information and explanation given to us, the details of Sales Tax, Income Tax, Service Tax and Excise Duty that have not been deposited on account of dispute are stated in the statement of statutory dues outstanding attached herewith.*
- (x) *The accumulated losses of the Company are in excess of 50% of the net worth of the Company. The Company has incurred cash losses in the current year and in the previous year.*
- (xi) *According to the information and explanations given to us, the Company has defaulted in payment of interest dues to debenture holders, financial institution and Banks. The amounts of delays in interest servicing in respect of Rupee Term Loan, FITL, Priority Loan and Working Capital Term Loan were ₹ 270.76 Crore for a period ranging from 1 days to 78 days. The amounts of default in payment of interest and amounts overdrawn on cash credit facility was ₹ 24.09 Crore as at September 2014. The amount of default in payment of interest on Debentures was 19.14 Crore ranging from 1 days to 118 days. The amounts include the continuing default as at Balance Sheet date on repayment of interest which is annexed to the financial statements.*
- (xii) *According to the information and explanations given to us and based on the documents and records produced before us, the Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures or other securities. Accordingly the provisions of clause 4(xii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.*
- (xiii) *The Company is not a nidhi / mutual benefit fund / societies. Accordingly the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.*
- (xiv) *In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.*
- (xv) *According to the information and explanations the Company has given corporate guarantee for loans taken by other companies being subsidiary companies of this Company from banks or financial institutions. The other terms and conditions are not prima-facie prejudicial to the interest of the Company.*
- (xvi) *Based on the information and explanation given by the management the terms loans during the year were taken for funding the cash flow mismatches and for working capital thereby the term loans taken during the year have been applied for the purpose for which the loans were obtained.*
- (xvii) *In our opinion and according to the information and explanation given to us and on an overall examination of the Balance Sheet of the Company as at 30 September 2014, we report that no short terms funds were used for long-term purposes.*
- (xviii) *The Company during the year has not made any preferential allotment of shares to any parties or companies covered in the register maintained under Section 301 of the Companies Act 1956. Accordingly, the provisions of clause 4(xviii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.*
- (xix) *The Company has not issued any debentures during the year. Accordingly, the provisions of clause 4(xix) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.*
- (xx) *The Company has not raised any money by public issues during the year. Accordingly, the provisions of clause 4(xx) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.*
- (xxi) *Based on the audit procedures performed and the information and explanation given by the management we report that no fraud on or by the Company has been noticed or reported during the year except for instances of malafide conduct by certain employees resulting in their dismissal from the employment from the Company.*

For Natvarlal Vepari & Co.
Chartered Accountants
Firm Registration No 106971W

N Jayendran
Partner
M. No. 40441

Mumbai, Dated: 5 December 2014

STATEMENT OF STATUTORY DUES OUTSTANDING ON ACCOUNT OF DISPUTES, AS ON 30 SEPTEMBER 2014, REFERRED TO IN PARA (ix)(c) OF THE ANNEXURE TO AUDITOR'S REPORT

Name of the Statute	State	Nature of the dues	Amount in Crore	Period to which it relates	Forum where Dispute is pending
Sales Tax	Andhra Pradesh	Reassessment matter	0.19	2001-02	High Court
	Andhra Pradesh	Tax levied on value of material instead of purchase price Rule 6(3)(i)	2.10	2002-03	Tribunal / High Court
	Andhra Pradesh	Tax levied on value of material instead of purchase price Rule 6(3)(i)	1.64	2003-04	Tribunal / High Court
	Andhra Pradesh	Disallowance of Interstate purchase	0.24	2005-07	High Court
	Andhra Pradesh	Levy of Penalty	1.89	2005-07	High Court
Sales Tax	Gujarat	Levy of Penalty under Amnesty	0.00	2001-02	J C Appeal
	Gujarat	Levy of Penalty under Amnesty	0.22	2003-04	J C Appeal
	Gujarat	Disallowance of Labour Contract Deduction	0.24	2007-08	J C Appeal
	Gujarat	Disallowance of Concessional Sales	0.51	2008-09	Tribunal Ahmedabad
Sales Tax	Madhya Pradesh	Entry Tax	0.06	2009-10	D C Appeal
Sales Tax	Madhya Pradesh	Entry Tax	0.36	2010-11	Audit
Sales Tax	Madhya Pradesh	Vat-EI/II transaction disallow	1.34	2011-12	Appeal
Sales Tax	Bihar	Penalty	44.89	2008-09 & 2009-10	J C Appeal
Sales Tax	Uttar Pradesh	ITC of Sand & Grit not allowed and Complete allowable deductions are not allowed	1.64	2008-09 & 2009-10	A C Appeal
Sales Tax	Delhi	Disallowance on deduction claimed on Subcontractor TO and Labour & Service	19.60	2011-12	Objection has to be filled before J C
Sales Tax	Kerla	Interest payment against tax dues	0.38	1999-2000 to 2001-02	D C Sales Tax
Sales Tax	Maharashtra	Denial of deduction on pre cost component	0.79	1993-94 to 1997-98	Tribunal / A C Appeal
		Disallowance of WCT & BST	5.84	2000 to 2002	Jt. Appeal / Tribunal
		Lease Matter	0.19	1998-99 to 2001-02	Bombay High Court / Jt. Appeal
		Disallowance of TO	3.89	2009-10	J C Appeal
		Lease Matter	0.10	2005-06	Jt. Appeal II
Sales Tax	Orissa	Lab. and Service Charges disallowed	0.11	1992-93 to 1999-00	A C Appeal
		Various disallowance	0.25	2001-02	A C Appeal
Sales Tax	West Bengal	Arbitrary demand	11.84	2010-11	Sr. JCT (Appellate)
		Arbitrary demand	5.45	2008-09	Revision Board
		Arbitrary demand	4.98	2007-08	Tribunal
		Arbitrary order	1.31	2007-08 (CST)	Tribunal
		Deemed assessment reopened	0.00	2005-06 & 2006-07	High Court
		Arbitrary demand	1.14	2011-12	Sr. JCT (Appellate)
Sales Tax	Jharkhand	Non Receipt of F Form	0.04	2001-02	CT
Sales Tax	Chattisgarh	Entry Tax, Sales Tax on Boulders & Sand/ Dispute over Applicability of VAT Rate	0.38	1979-80 to 2007-08	Tribunal/ D C Appeal
Sales Tax	Assam	Arbitrary demand	1.07	2004-05 & 2006-07	Board of Revenue (GHC Ordered) / Appeal

Name of the Statute	State	Nature of the dues	Amount in Crore	Period to which it relates	Forum where Dispute is pending
Sales Tax	Rajasthan	Increase in EC Fees	0.02	2008-09	D C Appeal
	Rajasthan	Increase in EC Fees	0.22	2007-08	Tax Law Board - Ajmer
	Rajasthan	Increase in EC Fees	0.22	2006-07	Tax Law Board - Ajmer
	Rajasthan	Increase in EC Fees	0.14	2005-06	Tax Law Board – Ajmer
Service Tax	Mumbai / Jaigarh	Construction of port service is exempted only if it is construction of new port. Whereas GIL has rendered services in port which are already exit, hence tax is applicable.	20.49	2008 to 2011	DGCEI
Service Tax	Karnataka	Tax payable on Import of Service and Consulting Engineering Service	1.92	2004 to 2009	DGCEI
Service Tax	Various	Tax payable on Advance Received	0.97	2008 to 2013	ST-1/ MUM / DIV-III.
Service Tax	Himachal Pradesh	Non registration under Public Relation Service	0.11	2008 to 2011	ST-1/ MUM / DIV-III.
Direct Tax		Income Tax Assessment Order	305.81	A.Y. 2006-07 to A.Y. 2011-12	
Direct Tax		TDS Intimation U/s 200A	33.91	A.Y. 2007-08 to A.Y. 2013-14	
Direct Tax		Joint Venture Assessment	14.63	A.Y. 2006-07 to A.Y. 2010-11	CIT Appeal
Indirect Tax	Gujarat	CST	0.04	Apr 2009 to Jun 2009	GVAT, Tribunal, Ahmedabad
Indirect Tax	Gujarat	CST	6.94	2008-09	GVAT, Tribunal, Ahmedabad
Indirect Tax	Gujarat	Service Tax	0.19	Apr 2006 to Mar 2007	CESAT, Western Region, Ahmedabad
Indirect Tax	Gujarat	VAT & CST	0.30	2007-08	GVAT, Tribunal, Ahmedabad
Indirect Tax	Jharkhand	VAT	1.48	2009-10	Commissioner of VAT Ranchi
Indirect Tax	Jharkhand	CST	0.77	2009-10	Commissioner of VAT Ranchi
Indirect Tax	Jharkhand	VAT	2.56	2009-10	Commissioner of VAT Ranchi
Indirect Tax	Jharkhand	VAT	1.03	2010-11	Commissioner of VAT Ranchi
Indirect Tax	Jharkhand	CST	0.31	2010-11	Commissioner of VAT Ranchi
Indirect Tax	Maharashtra	CST	2.59	Apr 2008 to Mar 2009	J C – MVAT, Nagpur
Indirect Tax	Maharashtra	VAT/CST	9.24	Apr 2005 to Mar 2006	D C – MVAT, Nagpur
TOTAL			516.57		

BALANCE SHEET

AS AT 30 SEPTEMBER 2014

(₹ in Crore)

Particulars	Note No.	As At 30 Sep 2014	As At 31 Dec 2013
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	1	27.50	27.50
Reserves and Surplus	2	1,064.54	1,018.28
		1,092.04	1,045.78
Non-Current Liabilities			
Long Term Borrowings	3	3,568.97	3,258.48
Deferred Tax Liabilities (Net)	4	-	-
Other Long Term Liabilities	5	381.20	434.43
Long Term Provisions	6	253.49	193.77
		4,203.66	3,886.68
Current Liabilities			
Short Term Borrowings	7	1,177.13	1,151.06
Trade Payables	8	1,442.67	1,511.77
Other Current Liabilities	9	1,140.52	891.13
Short Term Provisions	6	11.82	10.34
		3,772.14	3,564.30
TOTAL		9,067.84	8,496.76
ASSETS			
Non-Current Assets			
Fixed Assets	10		
- Tangible Assets		1,070.06	1,126.42
- Intangible Assets		0.33	1.25
- Capital Work in Progress		22.25	29.90
		1,092.64	1,157.57
Non-Current Investments	11 A	76.27	181.88
Deferred Tax Assets (Net)	4	82.69	77.37
Long Term Loans and Advances	12	2,225.85	2,185.69
Long Term Trade Receivable	15	848.42	869.90
Other Non-Current Assets	13	109.71	89.08
		4,435.58	4,561.49
Current Assets			
Current Investments	11 B	2.50	2.14
Inventories	14	1,722.51	1,751.95
Trade Receivables	15	1,352.20	1,282.63
Cash and Cash Equivalents	16	90.71	90.45
Short Term Loan and Advances	12	431.53	454.54
Other Current Assets	13	1,032.81	353.56
		4,632.26	3,935.27
TOTAL		9,067.84	8,496.76

Statement of significant accounting policies and explanatory notes forms an integral part of the financial statements

As per our report of even date

For and on behalf of the Board of Directors

For Natvarlal Vepari & Co.

Chartered Accountants
Firm Registration No. 106971W

ABHIJIT RAJAN
Chairman & Managing Director

VARDHAN DHARKAR
Chief Financial Officer

N Jayendran
Partner
M.No. 40441

CHANDRAHAS C. DAYAL
Director

GITA BADE
Company Secretary

Mumbai, Dated : 5 December 2014

Mumbai, Dated : 5 December 2014

STATEMENT OF PROFIT AND LOSS

FOR 9 MONTH PERIOD ENDED 30 SEPTEMBER 2014

(₹ in Crore)

Particulars	Note No.	Jan - Sep 2014	Apr - Dec 2013
Revenue			
Revenue from Operations (Net)	17	2,908.63	3,186.49
Other Operating Revenue	18	58.36	92.82
Other Income	19	708.46	84.77
Foreign Exchange Gain / (Loss)	20	(7.71)	13.46
		3,667.74	3,377.54
Expenses			
Cost of Material Consumed	21	1,295.77	1,405.82
Purchase of Stock in Trade	22	164.37	132.91
Change in Inventory - WIP & FG	23	46.24	182.65
Subcontracting Expenses		625.67	775.31
Employee Benefit Expenses	24	336.65	328.16
Finance Cost	25	452.72	402.48
Depreciation & Amortisation	26	81.85	83.30
Other Expenses	27	587.03	707.05
		3,590.30	4,017.68
Profit / (Loss) Before Exceptional and Extraordinary Items		77.44	(640.14)
Exceptional Items	28	-	270.88
Profit / (Loss) Before Tax		77.44	(911.02)
Tax Expenses			
Current Income Tax		14.95	4.08
Deferred Tax		(5.31)	(149.19)
		9.64	(145.11)
Profit / (Loss) After Tax For The Period		67.80	(765.91)
Earning Per Equity Share			
Face Value Per Share	37	2.00	2.00
Basic EPS		4.99	(56.41)
Diluted EPS		4.97	(56.41)

Statement of significant accounting policies and explanatory notes forms an integral part of the financial statements

As per our report of even date

For Natvarlal Vepari & Co.

Chartered Accountants
Firm Registration No. 106971W

N Jayendran
Partner
M.No. 40441

Mumbai, Dated : 5 December 2014

For and on behalf of the Board of Directors

ABHIJIT RAJAN
Chairman & Managing Director

CHANDRAHAS C. DAYAL
Director

Mumbai, Dated : 5 December 2014

VARDHAN DHARKAR
Chief Financial Officer

GITA BADE
Company Secretary

CASH FLOW STATEMENT

FOR 9 MONTH PERIOD ENDED 30 SEPTEMBER 2014

(₹ in Crore)

Particulars	Jan - Sep 2014	Apr - Dec 2013
A CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit Before Tax and Extraordinary Items	77.44	(911.02)
Adjustments for :		
Depreciation	81.85	83.30
(Profit) / Loss on Sale of Assets	(20.47)	(0.65)
(Profit) / Loss on Sale of Investments	(605.92)	(0.20)
Employees Compensation Expenses	(0.22)	-
Dividend Income	(0.10)	(0.13)
Interest Income	(78.43)	(79.38)
Interest Expenses	452.72	402.15
Foreign Exchange Loss / (Gain)	(0.80)	6.12
Exceptional Items	-	270.88
Bad Debts Written off	2.77	9.78
Provision for Diminution in the Value of Investments	-	0.13
Provision for Doubtful Debts / Advances / Contingency	68.55	151.63
	(100.05)	843.63
Operating Profit Before Working Capital Changes	(22.61)	(67.39)
Trade and Other Receivables	(51.65)	(6.30)
Inventories	29.44	250.03
Trade Payables	(30.33)	(267.33)
Other Receivables	86.14	53.26
Loan and Advances	27.92	(164.79)
	61.52	(135.13)
CASH GENERATED FROM THE OPERATIONS	38.91	(202.52)
Direct Taxes Paid	(59.94)	(62.28)
Net Cash from Operating Activities	(21.03)	(264.80)
B CASH FLOW FROM INVESTMENT ACTIVITIES		
Purchase of Fixed Assets	(36.80)	(86.64)
Sale of Fixed Assets	37.99	6.08
Loans Given to Subsidiaries, Associates and Others	(52.53)	(153.33)
Loans Refund from Subsidiaries, Associates and Others	15.45	12.77
Other Bank Balances	20.11	4.32
Purchase of Investments :		
Others	(0.36)	(1.20)
Sale of Investments :		
Subsidiary, Joint Ventures & Associates	711.53	-
Receivable from Subsidiary against Sale of Shares	(712.80)	-
Others	-	1.46
Interest Received	5.21	24.68
Dividend Received	0.10	0.13
Net Cash from Investment Activities	(12.10)	(191.73)
C CASH FLOW FROM FINANCING ACTIVITIES		
Interest Paid	(339.94)	(199.95)
Dividend Paid (Including Tax)	(0.02)	(0.03)
Proceeds from Promoter Contribution	-	100.00
Proceeds from Long Term Borrowings	366.59	517.17
Proceeds from / (Repayment of) Short Term Borrowings	26.99	56.02
Net Cash from Financing Activities	53.62	473.21
NET INCREASE IN CASH AND CASH EQUIVALENTS	20.49	16.68
Balance as at 31 Dec 2013	61.58	44.82
Balance as at 30 Sep 2014	82.07	61.50
NET INCREASE IN CASH AND CASH EQUIVALENTS	20.49	16.68
Note: Figure in brackets denote outflows		
	As at 30 Sep 2014	As at 30 Dec 2013
Cash and Cash Equivalents	81.95	61.58
Effect of Exchange Rate Changes	0.12	(0.08)
Balance Restated Above	82.07	61.50

Statement of significant accounting policies and explanatory notes forms an integral part of the financial statements

As per our report of even date

For and on behalf of the Board of Directors

For Natvarlal Vepari & Co.
Chartered Accountants
Firm Registration No. 106971W

ABHJIT RAJAN
Chairman & Managing Director

VARDHAN DHARKAR
Chief Financial Officer

N Jayendran
Partner
M.No. 40441

CHANDRAHAS C. DAYAL
Director

GITA BADE
Company Secretary

Mumbai, Dated : 5 December 2014

Mumbai, Dated : 5 December 2014

SIGNIFICANT ACCOUNTING POLICIES

AND EXPLANATORY NOTES

A Significant Accounting Policies :

1 Basis of preparation of Financial Statements :

- (a) The financial statements have been prepared to comply in all material respects with the notified accounting standards by the Companies Accounting Standards Rules, 2006 and the relevant provisions of the Companies Act, 1956 read with the General Circular 15/2013 dated 13 September 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013. The financial statements have been prepared under the historical cost convention, on an accrual basis of accounting.
- (b) The classification of assets and liabilities of the Company is done into current and non-current based on the criterion specified in the Revised Schedule VI notified under the Companies Act, 1956.
- (c) The accounting policies discussed more fully below, are consistent with those used in the previous year.

2 Use of Estimates :

The preparation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognized in the period in which the results are known.

3 Revenue Recognition :

(a) On Construction Contracts :

Long term contracts including Joint Ventures are progressively evaluated at the end of each accounting period. On contracts under execution which have reasonably progressed, profit is recognised by evaluation of the percentage of work completed at the end of the accounting period, whereas, foreseeable losses are fully provided for in the respective accounting period. The percentage of work completed is determined by the expenditure incurred on the job till each review date to total expected expenditure of the job.

Additional claims (including for escalation), which in the opinion of the management are recoverable on the contract, are recognised at the time of evaluating the job.

- (b) On supply of materials related to the transmission towers, revenue is recognized upon the delivery of goods to the client in accordance with the terms of contract. Sales include Excise Duty & other receivable from the customers but exclude VAT, wherever applicable.
- (c) Insurance claims are accounted for on cash basis.
- (d) Interest income is recognised on time proportion method basis taking into account the amounts outstanding and the rate applicable.
- (e) Dividend Income is accounted when the right to receive the same is established.

4 Turnover :

Turnover represents work certified upto and after taking into consideration the actual cost incurred and profit evaluated by adopting the percentage of the work completion method of accounting.

Turnover also includes the revenue from the supply of material in the transmission tower contracts in accordance with the terms of contract.

5 Joint Venture :

- (a) Joint Venture Contracts under Consortium are accounted as independent contracts to the extent of work completion.
- (b) In Joint Venture Contracts under Profit Sharing Arrangement, services rendered to Joint Ventures are accounted as income on accrual basis, profit or loss is accounted as and when determined by the Joint Venture and net investment in Joint Venture is reflected as investments or loans & advances or current liabilities.

6 Research and Development Expenses :

All expenditure of revenue nature is charged to the Statement of Profit and Loss of the period. All expenditure of capital nature is capitalised and depreciation provided thereon, at the rates as applied to other assets of similar nature.

7 Employee Retirement Benefits :

Retirement benefits in the form of provident fund and superannuation is a defined contribution scheme and contributions are charged to the Statement of Profit and Loss for the year / period when the contributions are due.

Gratuity a defined benefit obligation is provided on the basis of an actuarial valuation made at the end of each year / period on projected Unit Credit Method.

Leave encashment is recognised on the basis of an actuarial valuation made at the end of each year on projected Unit Credit Method.

Actuarial gains / losses are immediately taken to Statement of Profit and Loss and are not deferred.

8 Fixed Assets and Depreciation :

Fixed Assets are valued and stated at cost of acquisition less accumulated depreciation thereon. Revalued Assets are stated at the revalued amount. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition of its intended use.

Depreciation for the accounting period is provided on :

- Straight Line Method, for assets purchased after 2 April 1987, at the rates and in the manner specified in Schedule XIV to the Companies Act, 1956.
- Written Down Value Method, for assets acquired on or prior to 2 April 1987, at the rates as specified in Schedule XIV to the Companies Act, 1956.
- Depreciation on revalued component of the assets is withdrawn from the Revaluation Reserve.
- Depreciation on assets used for construction has been treated as period cost.
- Depreciation on assets situated in countries outside India are accounted at the rates of depreciation prescribed as per the relevant local laws of such countries which are as follows :

Assets Category	Ethiopia	Kenya	Nigeria	Rwanda	Algeria	Bhutan
Computers	25%	30%	-	50%	15%	15%
Computers Software	25%	-	-	-	-	-
Furniture and Fittings	20%	13%	10%	25%	15%	15%
Plant and Machineries	-	-	15%	-	15%	15%
Office Equipments	20%	-	15%	50%	15%	15%
Electrical Fittings	-	-	15%	-	-	-
SPC Tools	20%	-	-	-	15%	15%
Vehicles	20%	-	-	-	20%	20%
Building / Store Cabin	-	-	-	-	5%	5%

- Intangible Assets are amortised uniformly over three years.

9 Impairment of Assets :

On annual basis the Company makes an assessment of any indicator that may lead to impairment of assets. An asset is treated as impaired when the carrying cost of asset exceeds its recoverable value. Recoverable amount is higher of an asset's net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life.

An impairment loss is charged to the Statement of Profit and Loss in the year in which an asset is identified as impaired.

The impairment loss recognized in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

10 Investments :

Investments that are readily realisable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long term investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long term investments are carried at cost. However, provision for diminution in value is made to recognise a decline other than temporary in the value of long term investments.

11 Cash and Cash Equivalents :

Cash and Cash Equivalents in the Balance Sheet comprise cash at bank and in hand and short term investments with an original maturity of three months or less.

12 Inventories :

- (a) Raw materials are valued at cost, net of Excise duty and Value Added Tax, wherever applicable. Stores and spares, loose tools are valued at cost except unserviceable and obsolete items that are valued at estimated realizable value thereof. Costs are determined on Weighted Average Method.
- (b) Stores and spares and material at construction site are valued and stated at lower of cost or net realisable value. The Weighted Average Method of inventory valuation is used to determine the cost.
- (c) Work In Progress on construction contracts reflects value of material inputs and expenses incurred on contracts including estimated profits in evaluated jobs.
- (d) Work In Progress from manufacturing operation is valued at cost and costs are determined on Weighted Average Method.
- (e) Finished Goods are valued at cost or net realizable value, whichever is lower. Costs are determined on Weighted Average Method.

13 Foreign Currency Translation :

- (a) Transactions in foreign currencies are recorded at the exchange rate prevailing on the date of transactions.
- (b) Current Assets and Current Liabilities are translated at the year end rate or forward contract rate.
- (c) Any gain or loss on account of exchange difference either on settlement or translation is recognized in the Statement Profit and Loss.
- (d) Fixed Assets acquired in foreign currencies are translated at the rate prevailing on the date of Bill of Lading.
- (e) The transactions of branches at Kenya, Nigeria Algeria, Bhutan & Italy are accounted as integral operation.
- (f) The exchange gain / loss on long term loans to non integral operations being Subsidiaries are restated to Foreign Exchange Translation Reserve Account and will be transferred to the Statement of Profit & Loss in the year when the disposal or otherwise transfer of the operations are done.

14 Borrowing Cost :

Borrowing costs directly attributable to the acquisition or construction of qualifying assets are capitalized. Other borrowing costs are recognized as expenses in the period in which they are incurred. In determining the amount of borrowing costs eligible for capitalization during a period, any income earned on the temporary investment of those borrowings is deducted from the borrowing costs incurred.

15 Employee Stock Option Scheme :

Employee stock options are evaluated and accounted on intrinsic value method as per the accounting treatment prescribed under Guidance Note on "Accounting for Employee Share-based Payments" issued by the ICAI read with SEBI (Employee Stock Option Scheme & Employee Stock Purchase Scheme) Guidelines, 1999 issued by Securities and Exchange Board of India. Accordingly the excess of market value of the stock options as on the date of grant over the exercise price of the options is recognized as deferred employee compensation and is charged to Statement of Profit and Loss on graded vesting basis over the vesting period of the options. The un-amortized portion of the deferred employee compensation is reduced from Employee Stock Option Outstanding which is shown under Reserves and Surplus.

16 Taxation :

Tax expenses comprise Current Tax and Deferred Tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act.

Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred Tax Assets and Deferred Tax Liabilities are offset, if a legally

enforceable right exists to set-off current tax assets against current tax liabilities and the Deferred Tax Assets and the Deferred Tax Liabilities related to the taxes on income levied by same governing taxation laws. Deferred Tax Assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such Deferred Tax Assets can be realised. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all Deferred Tax Assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits.

At each balance sheet date the Company re-assesses unrecognised Deferred Tax Assets. It recognises unrecognised Deferred Tax Assets to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such Deferred Tax Assets can be realised.

The carrying amount of Deferred Tax Assets are reviewed at each balance sheet date. The Company writes down the carrying amount of a Deferred Tax Asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which Deferred Tax Asset can be realized. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

17 Sales Tax / Cenvat Credit / VAT / WCT :

Sales Tax / VAT / Works Contract Tax on construction contracts are accounted on payment basis. The Cost of Material (inputs) is accounted at purchase cost net of Excise Duty and Value Added Tax, wherever applicable. The Excise Duty elements of materials (inputs) is debited to "Modvat Credit Receivable A/c" and Value Added Tax element of materials (inputs) is debited to "VAT Credit Receivable A/c", under the head "Loans & Advances". The Excise Duty and Value Added Tax payable on dispatch of goods are credited to "Modvat Credit Receivable A/c" and "VAT Credit Receivable A/c" by debiting the same to Excise Duty and Value Added Tax (Sales Tax), respectively in Statement of Profit & Loss.

18 Provision, Contingent Liabilities and Contingent Assets :

Provisions involving substantial degree of estimation in measurement are recognised when an enterprise has a present obligation as a result of past event. it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

Contingent Liabilities are not recognized but are disclosed in the notes to accounts. Disputed demands in respect of Central Excise, Customs, Income tax and Sales Tax are disclosed as Contingent Liabilities. Payment in respect of such demands, if any, is shown as advance, till the final outcome of the matter.

Contingent Assets are neither recognized nor disclosed in the financial statements.

19 Earning Per Share :

Basic & Diluted earning per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earning per share, the net profit or loss for the period attributable to equity shareholders and weighted average number of equity shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

20 Prior Period Items :

Prior period items are included in the respective head of accounts and material items are disclosed by way of notes to accounts.

B EXPLANATORY NOTES

1 Share Capital

(a) Authorised, Issued, Subscribed and Fully Paid up : (₹ in Crore)

Particulars	As at 30 Sep 2014		As at 31 Dec 2013	
	No of Shares	Amount	No of Shares	Amount
Authorised Capital :				
Equity Shares of ₹ 2/- each	74,710,000,000	14,942.00	74,710,000,000	14,942.00
6% Optionally Convertible Preference Shares of ₹ 350/- each	3,000,000	105.00	3,000,000	105.00
Issued, Subscribed and Fully Paid up Capital :				
Issued Capital				
Equity Shares of ₹ 2/- each, fully paid	137,355,208	27.47	137,355,208	27.47
Subscribed and Fully Paid up Capital				
Equity Shares of ₹ 2/- each, fully paid	135,774,668	27.16	135,774,668	27.16
Share Forfeiture Account				
Money received in respect of Right Shares of ₹ 10/- each forfeited	170,948	0.34	170,948	0.34
TOTAL		27.50		27.50

- Issued Share Capital includes 725,800 shares of ₹ 2/- each kept in abeyance.
- Share Forfeiture Account includes ₹ 0.26 Crore of Share Premium collected on application in respect of forfeited shares.
- In terms of the MRA the lenders have a right to convert outstanding loan into equity under certain terms & conditions. During the previous period the authorised capital has been accordingly increased by ₹ 14,871 Crore.

(b) Reconciliation of Number of Shares Outstanding (₹ in Crore)

Particulars	As at 30 Sep 2014		As at 31 Dec 2013	
	No of Shares	Amount	No of Shares	Amount
As at the beginning of the year	135,774,668	27.16	135,774,668	27.16
Add : Issued during the year - ESOP	-	-	-	-
As at the end of the year	135,774,668	27.16	135,774,668	27.16

(c) Details of Shareholding in Excess of 5%

Name of Shareholder	As at 30 Sep 2014		As at 31 Dec 2013	
	No of Shares	%	No of Shares	%
Pacific Energy Private Limited	18,013,015	13.20%	18,013,015	13.20%
Warhol Limited	-	0.00%	13,437,359	9.84%
Devyani Estate and Properties Private Limited	12,182,805	8.93%	12,182,805	8.93%
HDFC Trustee Company Limited - HDFC Infrastructure Fund	12,114,310	8.87%	-	0.00%
Abhijit Rajan	8,172,459	5.99%	8,172,459	5.99%

(d) Shares reserved under options to be given

NIL (Previous Period 17,400) Equity Shares have been reserved for issue as ESOP. Refer Note No. 34 for details of the ESOP Shares and Scheme.

(e) Terms / rights attached to Equity Shares

The Company has only one class of equity shares having a par value of ₹ 2/- each. Each holder of equity share is entitled to one vote per share. The distribution will be in proportion to the number of equity shares held by the shareholders.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the remaining assets of the Company, after distribution of all preferential amounts. However, no such preferential amounts exist currently. The distribution will be in proportion to the number of equity shares held by the shareholders.

2 Reserves & Surplus

(₹ in Crore)

Particulars	As at 30 Sep 2014	As at 31 Dec 2013
(i) Capital Redemption Reserve	105.00	105.00
(ii) Securities Premium Account	1,031.69	1,031.69
(iii) Debenture Redemption Reserves		
As per last Balance Sheet	81.00	81.00
Less : Transferred to General Reserve	-	-
	81.00	81.00
(iv) Revaluation Reserves		
As per last Balance Sheet	111.02	113.40
Less : Depreciation on revalued assets	2.36	2.38
	108.66	111.02
(v) Share Options Outstanding Account		
Employee Stock Option Outstanding	2.66	2.66
Less : For lapse of ESOP	1.20	0.98
Less : Transfer to Securities Premium on exercise of ESOP	1.46	1.46
(Refer Note 34 for details)	-	0.22
(vi) Other Reserves		
a) General Reserve		
As per last Balance Sheet	313.06	313.06
Add : Transferred from Special Contingency Reserve	50.00	-
	363.06	313.06
b) Foreign Currency Translation Reserve		
As per last Balance Sheet	169.41	69.96
Add / (Less) : Arising out of current period	(28.76)	121.12
Less / (Add) : Reversed against provisions made	(9.80)	21.67
	150.45	169.41
c) Special Contingency Reserve		
As per last Balance Sheet	50.00	50.00
Less : Transferred to General Reserve (Refer Note 2(c))	50.00	-
	-	50.00
d) Surplus / (Deficit)		
Profit brought forward from last year	(843.12)	(77.21)
Add : Profit for the year	67.80	(765.91)
Add : Dividend from Own Shares (Refer Note 19)	-	-
	(775.32)	(843.12)
TOTAL	1,064.54	1,018.28

- (a) The General Reserve is created to comply with the The Companies (Transfer of Profit and Reserve rules 1975).
- (b) The Foreign Currency Translation Reserve is created in terms of Accounting Standard 11 "The effect of changes in foreign exchange rates" issued under the Companies Accounting Standard Rules 2006.
- (c) Based on significant evaluation & progress of projects the management is of the opinion that amount kept under Special Contingency Reserve is no longer required and hence transferred to General Reserve.
- (d) In accordance with Circular issued by Ministry of Corporate Affairs No. 04/2013 dated 11.02.2013 the Company is maintaining the Debenture Redemption Reserve to the extent of 25% of the outstanding debentures. The excess balance of the Debenture Redemption Reserve as at the year end has been transferred to General Reserve. The Company has however not set aside or earmarked liquid assets of ₹ 0.82 Crore being 15% of the amount of Debenture due for redemption before 30 September 2015 as required by the aforesaid Circular.

3 Long Term Borrowings

(₹ in Crore)

Particulars	Non Current		Current Maturities	
	30 Sep 2014	31 Dec 2013	30 Sep 2014	31 Dec 2013
Non Convertible Debentures				
Placed with Banks and Financial Institutions	318.52	324.00	5.48	-
Term Loans				
Priority Loan	682.74	366.69	51.39	-
Rupee Term Loan (RTL) - 1	771.19	786.91	15.74	-
Rupee Term Loan (RTL) - 2	465.48	475.00	9.50	-
Rupee Term Loan (RTL) - 3	343.00	350.00	7.00	-
Funded Interest Term Loan (FITL)	254.60	208.66	5.19	-
Working Capital Term Loan (WCTL)	633.44	647.22	12.93	-
Loans from Related Parties				
Promoters	100.00	100.00	-	-
TOTAL	3,568.97	3,258.48	107.23	-
The above amount includes				
Secured Borrowings	3,468.97	3,158.48	107.23	-
Unsecured Borrowings	100.00	100.00	-	-
Amount disclosed under the head "Other Current Liabilities" (note 9)			107.23	-

- (a) The Company's Corporate Debt Restructuring (CDR) package was approved by the CDR Empowered Group (EG) in its meeting held on 24 June 2013 and communicated to the Company vide its letter of approval dated 29 June 2013. The Company executed the Master Restructuring Agreement (MRA) with the CDR lenders on 24 September 2013. Substantial securities have been created in favour of the CDR lenders.

Key features of the CDR proposal are as follows :

- Reschedulement of Short Term Loans & Term Loans (RTL) and NCD payable over a period of ten years.
- Repayment of Rupee Term Loans (RTL) after moratorium of 27 months from cut off date being 1 January 2013 in structured quarterly instalments commencing from April 2015.
- Conversion of various irregular / outstanding / devolved financial facilities into Working Capital Term Loan (WCTL).
- Repayment of WCTL after moratorium of 27 Months from cut off date in structured quarterly instalments commencing from April 2015, subject to mandatory prepayment obligation on realisation of proceeds from certain asset sale and capital infusion.
- Restructuring of existing and fresh fund based and non fund based financial facilities, subject to renewal and reassessment every year.

- Interest accrued but not paid on certain financial facilities till March 2014 is converted into Funded Interest Term Loan (FITL).
- Waiver of existing events of defaults, penal interest and charges etc in accordance with MRA.
- Right of Recompense to CDR Lenders for the relief and sacrifice extended, subject to provisions of CDR Guidelines and MRA.
- Contribution of ₹ 100 Crore in the Company by promoters, in lieu of bank sacrifice, in the form of Promoters Contribution which can be converted to equity.

(b) Securities for Term Loans and NCD :

Rupee Term Loan (RTL) - 1 and FITL thereon -

- 1) 1st pari-passu charge on the entire Fixed Assets (movable and immovable), both present and future of the Company, including the pari-passu security with Non Convertible Debenture but excluding the exclusive security for Non Convertible Debenture and the Gammon House.
- 2) 2nd pari-passu charge on the Gammon House, entire Current Assets, Loans and Advances, Long Term Trade Receivables and other assets of the Company.
- 3) For Canara Bank 1st pari-passu charge on land parcel of Metropolitan Infrahousing Private Limited (MIPL) along with their NCD holders.

Rupee Term Loan (RTL) - 2 and FITL thereon -

- 1) 1st pari-passu charge on Gammon House.
- 2) 2nd pari-passu charge on the entire Fixed Assets (movable and immovable), both present and future of the Company, including the pari-passu security with Non Convertible Debenture but excluding the exclusive security for Non Convertible Debenture and the Gammon House.
- 3) 2nd pari-passu charge on entire Current Assets, Loans and Advances, Long Term Trade Receivables and other assets of the Company.

Rupee Term Loan (RTL) - 3 and FITL thereon -

- 1) 3rd pari-passu charge over the entire Fixed Assets (movable and immovable) and Current Assets of the Company excluding the Gammon House.
- 2) 3rd pari-passu charge on the Gammon house.

Working Capital Term Loan (WCTL) -

- 1) 1st pari-passu charge on the entire Fixed Assets (movable and immovable), both present and future of the Company, including the pari-passu security with Non Convertible Debenture but excluding the exclusive security for Non Convertible Debenture and the Gammon House.
- 2) 2nd pari-passu charge on the Gammon House, entire Current Assets, Loans and Advances, Long Term Trade Receivables and other assets of the Company.

Priority Loan -

- 1) 1st pari-passu charge on the entire Fixed Assets (movable and immovable), both present and future of the Company, including the pari-passu security with Non Convertible Debenture but excluding the exclusive security for Non Convertible Debenture and the Gammon House.
- 2) 2nd pari-passu charge on the Gammon House, entire Current Assets, Loans and Advances, Long Term Trade Receivables and other assets of the Company.

Non Convertible Debentures (NCD) and FITL thereon -

- 1) 1st pari-passu charge by mortgage of Gujarat Property and hypothecation over the pari-passu security with the Non Convertible Debentures.
- 2) 3rd pari-passu charge over the entire Fixed Assets (movable and immovable) and Current Assets of the Company excluding the Gammon House.
- 3) 3rd pari-passu charge on the Gammon house.

(c) Funded Interest Term Loan (FITL) -

The interest amount on RTL - 1, RTL - 2, RTL - 3 and NCDs for the initial period of 15 months i.e. from cut off date till 31 March 2014 will be converted to FITL.

(d) Interest on Term Loans -

The above mention term loans carry an interest rate which is MI base rate + 175 bps except in case of NCD which are as follows -

Non Convertible Debenture	(Amount in Crore)	As at 30 Sep 2014	As at 31 Dec 2013
	100.00	11.05%	11.05%
	100.00	9.50%	9.50%
	74.00	10.50%	10.50%
	50.00	9.95%	9.95%
TOTAL	324.00		

(e) Repayment Term

Type of Loan	Repayment Schedule
RTL - 1, RTL - 2, RTL - 3, NCD, WCTL & FITL	Repayable in 31 quarterly instalments commencing 15 April 2015 and ending on 15 October 2022.
Priority Loan	Repayable in 20 quarterly ballooning instalments commencing 15 April 2015 and ending on 15 January 2020.

(f) Collateral security pari-passu with all CDR lenders

- Pledge of entire unencumbered equity shares (present and future) of GIL held by Promoters subject to Section 19(2) & 19(3) of Banking Regulation Act including pledge of encumbered equity shares as and when such shares are released by the respective existing lenders.
- Personal guarantee of Mr Abhijit Rajan, Chairman & Managing Director.
- Undertaking to create pledge over the resultant shares of Metropolitan Infrahousing Private Limited (MIPL) after signing the JV agreement with developer.
- Undertaking to create pledge over shares of GACTEL Turnkey Projects Limited (currently pledged to lenders of Gactel), as and when they are released in the future.
- Pledge over the following shares -
 - 23% of Deepmala Infrastructure Private Limited
 - 100% of SEZ Adityapur Limited
 - 24% of Ansaldocaldaie Boilers India Private Limited
 - 100% of Transrail Lighting Limited

(g) Maturity profile of Term Loans and NCD

(₹ in Crore)

Period	As at 30 Sep 2014	As at 31 Dec 2013
2 - 3 years	674.73	374.52
4 - 5 years	1,030.68	818.89
6 - 10 years	1,763.56	1,965.07
TOTAL	3,468.97	3,158.48

- For details of continuing defaults as at 30 September 2014 and 31 December 2013, Refer Annexure 1.
- During the previous period, the Promoters have infused an amount of ₹100 Crore in terms of the CDR agreement repayment of which shall, till the final settlement date, be subordinate to the restructured facility.

4 Deferred Tax Liabilities / (Assets) (Net) (₹ in Crore)

Particulars	As at 30 Sep 2014	As at 31 Dec 2013
Deferred Tax Liability		
Depreciation	99.29	104.03
Deferred Tax Asset		
Provision for Gratuity / Leave Salary	6.70	5.66
Disallowances u/s 43B including interest on bank loans	85.10	70.92
Foreign Exchange Translation Reserve	46.49	57.58
Provision for Doubtful Debts	43.69	47.24
	181.98	181.40
Deferred Tax Liabilities / (Assets) (Net)	(82.69)	(77.37)

5 Other Long Term Liabilities (₹ in Crore)

Particulars	As at 30 Sep 2014	As at 31 Dec 2013
Trade Payables		
Micro, Small & Medium Enterprises (Note 8(i) & 8(ii))	-	-
Retention / Deposits	93.60	69.08
	93.60	69.08
Others		
Advances from Clients & Others	261.60	339.35
Margin Money Received	12.00	12.00
Others	14.00	14.00
	287.60	365.35
TOTAL	381.20	434.43

6 Provisions (₹ in Crore)

Particulars	Long Term		Short Term	
	30 Sep 2014	31 Dec 2013	30 Sep 2014	31 Dec 2013
Provision for Employee Benefits				
Provision for Gratuity	1.49	0.44	3.50	2.61
Provision for Leave Encashment	11.73	8.95	5.25	4.65
Others				
Provision for Taxation Net of Taxes Paid	-	-	3.07	3.08
Provision for Risks & Contingencies	240.27	184.38	-	-
TOTAL	253.49	193.77	11.82	10.34

a) Provision for Risks and Contingencies represents provisions made towards probable encashment of guarantees where recovery thereof is remote (Refer Note 33) and towards expected losses in a contract.

b) Disclosure under Accounting Standard AS 29 - "Provisions, Contingent Liabilities and Contingent Assets" is as under -

Particulars	Balance as on 1 Jan 2014	Addition During the period	Paid / Reversed During the period	Balance as on 30 Sep 2014
Provision for Risks & Contingencies	184.38	55.89	-	240.27
	(-)	(184.38)	(-)	(184.38)

c) Disclosure relating to Employee Benefits as per Revised AS - 15

(₹ in Crore)

Particulars	As at 30 Sep 2014	As at 31 Dec 2013
(i) Change in Benefit Obligation		
Liability at the beginning of the year	9.30	9.10
Interest Cost	0.65	0.55
Current Service Cost	1.77	0.85
Past Service Cost (Non Vested Benefit)	-	-
Past Service Cost (Vested Benefit)	-	-
Benefit Paid	(1.73)	(0.10)
Actuarial (gain) / loss on obligations	0.86	(1.10)
Curtailements and Settlements	-	-
Liability at the end of the year	10.85	9.30
(ii) Fair Value of Plan Assets		
Fair Value of Plan Assets at the beginning of the year	6.25	6.19
Expected Return on Plan Assets	0.40	0.39
Contributions	0.94	-
Benefit Paid	(1.73)	(0.10)
Actuarial gain / (loss) on Plan Assets	-	(0.23)
Fair Value of Plan Assets at the end of the year	5.86	6.25
Total Actuarial (gain) / loss to be Recognised	0.86	(0.87)
(iii) Actual Return on Plan Assets		
Expected Return on Plan Assets	0.40	0.39
Actuarial gain / (loss) on Plan Assets	-	(0.23)
Actual Return on Plan Assets	0.40	0.16
(iv) Amount Recognised in the Balance Sheet		
Liability at the end of the year	10.85	9.30
Fair Value of Plan Assets at the end of the year	(5.86)	(6.25)
Amount Recognised in the Balance Sheet	4.99	3.05
(v) Expenses Recognised in the Income Statement		
Current Service cost	1.77	0.85
Interest Cost	0.65	0.55
Expected Return on Plan Assets	(0.40)	(0.39)
Net Actuarial gain / (loss) to be Recognised	0.86	(0.87)
Past Service Cost (Non Vested Benefit) Recognised	-	-
Past Service Cost (Vested Benefit) Recognised	-	-
Effect of Curtailment or Settlements	-	-
Expense Recognised in the Profit & Loss Account	2.88	0.14
(vi) Balance Sheet Reconciliation		
Opening Net Liability	3.05	2.91
Expenses as above	2.88	0.14
Employers Contribution	(0.94)	-
Effect of Curtailment or settlements	-	-
Amount Recognised in the Balance Sheet	4.99	3.05
(vii) Actuarial Assumptions		
Discount Rate Current	8.89%	9.50%
(viii) Investment Details		
Government Securities	43.50%	43.50%
Debentures and Bonds	37.66%	37.66%
Equity Shares	4.67%	4.67%
Fixed Deposits	14.17%	14.17%
	100.00%	100.00%

Note :

- (a) Employer's contribution includes payments made by the Company directly to its past employees.
- (b) The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.
- (c) The Company's Gratuity Fund is managed by Life Insurance Corporation of India. The plan assets under the fund are deposited under approved securities. The Company's Gratuity Liability is entirely funded except LMR employees.
- (d) In the absence of data of experience adjustments, the same is not disclosed.
- (e) The Company's Leave Encashment Liability is entirely unfunded.

7 Short Term Borrowings

The borrowings are analysed as follows :

(₹ in Crore)

Particulars	As at 30 Sep 2014	As at 31 Dec 2013
Loans Repayable on Demand :		
Cash Credit from Consortium Bankers	1,060.77	956.17
Loans and Advances from Related Parties :	22.97	23.10
Other Loans and Advances :		
Buyers Credit	87.89	126.45
From Banks	-	39.84
Bill Discounting	5.50	5.50
	93.39	171.79
TOTAL	1,177.13	1,151.06
The above amount includes		
Secured Borrowings	1,060.77	996.01
Unsecured Borrowings	116.36	155.05

(i) **Securities** - Cash Credit from Consortium Bankers :

- a) 1st pari-passu charge on the entire Current Assets, Loans and Advances, Long Term Trade Receivables and other assets of the Company.
- b) 2nd pari-passu charge over the entire Fixed Assets (immovable and movable) of the Company, including the pari-passu security with Non Convertible Debenture but excluding the exclusive security for Non Convertible Debenture and the Gammon House.
- c) 2nd pari-passu charge on Gammon House.
- (ii) The rate of interest on above loan is linked to MI base rate + 175 bps.
- (iii) Buyers Credit are secured by guarantee of consortium bankers.
- (iv) For details of continuing defaults as at 30 September 2014 and 31 December 2013, Refer Annexure 1.
- (v) Buyer's Credit facility includes an amount of ₹ 42.11 Crore (*Previous Period ₹ 66.03 Crore*) being the buyers credit availed on behalf of the Joint Venture on the strength of the underlying invoices of a Joint Venture, where the Company is a lead partner, for onward utilization of the Joint Venture. The entire Liability of such buyer's credit is represented by loan to the Joint venture. All costs including exchange rate fluctuation on account of the buyers credit are to the account of the Joint venture. The outstanding balance as at 31 December 2013 has also been recast as aforesaid.

8 Trade Payables (₹ in Crore)

Particulars	As at 30 Sep 2014	As at 31 Dec 2013
Trade Payables		
Micro Small and Medium Enterprises	-	-
Retentions & Deposit	128.90	145.63
Others	1,313.77	1,366.14
TOTAL	1,442.67	1,511.77

- (i) As per the intimation available with the Company, there are no Micro, Small and Medium Enterprises, as defined in the Micro, Small, and Medium Enterprises Development Act, 2006, to whom the Company owes dues on account of principal amount together with interest and accordingly no additional disclosures have been made.
- (ii) The above information regarding Micro, Small and Medium Enterprises have been determined to the extent such parties have been identified on the basis of information available with the Company. This has been relied upon by the Auditors.
- (iii) The balances of the trade payables are subject to confirmation and consequent reconciliation, if any.

9 Other Current Liabilities (₹ in Crore)

Particulars	As at 30 Sep 2014	As at 31 Dec 2013
Current Maturities of Term Loan (Refer Note 3)	107.23	-
Advances from Clients	678.86	632.77
Interest Accrued and Due	91.78	26.83
Interest Accrued But Not Due	27.22	30.52
Unpaid Dividends	0.71	0.73
Payables for Capital Goods	21.25	16.63
Other Payables		
- Duties and Taxes Payable	68.28	71.34
- Related Party	10.45	7.63
- Others	134.74	104.68
	213.47	183.65
TOTAL	1,140.52	891.13

- (i) Unpaid dividend includes ₹ 0.25 Crore (Previous Period ₹ 0.25 Crore) to be transferred to the Investor Education & Protection Fund.
- (ii) The continuing default on interest obligation is detailed in Annexure 1.

Note 10 Detailed Asset Class Wise Addition, Adjustment, Depreciation, Changes at Net Block
Tangible Assets

(₹ in Crore)

Particulars	Leasehold Land	Freehold Property	Plant & Machinery	Motor Vehicles	Office Equipments	Furniture & Fixtures	Wind Mill	Electric Installation	Total
GROSS BLOCK									
As at 1 April 2013	6.07	247.40	1,346.32	91.98	19.70	36.82	26.95	4.90	1,780.14
Additions	-	0.79	82.15	3.01	0.66	0.15	-	-	86.76
Disposals/Adjustments	-	0.14	6.03	4.18	-	-	-	-	10.35
As at 31 December 2013	6.07	248.05	1,422.44	90.81	20.36	36.97	26.95	4.90	1,856.55
Additions	-	0.03	38.84	2.17	1.27	0.02	-	-	42.33
Disposals/Adjustments	-	-	62.09	5.46	1.54	0.01	-	-	69.10
As at 30 September 2014	6.07	248.08	1,399.19	87.52	20.09	36.98	26.95	4.90	1,829.78
DEPRECIATION									
As at 1 April 2013	0.16	43.61	507.23	61.89	8.49	15.00	16.80	1.00	654.18
Charge for the Year	0.02	4.31	68.65	5.75	3.01	0.69	2.10	0.18	84.71
Disposals/Adjustments	-	-	5.02	3.74	-	-	-	-	8.76
As at 31 December 2013	0.18	47.92	570.86	63.90	11.50	15.69	18.90	1.18	730.13
Charge for the Year	0.18	4.28	67.78	5.26	3.22	0.29	2.08	0.17	83.26
Disposals/Adjustments	-	-	48.05	5.15	0.47	-	-	-	53.67
As at 30 September 2014	0.36	52.20	590.59	64.01	14.25	15.98	20.98	1.35	759.72
NET BLOCK									
As at 31 December 2013	5.89	200.13	851.58	26.91	8.86	21.28	8.05	3.72	1,126.42
As at 30 September 2014	5.71	195.88	808.60	23.51	5.84	21.00	5.97	3.55	1,070.06

Intangible Assets (₹ in Crore)

Particulars	Computer Software	Tower Design	Total
GROSS BLOCK			
As at 1 April 2013	4.10	3.47	7.57
Additions	-	-	-
Disposals/Adjustments	-	-	-
As at 31 December 2013	4.10	3.47	7.57
Additions	0.03	-	0.03
Disposals/Adjustments	-	-	-
As at 30 September 2014	4.13	3.47	7.60
AMORTISATION			
As at 1 April 2013	1.94	3.41	5.35
Charge for the Year	0.97	-	0.97
Disposals/Adjustments	-	-	-
As at 31 December 2013	2.91	3.41	6.32
Charge for the Year	0.95	-	0.95
Disposals/Adjustments	-	-	-
As at 30 September 2014	3.86	3.41	7.27
NET BLOCK			
As at 31 December 2013	1.19	0.06	1.25
As at 30 September 2014	0.27	0.06	0.33

NOTES:

- Freehold Property includes cost of Freehold Land ₹ 3.86 Crore (Previous Period ₹ 3.86 Crore) including the revaluation portion.
- Leasehold Land is at cost less amount written off.
- The Company has once again revalued on 31 March 2007 all its Freehold Property, most of which were revalued earlier on 31 March 1999 by Approved valuers.
- The consequent increase in the value of Fixed Assets pursuant to the second revaluation amounted to ₹ 186.89 Crore and had been credited to the Revaluation Reserve A/c.
- Depreciation for the Year amounts to ₹ 84.21 Crore (Previous Period ₹ 85.68 Crore) from which has been deducted a sum of ₹ 2.36 Crore (Previous Period ₹ 2.38 Crore) being the depreciation in respect of Revaluation of Fixed Assets which had been drawn from the Revaluation Reserve.

Note - 11 A

Particulars	Face Value	Nos. as on	Nos. as on	30 Sep 2014	31 Dec 2013
	₹	30 Sep 2014	31 Dec 2013	₹ In Crore	₹ In Crore
NON CURRENT INVESTMENTS (AT BOOK VALUE)					
1. TRADE INVESTMENTS :					
a) INVESTMENT IN EQUITY INSTRUMENTS (INDIAN)					
<i>(Fully paid-up unless otherwise stated)</i>					
Ordinary Shares : (Unquoted unless otherwise stated)					
Subsidiaries :					
Gammon Infrastructure Projects Limited (Quoted)	2	-	528,000,000	-	105.60
Ansaldocaldaie Boilers India Private Limited #	10	36,700,000	36,700,000	37.15	37.15
ATSL Infrastructure Project Limited	10	25,500	25,500	0.03	0.03
Deepmala Infrastructure Private Limited	10	5,100	5,100	0.01	0.01
Franco Tosi Hydro Private Limited	10	10,000	10,000	0.01	0.01
Franco Tosi Turbines Private Limited	10	10,000	10,000	0.01	0.01
Gactel Turnkey Projects Limited	10	5,050,000	5,050,000	5.05	5.05
Gammon & Billimoria Limited	10	51,000	51,000	0.05	0.05
Gammon Power Limited	10	45,000	50,000	0.04	0.05
Gammon Realty Limited	10	15,049,940	15,049,940	15.05	15.05
Gammon Retail Infra Private Limited	10	10,000	10,000	0.01	0.01
Metropolitan Infrahousing Private Limited	10	8,416	8,416	0.01	0.01
Patna Water Supply Distribution Network Private Limited	10	7,399	7,399	0.01	0.01
Rajahmundry Godavari Bridge Limited	10	441,250	441,250	0.44	0.44
SAE Transmission India Limited	10	50,000	50,000	0.05	0.05
Tidong Hydro Power Limited	10	25,500	25,500	0.03	0.03
Transrail Lighting Limited	10	31,000,000	31,000,000	31.00	31.00
Gorakhpur Infrastructure Company Limited	10	16,828,987	16,828,987	16.83	16.83
Kosi Bridge Infrastructure Company Limited	10	12,562,831	12,562,831	12.56	12.56
Rajahmundry Expressway Limited (REL) *	10	5,655,000	5,655,000	5.65	5.65
Andhra Expressway Limited (AEL) *	10	5,655,000	5,655,000	5.65	5.65
				129.64	235.25
Add : Acquisition of Beneficial Interest in REL & AEL in lieu of Deposit paid (Refer note 11A 3(c))				5.66	5.66
				135.30	240.91
Less : Transfer of Beneficial Interest in SPV's in lieu of Deposit received (Refer note 11A 3(c))				44.50	44.50
				90.80	196.41
				(A)	
Others :					
Airscrew (India) Limited (₹ 5 paid up) #	100	200	200	-	-
Alpine Environmental Engineers Limited	100	204	204	-	-
Bhagirathi Bridge Construction Company Limited #	100	300	300	-	-
Modern Flats Limited (Unquoted)	10	2,040	2,040	-	-
Neptune Tower Properties Private Limited	10	100	100	-	-
Plamach Turnkeys Limited	100	600	600	0.01	0.01
Shah Gammon Limited #	100	835	835	0.01	0.01
STFA Piling (India) Limited (Fully Provided) #	10	217,321	217,321	0.22	0.22
Indira Container Terminal Private Limited *	10	26,407,160	26,407,160	26.41	26.41
Less : Transfer of Beneficial Interest in SPV in lieu of Deposit received (Refer note 11A 3(c))				(26.41)	(26.41)
				0.24	0.24
				(B)	

Particulars	Face Value	Nos. as on	Nos. as on	30 Sep 2014	31 Dec 2013
	₹	30 Sep 2014	31 Dec 2013	₹ In Crore	₹ In Crore
b) INVESTMENT IN EQUITY INSTRUMENTS (FOREIGN) (Fully paid-up unless otherwise stated)					
Ordinary Shares : (Unquoted, fully paid up)					
Subsidiaries :					
Associated Transrail Structure Limited Nigeria	Naira 1	10,000,000	10,000,000	0.36	0.36
ATSL Holdings B.V. (Netherland) * #	€ 100	180	180	0.12	0.12
Campo Puma Oriente S.A.	\$ 1	6,441	6,441	0.03	0.03
Gammon Holdings (Mauritius) Limited *	\$ 1	15,000	15,000	0.07	0.07
Gammon Holdings B.V. *	€ 100	180	180	0.12	0.12
Gammon International B.V. *	€ 100	180	180	0.12	0.12
Gammon International FZE	AED 150000	1	1	0.17	0.17
PVan Eerd Beheersmaatschappij B.V. * #	€ 453.78	35	35	0.05	0.05
	(C)			1.04	1.04
Others :					
Gammon Mideast Limited, Dhs.1,000 each					
Dhs.7,85,000 #		1,142	1,142	0.18	0.18
(under Liquidation) (Fully Provided)					
Finest S.p.A, Italy (Associate)	€ 1	780,000	780,000	19.52	19.52
	(D)			19.70	19.70
TOTAL TRADE INVESTMENTS (A+B+C+D)				111.78	217.39
2. OTHER INVESTMENTS :					
a) INVESTMENT IN EQUITY INSTRUMENTS					
Investments through Gammon India Trust (E)				1.68	1.68
(Company's own shares)(Refer Note 11A 3(a))					
b) INVESTMENT IN GOVERNMENT SECURITIES :					
Government Securities Lodged with Contractees as Deposit :					
Unquoted :					
Sardar Sarovar Narmada Nigam Limited - Bonds				0.30	0.30
Others				0.12	0.12
Government Securities Others - Unquoted				0.12	0.12
(Indira Vikas Patras and National Savings Certificates)					
	(F)			0.54	0.54
c) INVESTMENT IN PARTNERSHIP FIRM - CAPITAL CONTRIBUTION					
Gammon Shah (Fully Provided) #	(G)			-	-
TOTAL OTHER INVESTMENTS (E+F+G)				2.22	2.22
TOTAL (A+B+C+D+E+F+G)				114.00	219.61
Less : Provisions for diminution in the value of investment #		Amount	Amount		
Airscrew (India) Limited		0.00	0.00		
Bhagirathi Bridge Construction Company Limited		0.00	0.00		
Shah Gammon Limited		0.01	0.01		
STFA Piling (India) Limited		0.22	0.22		
Gammon Mideast Limited		0.18	0.18		
Gammon Shah		0.00	0.00		
PVan Eerd Beheersmaatschappij B.V.		0.05	0.05		
ATSL Holdings B.V. (Netherland)		0.12	0.12		
Ansaldocaldaie Boilers India Private Limited		37.15	37.15		
				37.73	37.73
TOTAL NON CURRENT INVESTMENTS				76.27	181.88
* These shares are pledged					

Particulars	Face Value	Nos. as on	Nos. as on	30 Sep 2014	31 Dec 2013
	₹	30 Sep 2014	31 Dec 2013	₹ In Crore	₹ In Crore
SUMMARY OF NON CURRENT INVESTMENTS :					
Unquoted					
Aggregate Book Value of Foreign Investments				20.74	20.74
Aggregate Book Value of Indian Investments				91.58	91.59
				112.32	112.33
Quoted					
Aggregate Book Value of Indian Investments				1.69	107.28
Market Value of Quoted Investments				20.87	433.16

3) Note :

- (a) Pursuant to the Scheme of Amalgamation, the Company owns 58,04,620 Equity Shares of itself through Gammon India Trust which was allotted the shares against the Company's holding in erstwhile ATSL in terms of the order of the Hon'ble High Court of Mumbai and Gujarat.
- (b) During the period the Company has pledged the Equity Shares of the following Companies -
- 12,000,000 Ansaldoalcaide Boilers India Private Limited
 - 2,300 Deepmala Infrastructure Private Limited
 - 5,049,940 Gactel Turnkey Projects Limited
 - 30,999,940 Transrail Lighting Limited
- (c) The details of Beneficial & Contractual Interest acquired and transferred in favour of it's subsidiary M/s Gammon Infrastructure Projects Limited is detailed herein below -

ACQUIRED (₹ in Crore)

Name of the Company	As At 30 Sep 2014		As At 30 Sep 2013	
	No of Shares	Deposit Received	No of Shares	Deposit Received
Rajahmundry Expressway Limited	4,360,500	2.77	4,360,500	2.77
Andhra Expressway Limited	4,564,500	2.89	4,564,500	2.89
TOTAL		5.66		5.66

TRANSFERRED (₹ in Crore)

Name of the Company	As At 30 Sep 2014		As At 30 Sep 2013	
	No of Shares	Deposit Received	No of Shares	Deposit Received
Rajahmundry Expressway Limited	5,655,000	8.48	5,655,000	8.48
Andhra Expressway Limited	5,655,000	8.49	5,655,000	8.49
Kosi Bridge Infrastructure Company Limited	12,562,831	12.56	12,562,831	12.56
Gorakhpur Infrastructure Company Limited	14,947,238	14.95	14,947,238	14.95
Indira Containers Terminal Private Limited	26,407,160	26.40	26,407,160	26.40
Tidong Hydro Power Limited	25,500	0.03	25,500	0.03
TOTAL		70.91		70.91

In respect of these shares where the voting rights and beneficial rights are so transferred the holder continues to be the original allottee as per the record of the respective Company.

Note - 11 B**CURRENT INVESTMENTS (AT BOOK VALUE)**

1. INVESTMENT IN EQUITY INSTRUMENTS : (Fully paid-up unless otherwise stated)	Face Value	Nos. as on	Nos. as on	₹ In Crore	₹ In Crore
	₹	30 Sep 2014	31 Dec 2013	30 Sep 2014	31 Dec 2013
Ordinary Shares : (Quoted)					
Bank of Baroda	10	4,200	4,200	0.04	0.04
Cords Cable Industries Limited	10	33,502	33,502	0.45	0.45
Gujarat State Financial Corporation	10	4,600	4,600	0.01	0.01
HDFC Bank Limited	2	5,345	5,345	0.02	0.02
Housing Development Finance Corporation Limited	2	40,000	40,000	0.18	0.18
ICICI Bank Limited	10	2,500	2,500	0.04	0.04
Infosys Limited	5	400	400	0.03	0.03
Larsen & Toubro Limited	2	12,000	12,000	0.05	0.05
Sadbhav Engineering Limited	1	11,240	11,240	0.02	0.02
Technofab Engineering Limited	10	175,000	175,000	0.47	0.47
Ultratech Cement Limited	10	1,600	1,600	0.04	0.04
(A)				1.35	1.35
2. MUTUAL FUND (Quoted)					
HDFC Mutual Fund - Floating Rate Income Fund (Refer Note 47(ii))		2,048	2,048	-	-
Investments through Gammon India Trust					
SBI Dynamic Bond Fund		667,967	667,967	1.00	1.00
ICICI Liquid Plan		18,478	-	0.36	-
ICICI Prudential FMP		200,000	200,000	0.20	0.20
(B)				1.56	1.20
TOTAL (A+B)				2.91	2.55
Less : Provisions for diminution in the value of Investment					
Cords Cable Industries Limited				0.41	0.41
TOTAL CURRENT INVESTMENT				2.50	2.14
SUMMARY OF CURRENT INVESTMENTS :					
Unquoted					
Aggregate Book Value of Foreign Investments				-	-
Aggregate Book Value of Indian Investments				-	-
				-	-
Quoted					
Aggregate Book Value of Indian Investments				2.91	2.55
Market Value of Quoted Investments				10.20	7.22

12 Loans and Advances : (Unsecured, Considered Good unless otherwise stated)

(₹ in Crore)

Particulars	Non Current		Current	
	30 Sep 2014	31 Dec 2013	30 Sep 2014	31 Dec 2013
Capital Advance	0.72	2.48	-	-
Loans and Advances to Related Parties :				
Considered Good	1,719.41	1,705.86	122.22	142.83
Considered Doubtful	160.14	166.81	21.56	20.39
Less : Provision for Doubtful Loans	(160.14)	(166.81)	(21.56)	(20.39)
Deposits :				
Considered Good	38.66	35.32	25.97	31.89
Considered Doubtful	-	-	3.60	3.60
Less : Provision for Doubtful Deposit	-	-	(3.60)	(3.60)
Other Loans and Advances :				
Taxes Paid Net of Provisions	347.13	308.30	-	-
Indirect Taxes and Duties recoverable	51.96	57.02	24.37	25.92
Staff Advances	-	-	5.16	4.29
Prepaid Expenses	1.65	1.07	5.56	7.14
Advance to Creditors / Sub Contractor				
Unsecured and Considered Good	50.94	56.38	180.79	174.83
Unsecured and Considered Doubtful	-	-	7.18	1.24
Less : Provision for Doubtful	-	-	(7.18)	(1.24)
Other Advances	15.38	19.26	11.15	11.33
Unsecured and Considered Doubtful	3.31	1.07	4.94	4.94
Less : Provision for Doubtful	(3.31)	(1.07)	(4.94)	(4.94)
Deposits with Joint Stock Companies :				
Unsecured and Considered Good	-	-	56.31	56.31
Unsecured and Considered Doubtful	-	-	6.40	6.40
Less : Provision for Doubtful	-	-	(6.40)	(6.40)
TOTAL	2,225.85	2,185.69	431.53	454.54

(i) Detail of Loans & Advances given to Related Parties

(₹ in Crore)

Name of the Related Party	Non Current		Current	
	30 Sep 2014	31 Dec 2013	30 Sep 2014	31 Dec 2013
Unsecured and Considered Good				
Gammon International FZE	69.26	69.87	-	-
P.Van Eerd Beheersmaatschappij B.V.	-	-	-	-
Gammon International B.V.	307.77	304.30	-	-
Campo Puma Oriente S.A.	26.76	23.77	-	-
Gammon Holdings (Mauritius) Limited	93.99	88.93	-	-
Gammon Holdings B.V.	235.70	231.23	-	-
Finest S.p.A	0.59	0.64	-	-
ATSL Holding B.V. (Netherlands)	92.03	104.09	-	-
SAE Power Lines S.r.l	-	-	11.08	12.29
RAS Cities and Township Private Limited	12.00	12.00	-	-
Transrail Lighting Limited	-	-	47.80	44.72
Associated Transrail Structure Limited Nigeria	-	-	2.15	1.95
JV Gammon-FECP, Nigeria	-	-	-	-
Franco Tosi Turbines Private Limited	-	-	0.42	0.41
Deepmala Infrastructure Private Limited	195.45	195.73	-	-
Gammon Cidade Tensacciai Joint Venture	-	-	51.92	74.89
Gammon & Billimoria Limited	32.11	33.58	-	-
Gammon Realty Limited	110.35	111.98	-	-
Kosi Bridge Infrastructure Company	-	-	0.61	0.61
Haryana Biomass Projects Limited	0.07	0.07	-	-
Rajahmundry Godavari Bridge Limited	-	-	0.35	0.35
Ansaldocaldaie Boilers India Private Limited	8.46	6.35	-	-
Gammon Power Limited	-	-	1.30	0.01
Gammon Progressive JV	0.61	0.61	-	-
Gammon Rizzani JV	0.44	0.44	-	-
Mumbai Nasik Expressway Limited	-	-	0.01	0.01
Jaeger Gammon Joint Venture	2.09	2.04	-	-
Gammon Archirodon Joint Venture	0.03	0.03	-	-
Gammon Eence JV	4.85	4.85	-	-
Gammon CMC Joint Venture	-	-	-	0.36
GIPL GIL Joint Venture	-	-	5.81	5.93
OSE Gammon Joint Venture	0.14	0.14	-	-
Atlanta India Limited Gammon JV	0.06	-	-	-
Gammon Sew Joint Venture	-	-	-	0.06
BBJ Gammon JV	1.35	1.26	-	-
Gactel Turnkey Projects Limited	35.96	35.88	-	-
Rajahmundry Expressway Limited	-	-	0.12	0.12
Andhra Expressway Limited	-	-	0.43	0.43
Metropolitan Infrahousing Private Limited	489.34	478.07	-	-
Sofinter S.p.A	-	-	-	0.47
SAE Transmission India Limited	-	-	0.20	0.20
Tidong Hydro Power Limited	-	-	0.02	0.02
TOTAL (A)	1,719.41	1,705.86	122.22	142.83
Unsecured and Considered Doubtful (Refer Note 33)				
Gammon International FZE	17.64	19.26	-	-
P.Van Eerd Beheersmaatschappij B.V.	7.78	6.75	-	-
Gammon International B.V.	0.78	0.85	-	-
Gammon Holdings B.V.	80.08	87.99	-	-
ATSL Holding B.V. (Netherlands)	22.78	18.04	-	-
JV Gammon-FECP, Nigeria	-	-	13.62	12.45
SAE Power Lines S.r.l	31.08	33.92	7.94	7.94
TOTAL (B)	160.14	166.81	21.56	20.39
TOTAL (A + B)	1,879.55	1,872.67	143.78	163.22

(ii) **Detail of Loans & Advances in the nature of loans**

Disclosure of amounts outstanding at period end as per Clause 32 of the Listing Agreement (₹ in Crore)

Name of the Related Party	Amount Outstanding		Maximum Outstanding	
	30 Sep 2014	31 Dec 2013	30 Sep 2014	31 Dec 2013
Subsidiaries / Fellow Subsidiaries : Interest Bearing				
P.Van Eerd Beheersmaatschappij B.V.	1.07	-	1.07	-
Gammon International B.V.	10.19	-	10.19	-
Gammon Holdings (Mauritius) Limited	5.46	-	5.46	-
Gammon Holdings B.V.	2.92	-	2.92	-
Campo Puma Oriente S.A.	26.76	23.77	26.76	23.77
ATSL Holding B.V. (Netherlands)	-	122.13	-	122.13
Transrail Lighting Limited	47.80	44.72	47.80	45.56
ATSL, Nigeria Company	2.15	1.95	2.15	1.98
Deepmala Infrastructure Private Limited	195.45	195.73	195.74	196.73
Gammon & Billimoria Limited	32.11	33.58	33.58	39.37
Gammon Realty Limited	110.35	111.98	111.98	111.98
Ansaldocaldaie Boilers India Private Limited	8.46	6.35	8.46	6.38
Gammon Power Limited	1.30	0.01	1.30	0.01
Metropolitan Infrahousing Private Limited	489.34	478.07	489.34	478.07
Subsidiaries / Fellow Subsidiaries : Interest Free				
Gammon International FZE	86.90	89.13	89.13	89.13
P.Van Eerd Beheersmaatschappij B.V.	6.71	6.75	6.71	6.75
Gammon International B.V.	298.36	305.15	298.36	305.15
Gammon Holdings (Mauritius) Limited	88.53	88.93	88.53	88.93
Gammon Holdings B.V.	312.86	319.22	312.86	319.22
ATSL Holding B.V. (Netherlands)	114.81	-	122.13	-
SAE Power Lines S.r.l	50.10	54.15	52.63	56.98
Gactel Turnkey Projects Limited	35.96	35.88	35.95	47.83
Franco Tosi Turbines Private Limited	0.42	0.41	0.42	0.42
Associates Companies : Interest Bearing				
Finest S.p.A	0.59	0.64	0.59	0.64

Note - None of the above loanees have invested in shares of the Company.

- (iii) The balances of the project advances are subject to confirmation and consequent reconciliation, if any.
- (iv) The Company has invested an amount of ₹ 43.00 Crore by way of loans and investments in Gactel Turnkeys Projects Limited (Gactel) as on 30 September 2014. The net worth of Gactel as on 30 September 2014 is ₹ (41.99) Crore. Considering the intrinsic value of the assets and the business of Gactel, the net worth of Gactel does not represent its true market value. The diminution is of temporary nature and the loans together with interest accrued thereon are good and recoverable.
- (v) Based on the discussion with client, potential upside in the business opportunity and change in the economic scenario in Middle East region the Company is confident of recovery of amount of ₹ 50 Crore given as loan including to its subsidiary through its SPV Company 'Gammon & Billimoria Limited'. Hence, the management is of the opinion that no provision is required in books.
- (vi) Considering the business requirement and as a lead partner to Joint Venture the Company has during the year after 1 April 2014 granted unsecured loan to one of its Joint Venture being the facility provided by the bankers for the purposes of the Joint Venture out of the limits of the Company. The Company will ratify this transaction U/s 186 of the Companies Act 2013 in forthcoming shareholders meeting. (Refer Note 7(v))

13 Other Assets

(₹ in Crore)

Particulars	Non Current		Current	
	30 Sep 2014	31 Dec 2013	30 Sep 2014	31 Dec 2013
Unbilled Revenue	-	-	100.32	174.70
Interest Accrued Receivable	108.06	87.42	213.91	161.33
Receivable against Sale of Investment - Related Party	-	-	712.80	-
Other Receivable	1.65	1.66	5.78	17.53
TOTAL	109.71	89.08	1,032.81	353.56

14 Inventories

(₹ in Crore)

Particulars	As at 30 Sep 2014	As at 31 Dec 2013
Raw Material	23.36	41.50
Material at Construction Site	451.96	416.70
Stores and Spares	8.63	8.77
Work In Progress - Real Estate	21.53	21.71
Work In Progress	1,183.19	1,189.04
Finished Goods	33.84	74.23
TOTAL	1,722.51	1,751.95

(i) Valuation Methodology :

Raw Material	Raw materials are valued at cost, net of Excise duty and Value Added Tax, wherever applicable. Stores and spares, loose tools are valued at cost except unserviceable and obsolete items that are valued at estimated realizable value thereof. Costs are determined on Weighted Average Method.
Work In Progress	Work In Progress on construction contracts reflects value of material inputs and expenses incurred on contracts including estimated profits in evaluated jobs. Work in progress from manufacturing operation is valued at cost and Costs are determined on Weighted Average Method.
Finished Goods	Finished Goods are valued at lower of cost and net realizable value. Costs are determined on Weighted Average Method.
Stores & Spares Materials of Construction Site	Stores and Construction Materials are valued and stated at lower of cost and net realisable value. The Weighted Average Method of inventory valuation is used to determine the cost.
Work In Progress - Real Estate	Work In Progress on construction contracts reflects value of land, material inputs and project expenses.
Other Scrap Material	At net realisable value.

15 Trade Receivables

(₹ in Crore)

Particulars	Non Current		Current	
	30 Sep 2014	31 Dec 2013	30 Sep 2014	31 Dec 2013
Trade Receivables : (Unsecured, considered good unless otherwise stated)				
Long Term Trade Receivables :	848.42	869.90	-	-
Short Term Trade Receivables :				
Outstanding for a period exceeding six months	-	-	700.79	689.73
Other Debts	-	-	651.41	592.90
Doubtful Debts	-	-	136.88	134.46
Provision for Doubtful Debts	-	-	(136.88)	(134.46)
TOTAL	848.42	869.90	1,352.20	1,282.63

(a) Trade Receivable include the following amount from Related Parties :

(₹ in Crore)

Name of the party	As at 30 Sep 2014	As at 31 Dec 2013
Deepmala Infrastructure Private Limited	8.58	8.56
Gammon Archirodon	2.44	3.07
Gammon Cidade Tensacciai Joint Venture	16.79	-
Gammon OJSC Mosmetrostroy Joint Venture	53.13	53.90
Gammon OSE	1.55	1.92
Gammon Pratibha	2.58	7.69
Gammon Progressive	0.14	0.14
Gammon Sew	0.49	0.49
Gammon Srinivasa	1.63	7.01
GIL JMC	6.62	12.40
Hyundai Gammon	-	0.67
Indira Container Terminal Private Limited (Joint Venture)	6.54	6.27
Jaeger Gammon	1.61	2.27
Kosi Bridge Infrastructures Company Limited	66.20	66.13
Mumbai Nasik Expressway Limited	22.38	22.42
OSE Gammon	51.40	51.44
Patel Gammon	50.55	60.43
Patna Highway Project Limited	12.41	8.15
Pravara Renewable Energy Limited	28.45	20.84
Rajahmundry Godavari Bridge Limited	1.83	1.83
Transrail Lighting Limited	11.60	5.41
SAE Power lines S.r.l	154.70	149.19
Less : Provision made against SAE Power lines S.r.l receivable	(50.43)	(52.49)
TOTAL	451.19	437.74

16 Cash and Bank Balances

(₹ in Crore)

Particulars	Current	
	As at 30 Sep 2014	As at 31 Dec 2013
Cash and Cash Equivalent		
Cash Balances	5.52	9.35
Funds In Transit	-	4.07
Bank Balances	76.43	48.16
	81.95	61.58
Others		
Unpaid Dividend	0.71	0.73
Other Bank Balances	5.28	6.53
Bank Deposits (On Margin Account)	2.77	21.61
	8.76	28.87
TOTAL	90.71	90.45

(a) Other bank balances include ₹ 5.28 Crore (Previous Period ₹ 6.53 Crore) with bank branches in foreign countries relating to certain foreign projects which are not readily available for use by the Company and are subject to exchange control regulation of the respective countries.

(b) Balances in Foreign Bank Accounts are as per ledger and in case of some of the banks are subject to reconciliation.

17 Revenue from Operations

(₹ in Crore)

Particulars	Jan - Sep 2014	Apr - Dec 2013
Turnover	2,968.39	3,234.11
Less : Excise Duty	(59.76)	(47.62)
	2,908.63	3,186.49
TOTAL	2,908.63	3,186.49

(a) Breakup of Turnover

(₹ in Crore)

Particulars	Jan - Sep 2014	Apr - Dec 2013
Sale of products		
(i) Towers Sale	359.39	326.90
(ii) Conductor Sale	231.74	168.28
(iii) Wind mill	2.18	1.90
(iii) Brought out Sale	200.79	155.24
Less : Excise duty	(59.76)	(47.62)
SUB TOTAL	734.35	604.70
Sale of services		
(i) Construction / Erection Services	2,169.03	2,565.77
(ii) Testing Charges	5.26	16.02
SUB TOTAL	2,174.29	2,581.79
TOTAL	2,908.63	3,186.49

(b) Disclosure in accordance with Accounting Standard - 7 (Revised), in respect of contracts entered into on or after 1 April 2003 :

(₹ in Crore)

Particulars	Jan - Sep 2014	Apr - Dec 2013
Turnover for the period	2,043.09	2,333.26
Aggregate Expenditure (Net of inventory adjustments) for contracts existing as at the year end	24,105.88	21,759.15
Aggregate Contract Profits / Losses recognized for contracts existing as at the year end	1,989.68	2,182.82
Contract Advances (Net)	703.07	684.13
Gross amount due from customers for contract work	679.41	631.82
Retention amount due from customers	702.85	661.00
Gross amount due to customers for contract work	61.78	72.32

18 Other Operating Revenue

(₹ in Crore)

Particulars	Jan - Sep 2014	Apr - Dec 2013
Export Incentive	0.67	0.43
Sale of Scrap	14.69	17.56
Freight Charges	37.89	26.66
Compensation on Foreclosure of Contract with Sub Contractor	-	36.00
Miscellaneous Operating Income	5.11	11.85
Share of Profit on Joint Venture	-	0.32
Other Contractual Revenue	15.85	15.23
Less : Sub Contract Cost	(15.85)	(15.23)
	-	-
TOTAL	58.36	92.82

19 Other Income (₹ in Crore)		
Particulars	Jan - Sep 2014	Apr - Dec 2013
Interest Income	78.43	79.71
Miscellaneous Income	1.81	3.76
Prior Period Income	1.69	0.29
Profit on Sale of Assets	20.51	0.68
Profit on Sale of Investments	605.92	0.20
Dividend Received From Current Investments	0.10	0.13
TOTAL	708.46	84.77

The Company has during the period sold its entire stake in its subsidiary M/s Gammon Infrastructure Projects Limited to its subsidiary M/s Gammon Power Limited. The excess of the consideration over the book value of the investments amounting to ₹ 605.92 Crore has been shown under Profit on Sale of Investments.

20 Foreign Exchange Gain / (Loss) (₹ in Crore)		
Particulars	Jan - Sep 2014	Apr - Dec 2013
Exchange Gain / (Loss)	(4.28)	13.14
Mark to Market on Fx Transactions	(3.43)	0.32
TOTAL	(7.71)	13.46

21 Cost of Materials Consumed (₹ in Crore)		
Particulars	Jan - Sep 2014	Apr - Dec 2013
Opening Stock	458.20	527.30
Add : Purchases (Net of Discount)	1,312.89	1,336.72
Less : Closing Stock	475.32	458.20
TOTAL	1,295.77	1,405.82

(a) Breakup of material consumed (₹ in Crore)		
Particulars	Jan - Sep 2014	Apr - Dec 2013
Project Materials Consumed	919.08	1,036.04
Raw Material Consumed - Manufacturing	376.69	369.78
TOTAL	1,295.77	1,405.82

(b) Raw Material Consumed - Manufacturing (₹ in Crore)				
Particulars	Jan - Sep 2014		Apr - Dec 2013	
	Amount	%	Amount	%
Raw Materials :				
Imported	5.34	1.42%	42.33	11.45%
Indigenous	371.35	98.58%	327.45	88.55%
TOTAL	376.69	100.00%	369.78	100.00%

(c) Consumption of Raw Material - Manufacturing (₹ in Crore)		
Particulars	Jan - Sep 2014	Apr - Dec 2013
Transmission Line Towers & Parts		
Steel	199.79	233.64
Zinc	24.64	23.85
Conductor		
Aluminum Ingots	42.63	74.42
Aluminum / EC Wire Rod	94.25	25.18
GI Wire	15.38	12.69
TOTAL	376.69	369.78

22 Purchase of Stock in Trade (₹ in Crore)		
Particulars	Jan - Sep 2014	Apr - Dec 2013
Traded Item - Brought Out Material (Conductor, Insulators & Hardware Item)	164.37	132.91
TOTAL	164.37	132.91

23 Changes in Inventories of Finished Goods and Work In Progress (₹ in Crore)		
Particulars	Jan - Sep 2014	Apr - Dec 2013
Inventory Adjustments - WIP		
Opening - Construction	1,180.51	1,386.11
- Manufacturing	8.53	17.60
	1,189.04	1,403.71
Less : Closing		
- Construction	(1,180.47)	(1,180.51)
- Manufacturing	(2.72)	(8.53)
	(1,183.19)	(1,189.04)
Inventory Adjustments - FG		
Stock at Commencement	74.23	42.21
Less : Stock at Closing	(33.84)	(74.23)
	40.39	(32.02)
TOTAL	46.24	182.65

24 Employee Benefits (₹ in Crore)		
Particulars	Jan - Sep 2014	Apr - Dec 2013
Salaries, Bonus, Perquisites etc.	310.10	306.31
Contribution to Employees Welfare Funds, Gratuity and Leave Encashment	16.25	13.18
Staff Welfare Expenses	10.52	8.67
ESOP Compensation Cost	(0.22)	-
TOTAL	336.65	328.16

(a) 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 ₹ 6.00 Crore for the year 2013-14 and ₹ 8.12 Crore for the year 2012-13.

The Company's application for payment of remuneration to Mr Himanshu Parikh for year 2012-13 has been approved for ₹ 1.66 Crore as against proposed remuneration of ₹1.71 Crore. The review of this part approval is also pending with the CG.

25 Finance Cost (₹ in Crore)		
Particulars	Jan - Sep 2014	Apr - Dec 2013
Interest Expense	450.90	397.55
Other Borrowing Costs	1.82	4.93
TOTAL	452.72	402.48

26 Depreciation & Amortisation (₹ in Crore)		
Particulars	Jan - Sep 2014	Apr - Dec 2013
Depreciation	83.26	84.71
Less : Depreciation on Revalued Assets	(2.36)	(2.38)
Amortisation	0.95	0.97
TOTAL	81.85	83.30

27 Other Expenses

(₹ in Crore)

Particulars	Jan - Sep 2014	Apr - Dec 2013
Plant Hire Charges	29.60	31.39
Consumption of Stores and Spares	50.42	50.27
Outward Freight	38.31	34.25
Sales Tax	17.99	40.00
Service Tax	67.01	63.50
Power & Fuel	90.43	89.84
Fees & Consultations	32.57	33.68
Rent	23.44	22.47
Rates & Taxes	3.46	9.71
Travelling Expenses	25.31	24.36
Communication	4.60	5.73
Insurance	16.03	26.23
Repairs to Plant & Machinery	0.76	0.53
Repairs to Building	0.08	0.13
Other Repairs & Maintenance	9.33	9.57
Bank Charges & Commission	26.04	23.57
Other Site Expenses	34.80	23.89
Sundry Expenses	39.26	46.70
Prior Period Expenses	2.30	8.07
Bad Debts Written Off	2.77	9.78
Provision for Doubtful Debts / Advances	12.67	151.63
Provision for Risks & Contingencies	55.88	-
Provision for Diminution in Value of Investments - Subsidiary	-	0.11
Provision for Diminution in Value of Investments - Others	-	0.02
Loss on Sale of Assets	0.04	0.03
Share of Loss on Joint Venture	2.56	-
Branch Audit Fees	0.61	0.58
Remuneration to Tax Auditors	-	0.13
Remuneration to Statutory Auditors	0.76	0.88
TOTAL	587.03	707.05

(a) Remuneration to Statutory Auditors

(₹ in Crore)

Particulars	Jan - Sep 2014	Apr - Dec 2013
Audit Fees including Consolidation	0.59	0.59
Limited Review	0.06	0.09
Certification	0.01	0.03
Other Services	0.09	0.15
Reimbursement of Out of Pocket Expenses	0.01	0.02
TOTAL	0.76	0.88

(b) Consumption of Stores and Spares

(₹ in Crore)

Particulars	Jan - Sep 2014	Apr - Dec 2013
Project Site	27.98	22.34
Manufacturing	22.44	27.93
TOTAL	50.42	50.27

(c)

(₹ in Crore)

Particulars	Jan - Sep 2014		Apr - Dec 2013	
	Amount	%	Amount	%
Stores & Spare Parts (Manufacturing)				
Imported	0.07	0.31%	0.02	0.07%
Indigenous	22.37	99.69%	27.91	99.93%
TOTAL	22.44	100.00%	27.93	100.00%

28 Exceptional Items (₹ in Crore)		
Particulars	Jan - Sep 2014	Apr - Dec 2013
Provision towards impairment in ACBI (Refer Note 33)	-	37.15
Provision towards impairment related to SAE S.r.l	-	57.85
Provision for risks and contingencies (Refer Note 33)	-	184.38
Reversal of interest cost due to reduction in interest rate as per CDR	-	(12.47)
Fees and costs in connection with the CDR implementation process	-	3.97
TOTAL	-	270.88

29 CIF Value of Imports (₹ in Crore)		
Particulars	Jan - Sep 2014	Apr - Dec 2013
Raw Materials	15.73	60.25
<i>Including Traded Goods ₹ NIL (Previous Period ₹ 9.44 Crore)</i>		
Machinery	10.13	10.60
Stores & Spares	14.53	7.42
TOTAL	40.39	78.27

30 Earnings in Foreign Exchange (₹ in Crore)		
Particulars	Jan - Sep 2014	Apr - Dec 2013
FOB Value of Exports	84.37	92.66
Revenue from Overseas Project and receipts from World Bank aided Projects in Foreign Currency	42.11	84.80
Interest	1.37	4.16
Tower Testing Charges	1.70	5.01
Profit on Sale of Fixed Assets	16.42	-
TOTAL	145.97	186.63

31 Expenditure in Foreign Currency (₹ in Crore)		
Particulars	Jan - Sep 2014	Apr - Dec 2013
Travelling	0.34	0.65
Interest Paid	0.40	1.44
Expenditure at Foreign Sites / Branch	64.35	74.71
Professional, Technical & Consultancy	3.86	4.41
Bank Charges & Commission	3.49	2.31
Other Matters (Books, Periodicals, Subscription etc.)	0.21	0.81
TOTAL	72.65	84.33

32 Remittance of Dividend in Foreign Currency

During the period the Company has not remitted any amount of dividend in foreign currency.

33 Foreign Venture

(a) The Company through its Special Purpose Investment Vehicle holds the following stakes :

- Franco Tosi Mecannica S.p.A, Italy (FTM)
- Sofinter S.p.A, Italy
- Sadelmi S.p.A, Italy
- SAE Power Line S.r.l, Italy

- (b) The Company's exposure towards investment in Sofinter Group is ₹ 563.62 Crore including investments, loans and guarantees towards the acquisition loan taken by the SPV, M/s Gammon International B.V. The Company has carried out valuation of Sofinter Group through an independent valuer considering business plan of all companies within the Sofinter Group, order book position and economic environment where the Company is operating. The carrying value as at September 2014 is higher compared to the valuation by ₹159.49 Crore. The management is of the view that valuation carried out is based on current European scenario whereas growth option to various sub-continent 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 Company had in 2011, issued Guarantees, including Corporate Guarantees, for an amount of USD 35.00 million on behalf of Gammon Holdings Mauritius Limited (GHML), a wholly owned subsidiary, to Guarantee its contractual commitment under a Put Option Agreement with BT Global Investors Limited (BT) who was a holder of shares and convertible bonds (the Sofinter Securities) in Sofinter S.p.A. The Put was to be exercised within February 2014 and on all the Sofinter Securities. Consequent upon the conversion of the bonds into additional shares in Sofinter on 18 December 2013, BT has become the holder of 35% shares in Sofinter, thereby diluting the holding of Gammon International B.V. in Sofinter to 32.5%. Prior to the date of this conversion, BT also exercised its Put Option on GHML for all the Sofinter securities, for an amount of USD 32.00 Million (₹197.16 Crore). The Put Option was duly honored by GHML by drawing on debt raised from Export Import Bank of India Limited (Exim) for USD 18.00 Million (₹110.90 Crore) and balance against the funded exposure by the parent Company for ₹ 93.99 Crore. Pending transfer of the shares by BT in favour of GHML, since certain pre-conditions in the bye-laws of Sofinter and the Shareholders Agreement are in the process of being fulfilled, without which the transfer cannot be recorded by Sofinter, BT has committed to pledge the Shares to Exim on behalf of GHML. Further pending the transfer of 35%, Sofinter continues to be an 'Associate Company'.

Considering the valuation report issued by external agency and pending transfer of shares from BT Global increasing the stake to 67.5%, the carrying value of investment in Sofinter group will not require any impairment.

- (c) i) The Board of Franco Tosi Meccanica S.p.A (FTM) filed on May 30th with the court of Milan (and with the Companies Registry) a "preliminary" request for admission to the procedure of pre-insolvency composition agreement with creditors and restructuring debts ("concordato preventivo"), under Articles 161 Clause 6, Italian Government Publication dated 10 March 1942 No 267 – further amended in September 2012 in light of acute financial stress being faced by the Company due to several extraneous reasons.

The said application was admitted by the Court on 7 June 2013 and the court soon thereafter appointed a Judicial Commissioner to evaluate the possibility of FTM continuing its operations and, if this was established, to set out a procedure to continue and manage the Company for a period of at least two years. On 31 July 2013, the presiding Judge of the Court of Milan having received confirmation of the possibility of continuity of FTM called for bids for the lease of the business of FTM. Four bidders have submitted compliant bids for the lease.

However, instead of finalizing the lease, the commissioner announced a revised procedure by which, instead of lease of the business interested bidders will have to place an offer for the outright purchase of the operational business of FTM. One of the pre-conditions of the bidding offer is for the bidders to takeover and substitute all the bank guarantees issued by FTM in favour of its clients of its ongoing projects. The date of bid submission was fixed for 7 October 2014. Only two bids have been received by the commissioner, who after evaluation has concluded that both bids were defective. Accordingly, a fresh bid is being called to encourage large participation and the new date of submission of bid is 22 December 2014. The entire procedure is expected to be completed within 60 days thereafter.

The continuous delay in final closure has put the ongoing projects of Franco Tosi in Congo, Nicaragua and Bolivia at risk of cancellation with consequences thereof, unless immediate steps are taken to scale up the execution with intent to meet the existing project schedules.

However in light of the ongoing procedure the commissioner has not released any financial statements of the Company to date and it is expected that this will not be released until the entire process is complete.

- ii) The Company's exposure towards Franco Tosi Mecannica S.p.A group is ₹1162.87 Crore (net of provisions and credit balances in foreign exchange translation reserve) which includes the loans and investments of ₹ 268.06 Crore and exposure of corporate guarantee towards the borrowings made by the overseas SPV through which the step down subsidiary is held of ₹ 302.94 Crore. Further there are guarantee exposures towards the non-fund based guarantees given to the projects of the said subsidiary of ₹ 591.87 Crore outstanding as at September 2014. 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 was to be finalized as December 2014, however the same is delayed and not yet finalized. 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.
- iii) During the period the clients of the said FTM have encashed the bank guarantees to a total amount of ₹170.80 Crore (Euro 21.84 Million). The guarantees encashed includes an amount of (Euro 17.80 Million) ₹ 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 12.00 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 5.80 Million for which the Company is negotiating to cancel the demand, for the remaining Euro 4.04 Million (₹ 31.59 Crore) the Company has made a provision against the possible liability arising out of the said encashment to the Company.
- (d) The Company through its step down subsidiary P. Van Eerd Beheersmaatschappij B.V., Netherlands (PVAN) held a 50% shareholding in Sadelmi S.p.A for Euro 7.50 Million, Italy (Sadelmi) with the remaining 50% held by Busi Impianti S.p.A, Italy since April 2008. Due to the economic conditions prevailing in different parts of the world where Sadelmi was present some of the projects under execution encountered serious contractual problems. Sadelmi therefore sought creditors' protection through a Court in Italy and simultaneously, as part of scheme, applied for transferring the remaining projects and leased all references standing in its name since inception to a new Company Busi Power S.r.l wholly held by Busi Group.
- The above procedure however has not yet been completed as the decision in the Court is still awaited. The delay is on account of objections raised by some creditors among other reasons.
- In view of the uncertainties prevailing in Europe and the delay in the outcome of the Court process in respect of the creditors' protection sought by M/s Sadelmi in its application in connection therewith, the Company has, on prudent basis, made full provision towards its funded exposures in connection with the Investment in Sadelmi of ₹ 25.72 Crore and has charged the same as an exceptional item. The Company has exposure in respect of Corporate Guarantee for acquisition loan by its SPV.
- The Company has made provision as risks and contingencies of ₹ 69.46 Crore towards the guarantees issued to the banker of its wholly owned SPV PVAN, in respect of loans taken by the said subsidiary for making investment into Sadelmi, in accordance with AS-29 Provisions, Contingent Liabilities and Contingent Assets considering the net worth and operations of the said Sadelmi.
- (e) The Auditors of M/s SAE Powerlines S.r.l, Italy (SAE), a subsidiary of the Company have expressed their inability to opine on the financial statements in view of the said SAE's ability to operate as a going concern being at risk and the directors of the said SAE have highlighted the liquidity crisis. The total exposure of the Company in SAE and ATSL Netherlands B.V., the holding Company of SAE towards investments including guarantees towards the acquisition loan taken by SPV is ₹ 328.06 Crore. The Company has made provision for impairment of investments and loan of ₹ 110.45 Crore and provision for ₹ 88.29 Crore for risk and contingencies for corporate guarantees for acquisition loan of the SPV and the net exposure of the Company is ₹ 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 ₹ 72.76 Crore.
- (f) Considering the losses in one of its subsidiary M/s Ansaldoaldaie Boilers India Private Limited (ACBI) of ₹ 37.15 Crore, the Company has carried out an impairment test of its investments in ACBI. On the basis of the impairment test carried out during the previous the Management has made full provision towards the impairment of its investment in ACBI of ₹ 37.15 Crore.
- (g) In respect of outstanding balance of one the subsidiary, the accounts of the said subsidiary for the period up to December 2013 and later have not been finalized and therefore the balance outstanding of ₹ 29.24 Crore has not been confirmed and is subject to reconciliation thereof.

34 ESOP Scheme

Pursuant to the amalgamation of ATSL with the Company, the outstanding options of the employees of the erstwhile ATSL outstanding as on 1 April 2008 have been taken up as an obligation by the Company in accordance with the Scheme approved by the court. Accordingly the Company has accounted for the grant of 1,06,300 options to such employees at an exercise prize of ₹ 80 per share. The Company will issue two equity shares against each option in terms of the scheme of amalgamation approved by the Courts.

The options were granted by the erstwhile ATSL on 27 March 2007. The options vest in a graded manner over the period of four years and are exercisable during a period of three years from the date of vesting thereof.

Since the assets and liabilities of the erstwhile ATSL has been accounted at the book value, the accounting effect in the accounts are continued at the same value.

The fair value of the option however has been computed under the Black Scholes Method considering the data of the Company as on the date of grant of option for the purpose of disclosure as required under Guidance Note on Employee Share Based Payments detailed hereunder.

Options Granted on 27 March 2007 :

Vesting Date	No of Options	Exercise Period	Intrinsic Value on the date of grant of options	Fair Value of options as on date of grant of option
28 September 2008	21,260	28.09.2008 to 27.09.2011	250.00	677.65
28 September 2009	26,575	28.09.2009 to 27.09.2012	250.00	677.65
28 March 2010	26,575	28.03.2010 to 27.03.2013	250.00	677.65
28 March 2011	31,890	28.03.2011 to 27.03.2014	250.00	677.65
	106,300			

Had the compensation cost been accounted under the Fair Value Method, the Company's net profit would have changed as follows :

Particulars	Jan - Sep 2014	Apr - Dec 2013
Net Income as reported (₹ In Crore)	67.80	(765.91)
Add : ESOP Compensation Cost as accounted on Intrinsic Value Method (₹ In Crore)	-	-
Less : ESOP Compensation Cost as accounted on Fair Value Method (₹ In Crore)	-	-
Net Profit Adjusted (₹ In Crore)	67.80	(765.91)
Basic Earnings Per Share - As Reported	4.99	(56.41)
Basic Earning Per Share – Adjusted	4.99	(56.41)
Diluted Earnings Per Share - As Reported	4.97	(56.41)
Diluted Earning Per Share – Adjusted	4.97	(56.41)

The fair value of options accounted pursuant to the scheme of amalgamation was determined as at the date of grant of the options using the Black Scholes Option Pricing Model with the following assumptions :

Risk Free Interest Rate	7.50%
Expected Dividend Yield	0.39%
Expected Life of the Option	3 Years
Expected Volatility of Share Price	52.64%

The status of Employees stock options is as under :

Particulars	Jan - Sep 2014	Apr - Dec 2013
Option Shares Outstanding at the beginning of the year	8,700	8,700
Option Exercised during the year	-	-
Option Shares Granted during the year	-	-
Option Shares Lapsed during the year	8,700	-
Option Shares Outstanding at the end of the year	-	8,700

During the period NIL (Previous Period NIL) options were exercised by the employees against which NIL equity shares (Previous Period NIL) were allotted and 8700 (Previous Period NIL) options were lapsed during the period on account of cessation of employment. None of the options outstanding have been forfeited during the period.

35 In respect of the projects undertaken by the Company -

- i) The Company in evaluating its jobs has considered an amount of ₹ 451.56 Crore arising out of claims for work done on account of cost overruns arising due to client delays, changes of scope, escalation claims, variation orders, deviation in design and other charges recoverable from the client which are pending acceptance or certification by the client or referred the matter to the dispute resolution board / arbitration panel.
- ii) 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 ₹167.23 Crore 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.
- iii) Trade Receivables includes ₹123.80 Crore in respect of two of its project based on advanced negotiation and discussion with the client and is confident of realising the same, pending the final revision in contract value.

36 The Company's CDR package was approved by the CDR EG in its meeting held on 24 June 2013 and communicated to the Company vide its letter of approval dated 29 June 2013. The Company executed the Master Restructuring Agreement (MRA) with the CDR lenders on 24 September 2013. Substantial securities have been created in favour of the CDR Lenders.

Based on robust order in hand of ₹12800.00 Crore and additional order inflow based on optimistic factors towards growth in infrastructure industry in India, 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. After detailed evaluation of current situation, annual operating plan, expected cash flow and implementation of CDR package towards continuous support to the Company by bankers, the management is confident about continuation of operations of the Company. In view of this assessment by the management the going concern assumption is appropriate.

37 Earning Per Share

Earnings Per Share (EPS) = Net Profit attributable to Shareholders / Weighted Number of Shares Outstanding

Particulars	Jan - Sep 2014	Apr - Dec 2013
Net Profit attributable to the Equity Share holders (₹ in Crore)	67.80	(765.91)
Outstanding Number of Equity Shares at the end of the year	135,774,668	135,774,668
Weighted Number of Shares during the period – Basic	135,774,668	135,774,668
Weighted Number of Shares during the period – Diluted	136,500,468	136,515,084
Earning Per Share – Basic (₹)	4.99	(56.41)
Earning Per Share – Diluted (₹)	4.97	(56.41)

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

Reconciliation of weighted number of outstanding during the year :

Particulars	Jan - Sep 2014	Apr - Dec 2013
Nominal Value of Equity Shares (₹ Per Share)	2.00	2.00
For Basic EPS :		
Number of Equity Shares at the beginning	135,774,668	135,774,668
Add : Issue of shares under ESOP	-	-
Number of Equity Shares at the end	135,774,668	135,774,668
Weighted Average of Equity Shares at the end	135,774,668	135,774,668
For Dilutive EPS :		
Weighted Average no. of shares in calculating Basic EPS	135,774,668	135,774,668
Add : Shares kept in abeyance	725,800	725,800
Add : On grant of stock option under ESOP	-	14,616
Weighted Average no. of shares in calculating Dilutive EPS	136,500,468	136,515,084

38 Disclosure under Accounting Standard – 19 “Leases” of the Companies (Accounting Standards) Rule, 2006

The Company has taken various residential / godowns / offices premises (including Furniture and Fittings, if any) under lease and license agreements for periods which generally range between 11 months to 3 years. These arrangements are renewable by mutual consent on mutually agreed terms. Under some of these arrangements the Company has given refundable security deposits. The lease payments are recognized in Statement of Profit and Loss under Rent Expenses.

The Company has taken certain equipment on an operating lease and the future minimum committed lease rentals are given as follows on the basis of current usage -

Particulars	(₹ in Crore)	
	As at 30 Sep 2014	As at 31 Dec 2013
Payable not later than one year	3.35	3.92
Payable between one to five years	3.94	5.96
Payable after five years	-	-

39 Contingent Liability

Particulars	(₹ in Crore)	
	30 Sep 2014	31 Dec 2013
a) Liability on contracts remaining to be executed on Capital Account	23.89	6.68
b) Counter Guarantees given to Bankers for Guarantees given by them and Corporate Guarantees, on behalf of Subsidiary, erstwhile Subsidiary, Associate Companies	4,517.43	4,670.91
c) Corporate Guarantees and Counter Guarantees given to Bankers towards Company's share in the Joint Ventures for Guarantees given by them to the Joint Venture Project Clients	89.22	99.92
d) Disputed Sales Tax Liability for which the Company has gone into appeal	113.26	90.57
e) Claims against the Company not acknowledged as debts	220.73	126.39
f) Disputed Excise Duty Liability	0.02	0.05
g) Disputed Service Tax Liability	23.49	31.81
h) Outstanding Letters of Credit Pending Acceptance	164.77	144.16
i) On Partly Paid Shares (Refer Note 47(iii))	-	-
j) In respect of Income Tax Matters of Company and its Joint Ventures	364.09	185.09
k) Commitment towards capital contribution in subsidiary under contractual obligation	47.36	47.36
l) Disputed stamp duty liability for assets acquired during amalgamation with erstwhile Associated Transrail Structures Limited	4.93	4.93
m) Right to recompense in favour of CDR Lenders in accordance with the terms of MRA	504.96	504.96
n) There is a disputed demand of UCO Bank pending since 1986, of USD 436251 i.e. ₹ 1.72 Crore. Against this, UCO Bank has unilaterally adjusted the Company's Fixed Deposit of USD 30584 i.e. ₹ 0.12 Crore, which adjustment has not been accepted by the Company.		
o) Counter Claims in arbitration matters referred by the Company – liability unascertainable.		
p) The Disputed Service Tax Liability disclosed above is after considering legal advice on the probability of the liability materialising being remote.		

40 Segment Reporting

The Company is engaged mainly in “Construction and Engineering” segment. During the previous years, the Company has started Real Estate Business which is a different segment of “Real Estate Development” and additionally the Company has revenue from Windmills. 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 “Segment Reporting” is done. The Company also primarily operates under one geographical segment namely India.

41 Quantitative information of Derivative Instruments entered into by the Company and outstanding as at Balance Sheet date

(a) For Un-hedged Foreign Currency Exposures :

Unhedged Foreign Currency Exposure as at 30 September 2014 is ₹ 1363.54 Crore (Previous Period ₹ 1,383.66 Crore) receivables and ₹ 224.04 Crore (Previous Period ₹ 235.29 Crore) payables. Currency wise unhedged amounts are as follows -

Currency	As at 30 Sep 2014		As at 31 Dec 2013	
	Receivables	Payables	Receivables	Payables
USD - US Dollar	150,415,453	22,677,449	148,425,669	28,206,546
EUR - Euro	44,385,166	3,777,550	44,246,077	1,433,005
GBP - British Pound	95,560	-	-	3,892
AED - UAE Dirham	-	945,203	95,560	-
SEK - Swedish Krona	-	17,106	-	863,450
DZD - Algerian Dinar	174,270,203	271,770,853	128,754,639	209,576,576
NGN - Nigerian Naira	1,170,092	6,213,707	1,170,092	6,213,707
KES - Kenyan Shilling	43,455,513	5,404,297	128,784,924	4,858,971
BTN - Bhutan Ngultrum	432,226,688	175,942,428	443,763,462	221,009,610
CAD - Canadian Dollar	2,789,531	-	3,170,833	-
ETB - Ethiopian Birr	48,882,591	49,277,493	46,561,281	25,414,134
RWF - Rwandan Franc	16,491,940	52,447,226	13,928,547	85,724,313
YER - Yemeni Rial	2,596,365	-	-	-

42 The balance with The Freyssinet Prestressed Concrete Company Limited is as per books of accounts and subject to reconciliation.

43 Joint Venture

(a) Details of Joint Ventures entered into by the Company :

Name of Joint Venture	Description of Interest	% of involvement
1 Afghanistan ATSL AEPC Consortium	Jointly Controlled Operation	75.00%
2 BBJ Gammon	Jointly Controlled Operation	49.00%
3 CMC - Gammon JV	Jointly Controlled Operation	50.00%
4 Consortium between SAE Powerlines S.r.l and ATSL	Jointly Controlled Operation	NIL
5 Consortium SAE - GAMMON	Jointly Controlled Operation	37.03%
6 Gammon - CMC JV	Jointly Controlled Operation	60.00%
7 Gammon - FCEP - Joint Venture - Nigeria	Jointly Controlled Operation	80.13%
8 Gammon AG JV	Jointly Controlled Operation	51.00%
9 GAMMON ARCHIRODON	Jointly Controlled Operation	98.50%
10 Gammon Atlanta	Jointly Controlled Operation	50.00%
11 Gammon BBJ	Jointly Controlled Operation	50.00%
12 GAMMON LIMAK	Jointly Controlled Operation	51.00%
13 Gammon OSE	Jointly Controlled Operation	50.00%
14 Gammon Pratibha (BWSSB)	Jointly Controlled Operation	70.00%
15 Gammon Progressive	Jointly Controlled Operation	50.00%
16 GAMMON RIZZANI	Jointly Controlled Operation	50.00%
17 GAMMON SEW	Jointly Controlled Operation	90.00%

Name of Joint Venture		Description of Interest	% of involvement
18	Gammon Srinivasa	Jointly Controlled Operation	80.00%
19	GIL JMC	Jointly Controlled Operation	70.00%
20	Hyundai Gammon	Jointly Controlled Operation	49.00%
21	JFE - Gammon Joint Venture	Jointly Controlled Operation	40.00%
22	Gammon -SINGLA JV	Jointly Controlled Operation	55.00%
23	Gammon Ozkar JV	Jointly Controlled Operation	51.00%
24	JV Siemens Limited And ATSL, Kenya	Jointly Controlled Operation	NIL
25	OSE GIL	Jointly Controlled Operation	50.00%
26	Patel Gammon	Jointly Controlled Operation	49.00%
27	SAE - Gammon Consortium - Togo Benin	Jointly Controlled Operation	85.46%
28	SAE - Gammon Consortium - Togo Benin	Jointly Controlled Operation	40.00%
29	SAE - GAMMON Consortium	Jointly Controlled Operation	51.56%
30	SAE - GIL Consortium	Jointly Controlled Operation	33.91%
31	Bhutan Consortium Jyoti Structures Limited & Gammon India Limited	Jointly Controlled Entity	50.00%
32	Gammon Encee Consortium	Jointly Controlled Entity	51.00%
33	Jaeger Gammon	Jointly Controlled Entity	90.00%
34	Gammon Construtora Cidade Tensaccia Joint Venture	Jointly Controlled Entity	60.00%
35	Gammon OJSC Mosmetrostroy Joint Venture	Jointly Controlled Entity	51.00%
36	Gammon - CMC JV	Jointly Controlled Entity	50.00%
37	GIPL GIL Joint Venture	Jointly Controlled Entity	5.00%

(b) Details of Income & Expenditure and Assets & Liabilities of Jointly Controlled Entities as per the audited accounts of the Joint Venture Entity are as under-

Particulars of JV with share		Share of Assets	Share of Liabilities	Share of Income	Share of Expenditure
1	Gammon Encee Consortium (51%)*	4.76 (4.76)	1.40 (1.40)	- -	- -
2	Jaeger Gammon (90%)	9.37 (9.20)	9.21 (9.08)	0.51 (4.38)	0.48 (4.39)
3	Gammon Construtora Cidade Tensaccia Joint Venture (60%)*	69.83 (95.04)	63.67 (89.20)	78.91 (81.79)	79.67 (80.21)
4	Gammon OJSC Mosmetrostroy Joint Venture (51%)*	74.73 (92.21)	99.02 (110.82)	192.86 (142.69)	195.56 (143.04)
5	Bhutan Consortium Jyoti Structures Limited & Gammon India Limited (50%)	43.13 (53.31)	43.13 (53.31)	43.47 (60.41)	43.47 (60.41)
6	Gammon CMC Joint Venture (50%)*	23.25 (0.63)	23.01 (0.63)	0.78 -	0.55 (0.90)
7	GIPL GIL Joint Venture (5%)*	0.36 (0.36)	0.36 (0.36)	0.01 (0.43)	0.01 (0.43)

(Previous period figures are in brackets)

* Based on Management Accounts.

44 Disclosure of transactions with Related Parties, as required by Accounting Standard - 18 "Related Party Disclosures" has been set out in a separate Annexure - 2.

45 The current period is from 1 January 2014 to 30 September 2014. The comparative figures for the previous period are for the period from 1 April 2013 to 31 December 2013. The figures for both these periods are therefore not strictly comparable.

46 Previous period figures are regrouped and rearranged with those of the current period.

47 Details of Rounded Off Amounts

The Financial Statements are represented in ₹ Crore. Those items which were not represented in the financial statement due to rounding off to the nearest ₹ Crore are given below :

	As at 30 Sep 2014	As at 31 Dec 2013
(i) Non Current Investment		
Airscrew (India) Limited	1,000	1,000
Alpine Environmental Engineers Limited	20,000	20,000
Bhagirathi Bridge Construction Company Limited	30,000	30,000
Modern Flats Limited (Unquoted)	22,100	22,100
Neptune Tower Properties Private Limited	1,000	1,000
Investment In Partnership - Capital Contribution - Gammon Shah	25,000	25,000
(ii) Current Investment		
HDFC Mutual Fund - Floating Rate Income Fund	21,673	20,646
(iii) Contingent Liability		
Contingent Liability on Partly Paid Shares	19,000	19,000

As per our report of even date

For and on behalf of the Board of Directors

For Natvarlal Vepari & Co.
Chartered Accountants
Firm Registration No. 106971W

ABHIJIT RAJAN
Chairman & Managing Director

VARDHAN DHARKAR
Chief Financial Officer

N Jayendran
Partner
M.No. 40441

CHANDRAHAS C. DAYAL
Director

GITA BADE
Company Secretary

Mumbai, Dated : 5 December 2014

Mumbai, Dated : 5 December 2014

Annexure 1**Details of Continuing default as on 30 September 2014**

(₹ in Crore)

Bank / Party Name	Facility	Amount	Due On	Type
LIC of India	NCD	0.37	Mar-14	Interest
LIC of India	NCD	0.41	Apr-14	Interest
LIC of India	NCD	0.41	May-14	Interest
LIC of India	NCD	0.41	Jun-14	Interest
LIC of India	NCD	0.41	Jul-14	Interest
LIC of India	NCD	0.41	Aug-14	Interest
LIC of India	NCD	0.41	Sep-14	Interest
LIC of India	NCD	0.86	Jun-14	Interest
LIC of India	NCD	0.94	Jul-14	Interest
LIC of India	NCD	0.94	Aug-14	Interest
LIC of India	NCD	0.91	Sep-14	Interest
Central Bank of India	NCD	0.18	Aug-14	Interest
Central Bank of India	NCD	0.17	Sep-14	Interest
GIC India	NCD	0.13	Jul-14	Interest
GIC India	NCD	0.13	Aug-14	Interest
GIC India	NCD	0.13	Sep-14	Interest
Allahabad Bank	NCD	0.04	Aug-14	Interest
Allahabad Bank	NCD	0.04	Sep-14	Interest
Indian Bank	NCD	0.09	Jul-14	Interest
Indian Bank	NCD	0.09	Aug-14	Interest
Indian Bank	NCD	0.09	Sep-14	Interest
Karnataka Bank	NCD	0.09	Aug-14	Interest
Karnataka Bank	NCD	0.09	Sep-14	Interest
Bank of Maharashtra	NCD	0.09	Jul-14	Interest
Bank of Maharashtra	NCD	0.09	Aug-14	Interest
Bank of Maharashtra	NCD	0.09	Sep-14	Interest
Oriental Bank of Commerce	NCD	0.04	Aug-14	Interest
Oriental Bank of Commerce	NCD	0.03	Sep-14	Interest
United India Insurance	NCD	0.16	Jul-14	Interest
United India Insurance	NCD	0.16	Aug-14	Interest
United India Insurance	NCD	0.16	Sep-14	Interest
Allahabad Bank	NCD	0.08	Aug-14	Interest
Allahabad Bank	NCD	0.08	Sep-14	Interest
GIC India	NCD	0.16	Jul-14	Interest
GIC India	NCD	0.16	Aug-14	Interest
GIC India	NCD	0.16	Sep-14	Interest
LIC of India	NCD	0.37	Jun-14	Interest
LIC of India	NCD	0.40	Jul-14	Interest
LIC of India	NCD	0.40	Aug-14	Interest
LIC of India	NCD	0.39	Sep-14	Interest
Franco Tosi Turbines Private Limited	ICD	1.30	Mar-13	Interest
Franco Tosi Turbines Private Limited	ICD	0.46	Dec-13	Interest
Franco Tosi Turbines Private Limited	ICD	0.52	Sep-14	Interest
GACTEL Turnkeys Project Limited	ICD	0.03	Mar-13	Interest
Gammon Road Infrastructure Limited	ICD	0.00	Mar-13	Interest

(₹ in Crore)

Bank / Party Name	Facility	Amount	Due On	Type
Gammon Road Infrastructure Limited	ICD	0.01	Dec-13	Interest
Gammon Road Infrastructure Limited	ICD	0.01	Sep-14	Interest
IDBI Bank	Cash Credit	0.64	Sep-14	Interest
Syndicate Bank	WCDL	0.02	Sep-14	Interest
Canara Bank	WCTL	1.22	Aug-14	Interest
Canara Bank	WCTL	1.19	Sep-14	Interest
Bank of Baroda	WCTL	0.58	Jul-14	Interest
Bank of Baroda	WCTL	0.58	Aug-14	Interest
Bank of Baroda	WCTL	0.56	Sep-14	Interest
ICICI Bank	WCTL	0.93	Sep-14	Interest
Syndicate Bank	WCTL	0.34	Jul-14	Interest
Syndicate Bank	WCTL	0.35	Aug-14	Interest
Syndicate Bank	WCTL	0.34	Sep-14	Interest
Syndicate Bank	WCTL	0.15	Jul-14	Interest
Syndicate Bank	WCTL	0.15	Aug-14	Interest
Syndicate Bank	WCTL	0.15	Sep-14	Interest
Punjab National Bank	WCTL	0.55	Sep-14	Interest
IDBI Bank	WCTL	1.13	Jul-14	Interest
IDBI Bank	WCTL	1.14	Aug-14	Interest
IDBI Bank	WCTL	1.12	Sep-14	Interest
Allahabad Bank	WCTL	0.71	Sep-14	Interest
Canara Bank	Priority Loan	1.78	Aug-14	Interest
Canara Bank	Priority Loan	1.73	Sep-14	Interest
IDBI Bank	Priority Loan	0.92	Jul-14	Interest
IDBI Bank	Priority Loan	0.93	Aug-14	Interest
IDBI Bank	Priority Loan	0.90	Sep-14	Interest
Development Bank of Singapore	Priority Loan	0.53	Aug-14	Interest
Development Bank of Singapore	Priority Loan	0.51	Sep-14	Interest
Bank of Baroda	Priority Loan	0.62	Jul-14	Interest
Bank of Baroda	Priority Loan	0.63	Aug-14	Interest
Bank of Baroda	Priority Loan	0.61	Sep-14	Interest
Syndicate Bank	Priority Loan	0.17	Jul-14	Interest
Syndicate Bank	Priority Loan	0.52	Aug-14	Interest
Syndicate Bank	Priority Loan	0.51	Sep-14	Interest
Punjab National Bank	Priority Loan	0.85	Sep-14	Interest
Allahabad Bank	Priority Loan	0.63	Sep-14	Interest
ICICI Bank	Priority Loan	1.17	Aug-14	Interest
ICICI Bank	Priority Loan	1.28	Sep-14	Interest
Canara Bank	Rupee Term Loan	2.11	Aug-14	Interest
Canara Bank	Rupee Term Loan	2.05	Sep-14	Interest
Bank of Baroda	Rupee Term Loan	2.02	Jul-14	Interest
Bank of Baroda	Rupee Term Loan	2.04	Aug-14	Interest
Bank of Baroda	Rupee Term Loan	1.98	Sep-14	Interest
Union Bank	Rupee Term Loan	2.19	Jul-14	Interest
Union Bank	Rupee Term Loan	2.27	Aug-14	Interest
Union Bank	Rupee Term Loan	2.29	Sep-14	Interest

(₹ in Crore)

Bank / Party Name	Facility	Amount	Due On	Type
United Bank	Rupee Term Loan	2.34	Jul-14	Interest
United Bank	Rupee Term Loan	2.47	Aug-14	Interest
United Bank	Rupee Term Loan	2.41	Sep-14	Interest
UCO Bank	Rupee Term Loan	2.01	Jul-14	Interest
UCO Bank	Rupee Term Loan	2.02	Aug-14	Interest
UCO Bank	Rupee Term Loan	1.97	Sep-14	Interest
Syndicate Bank	Rupee Term Loan	1.00	Jul-14	Interest
Syndicate Bank	Rupee Term Loan	1.01	Aug-14	Interest
Syndicate Bank	Rupee Term Loan	0.99	Sep-14	Interest
Syndicate Bank	Rupee Term Loan	1.00	Jul-14	Interest
Syndicate Bank	Rupee Term Loan	1.01	Aug-14	Interest
Syndicate Bank	Rupee Term Loan	0.99	Sep-14	Interest
Canara Bank	FITL	0.29	Aug-14	Interest
Canara Bank	FITL	0.28	Sep-14	Interest
Syndicate Bank	FITL	0.30	Jul-14	Interest
Syndicate Bank	FITL	0.31	Aug-14	Interest
Syndicate Bank	FITL	0.30	Sep-14	Interest
Bank of Baroda	FITL	0.27	Jul-14	Interest
Bank of Baroda	FITL	0.28	Aug-14	Interest
Bank of Baroda	FITL	0.27	Sep-14	Interest
UCO Bank	FITL	0.29	Jul-14	Interest
UCO Bank	FITL	0.29	Aug-14	Interest
UCO Bank	FITL	0.28	Sep-14	Interest
Union Bank	FITL	0.32	Aug-14	Interest
Union Bank	FITL	0.32	Sep-14	Interest
United Bank	FITL	0.21	Jul-14	Interest
United Bank	FITL	0.35	Aug-14	Interest
United Bank	FITL	0.34	Sep-14	Interest
LIC of India	FITL NCD	0.13	Jun-14	Interest
LIC of India	FITL NCD	0.14	Jul-14	Interest
LIC of India	FITL NCD	0.14	Aug-14	Interest
LIC of India	FITL NCD	0.13	Sep-14	Interest
Central Bank of India	FITL NCD	0.02	Jul-14	Interest
Central Bank of India	FITL NCD	0.03	Aug-14	Interest
Central Bank of India	FITL NCD	0.03	Sep-14	Interest
GIC India	FITL NCD	0.02	Jun-14	Interest
GIC India	FITL NCD	0.02	Jul-14	Interest
GIC India	FITL NCD	0.02	Aug-14	Interest
GIC India	FITL NCD	0.02	Sep-14	Interest
GIC India	FITL NCD	0.02	Jun-14	Interest
GIC India	FITL NCD	0.02	Jul-14	Interest
GIC India	FITL NCD	0.02	Aug-14	Interest
GIC India	FITL NCD	0.02	Sep-14	Interest
Indian Bank	FITL NCD	0.01	Jun-14	Interest
Indian Bank	FITL NCD	0.01	Jul-14	Interest
Indian Bank	FITL NCD	0.01	Aug-14	Interest

(₹ in Crore)

Bank / Party Name	Facility	Amount	Due On	Type
Indian Bank	FITL NCD	0.01	Sep-14	Interest
Karnataka Bank	FITL NCD	0.01	Jul-14	Interest
Karnataka Bank	FITL NCD	0.01	Aug-14	Interest
Karnataka Bank	FITL NCD	0.01	Sep-14	Interest
Bank of Maharashtra	FITL NCD	0.01	Jun-14	Interest
Bank of Maharashtra	FITL NCD	0.01	Jul-14	Interest
Bank of Maharashtra	FITL NCD	0.01	Aug-14	Interest
Bank of Maharashtra	FITL NCD	0.01	Sep-14	Interest
Oriental Bank of Commerce	FITL NCD	0.00	Sep-14	Interest
Allahabad Bank	FITL NCD	0.01	Sep-14	Interest
United India Insurance	FITL NCD	0.02	Jun-14	Interest
United India Insurance	FITL NCD	0.02	Jul-14	Interest
United India Insurance	FITL NCD	0.02	Aug-14	Interest
United India Insurance	FITL NCD	0.02	Sep-14	Interest
LIC of India	FITL NCD	0.05	Jun-14	Interest
LIC of India	FITL NCD	0.06	Jul-14	Interest
LIC of India	FITL NCD	0.06	Aug-14	Interest
LIC of India	FITL NCD	0.06	Sep-14	Interest
Canara Bank	Cash Credit	11.02	Sep-14	Overdrawn
ICICI Bank	Cash Credit	1.09	Sep-14	Overdrawn
Bank of Baroda	Cash Credit	0.90	Sep-14	Overdrawn
Syndicate Bank	Cash Credit	0.14	Sep-14	Overdrawn
Allahabad Bank	Cash Credit	2.29	Sep-14	Overdrawn
Development Bank of Singapore	Cash Credit	1.06	Sep-14	Overdrawn
Punjab National Bank	Cash Credit	6.95	Sep-14	Overdrawn
Oriental Bank of Commerce	WCTL	0.25	Sep-14	Interest
Oriental Bank of Commerce	WCTL	0.28	Sep-14	Interest
Bank of Baroda	Rupee Term Loan	0.34	Jul-14	Interest
Bank of Baroda	Rupee Term Loan	2.03	Aug-14	Interest
Bank of Baroda	Rupee Term Loan	1.98	Sep-14	Interest
Bank of Baroda	FITL	0.24	Jul-14	Interest
Bank of Baroda	FITL	0.24	Aug-14	Interest
Bank of Baroda	FITL	0.23	Sep-14	Interest
Bank of Maharashtra	Rupee Term Loan	1.32	Jul-14	Interest
Bank of Maharashtra	Rupee Term Loan	1.33	Aug-14	Interest
Bank of Maharashtra	Rupee Term Loan	1.29	Sep-14	Interest
IDBI Bank	Rupee Term Loan	0.05	Sep-14	Interest
IDBI Bank	FITL	0.01	Jul-14	Interest
IDBI Bank	FITL	0.01	Aug-14	Interest
IDBI Bank	FITL	0.01	Sep-14	Interest
Oriental Bank of Commerce	Priority Loan	0.24	Sep-14	Interest
Development Bank of Singapore	WCTL	0.11	Aug-14	Interest
Bank of Maharashtra	FITL	0.05	Jul-14	Interest
Bank of Maharashtra	FITL	0.20	Aug-14	Interest
Bank of Maharashtra	FITL	0.19	Sep-14	Interest

Details of Continuing default as on 31 December 2013

(₹ in Crore)

Bank / Party Name	Facility	Amount	Due On	Type
Bank of Baroda	FITL	0.17	Nov-13	Interest
Bank of Baroda	FITL	0.18	Dec-13	Interest
Canara Bank	FITL	0.21	Dec-13	Interest
Syndicate Bank	FITL	0.22	Dec-13	Interest
Syndicate Bank	FITL	0.27	Jun-13	Interest
United Bank	FITL	0.26	Dec-13	Interest
GACTEL Turnkeys Project Limited	ICD	0.03	Mar-13	Interest
Gammon Road Infrstructure Limited	ICD	0.01	Mar-13	Interest
Franco Tosi Turbines Private Limited	ICD	1.30	Mar-13	Interest
Franco Tosi Turbines Private Limited	ICD	0.46	Dec-13	Interest
Central Bank of India	FITL NCD	0.02	Dec-13	Interest
Allahabad Bank	FITL NCD	0.01	Dec-13	Interest
Indian Bank	FITL NCD	0.01	Dec-13	Interest
Karnataka Bank	FITL NCD	0.01	Dec-13	Interest
Bank of Maharashtra	FITL NCD	0.01	Dec-13	Interest
United India Insurance	FITL NCD	0.01	Dec-13	Interest
GIC India	FITL NCD	0.01	Dec-13	Interest
GIC India	FITL NCD	0.02	Dec-13	Interest
LIC of India	FITL NCD	0.01	Mar-13	Interest
LIC of India	FITL NCD	0.01	Apr-13	Interest
LIC of India	FITL NCD	0.02	May-13	Interest
LIC of India	FITL NCD	0.02	Jun-13	Interest
LIC of India	FITL NCD	0.02	Jul-13	Interest
LIC of India	FITL NCD	0.02	Aug-13	Interest
LIC of India	FITL NCD	0.01	Sep-13	Interest
LIC of India	FITL NCD	0.03	Oct-13	Interest
LIC of India	FITL NCD	0.03	Nov-13	Interest
LIC of India	FITL NCD	0.04	Nov-13	Interest
LIC of India	FITL NCD	0.04	Dec-13	Interest
LIC of India	FITL NCD	0.01	Feb-13	Interest
LIC of India	FITL NCD	0.02	Mar-13	Interest
LIC of India	FITL NCD	0.03	Apr-13	Interest
LIC of India	FITL NCD	0.04	May-13	Interest
LIC of India	FITL NCD	0.04	Jun-13	Interest
LIC of India	FITL NCD	0.05	Jul-13	Interest
LIC of India	FITL NCD	0.04	Aug-13	Interest
LIC of India	FITL NCD	0.02	Sep-13	Interest
LIC of India	FITL NCD	0.07	Oct-13	Interest
LIC of India	FITL NCD	0.08	Nov-13	Interest
LIC of India	FITL NCD	0.09	Nov-13	Interest
LIC of India	FITL NCD	0.10	Dec-13	Interest
LIC of India	NCD	3.47	Mar-13	Interest
LIC of India	NCD	1.56	Mar-13	Interest
LIC of India	NCD	1.54	Sep-13	Interest
Canara Bank	Cash Credit	2.31	Dec-13	Overdrawn
IDBI Bank	Cash Credit	6.71	Dec-13	Overdrawn

(₹ in Crore)

Bank / Party Name	Facility	Amount	Due On	Type
Bank of Baroda	Cash Credit	0.78	Dec-13	Overdrawn
Bank of Baroda	Priority Loan	0.59	Nov-13	Interest
Bank of Baroda	Priority Loan	0.62	Dec-13	Interest
Canara Bank	Priority Loan	0.43	Dec-13	Interest
Syndicate Bank	Priority Loan	0.22	Dec-13	Interest
Punjab National Bank	Priority Loan	0.01	Dec-13	Interest
ICICI Bank	Priority Loan	0.30	Dec-13	Interest
Allahabad Bank	Priority Loan	0.01	Dec-13	Interest
IDBI Bank	Priority Loan	0.02	Oct-13	Interest
IDBI Bank	Priority Loan	0.04	Nov-13	Interest
IDBI Bank	Priority Loan	0.08	Dec-13	Interest
Development Bank of Singapore	Priority Loan	0.53	Dec-13	Interest
Development Bank of Singapore	Short Term Loan	0.05	Dec-13	Interest
Development Bank of Singapore	Short Term Loan	0.34	Dec-13	Interest
Syndicate Bank	WCDL	0.56	Dec-13	Interest
Bank of Baroda	WCTL	0.58	Nov-13	Interest
Bank of Baroda	WCTL	0.58	Dec-13	Interest
Canara Bank	WCTL	1.21	Dec-13	Interest
Syndicate Bank	WCTL	0.34	Dec-13	Interest
Syndicate Bank	WCTL	0.15	Dec-13	Interest
Punjab National Bank	WCTL	0.57	Dec-13	Interest
ICICI Bank	WCTL	0.86	Dec-13	Interest
Allahabad Bank	WCTL	0.73	Dec-13	Interest
IDBI Bank	Cash Credit	0.66	Dec-13	Interest
IDBI Bank	WCTL	0.85	Dec-13	Overdrawn
IDBI Bank	WCTL	0.60	Oct-13	Interest
IDBI Bank	WCTL	0.58	Nov-13	Interest
IDBI Bank	WCTL	0.61	Dec-13	Interest
ICICI Bank	Professional Fees	1.38	Oct-13	Professional Fees
Oriental Bank of Commerce	WCTL	0.27	Dec-13	Interest
Oriental Bank of Commerce	WCTL	0.29	Dec-13	Interest
Bank of Baroda	FITL	0.15	Dec-13	Interest
Bank of Maharashtra	FITL	0.05	Dec-13	Interest
IDBI Bank	Priority Loan	0.18	Oct-13	Interest
IDBI Bank	Priority Loan	0.42	Nov-13	Interest
IDBI Bank	Priority Loan	0.83	Dec-13	Interest
IDBI Bank	WCTL	0.54	Oct-13	Interest
IDBI Bank	WCTL	0.52	Nov-13	Interest
IDBI Bank	WCTL	0.54	Dec-13	Interest
IDBI Bank	FITL	0.04	Dec-13	Interest
Development Bank of Singapore	Short Term Loan	0.50	Nov-13	Interest
Development Bank of Singapore	Short Term Loan	0.40	Dec-13	Interest
Bank of Maharashtra	FITL	0.08	Dec-13	Interest
Export Import Bank of India	Demand Loan	7.42	Dec-13	Principal
Export Import Bank of India	Demand Loan	0.08	Dec-13	Interest

Annexure 2

A Related Party Disclosure (AS - 18)

SUBSIDIARIES	
1	Ansaldoaldai Boilers India Private Limited
2	ATSL B.V., Netherland
3	ATSL Infrastructure Projects Limited
4	Associated Transrail Structures Limited, Nigeria
5	Campo Puma Oriente S.A.
6	Deepmala Infrastructure Private Limited
7	Franco Tosi Hydro Private Limited
8	Franco Tosi Turbines Private Limited
9	Gactel Turnkey Projects Limited
10	Gammon & Billimoria Limited
11	Gammon Holdings (Mauritius) Limited
12	Gammon Holdings B.V.
13	Gammon Infrastructure Projects Limited
14	Gammon International B.V.
15	Gammon International FZE
16	Gammon Power Limited
17	Gammon Realty Limited
18	Gammon Retail Infrastructure Private Limited
19	Metropolitan Infrahousing Private Limited
20	P.Van Eerd Beheersmaatschappij B.V.
21	Patna Water Supply Distribution Network Private Limited
22	SAE Transmission India Limited
23	Transrail Lighting Limited
STEPDOWN SUBSIDIARIES	
24	Andhra Expressway Limited
25	Aparna Infraenergy India Private Limited
26	Birmitrapur Barkote Highway Private Limited
27	Chitoor Infra Company Private Limited
28	Cochin Bridge Infrastructure Company Limited
29	Dohan Renewable Energy Private Limited
30	Earthlink Infrastructure Projects Private Limited
31	Franco Tosi Meccanica S.p.A
32	Gammon & Billimoria LLC
33	Gammon Italy S.r.l
34	Gammon Logistics Limited
35	Gammon Projects Developers Limited
36	Gammon Renewable Energy Infrastructure Limited
37	Gammon Renewable Energy Private Limited
38	Gammon Road Infrastructure Limited
39	Gammon Seaport Infrastructure Limited
40	Ghaggar Renewable Energy Private Limited
41	Gorakhpur Infrastructure Company Limited
42	Haryana Biomass Power Limited
43	Indori Renewable Energy Private Limited
44	Jaguar Projects Developers Limited
45	Kasavati Renewable Energy Private Limited
46	Kosi Bridge Infrastructure Company Limited
47	Lilac Infrastructure Developers Limited
48	Marine Projects Services Limited
49	Markanda Renewable Energy Private Limited
50	Mormugao Terminal Limited
51	Mumbai Nasik Expressway Limited
52	Pataliputra Highway Limited
53	Patna Buxar Highways Limited
54	Patna Highway Projects Limited
55	Pravara Renewable Energy Limited
56	Preeti Township Private Limited
57	Rajahmundry Expressway Limited
58	Rajahmundry Godavari Bridge Limited
59	Ras Cities And Townships Private Limited
60	SAE Powerlines S.r.l
61	Satluj Renewable Energy Private Limited
62	Sidhi Singrauli Road Project Limited
63	Segue Infrastructure Projects Private Limited
64	Sikkim Hydro Power Ventures Limited
65	Sirsa Renewable Energy Private Limited
66	Tada Infra Development Company Limited
67	Tangri Renewable Energy Private Limited
68	Tidong Hydro Power Limited
69	Vijaywada Gundugolanu Road Projects Private Limited
70	Vizag Seaport Private Limited
71	Yamuna Minor Minerals Private Limited
72	Yamunanagar Panchkula Highway Private Limited
73	Youngthang Power Ventures Limited
JOINT VENTURE	
1	Gammon Atlanta
2	Gammon Archirodon
3	Gammon BBJ
4	Gammon Construtora Cidade Tensaccia
5	Gammon Eence Consortium
6	Gammon OJSC Mosmetrostroy
7	Gammon OSE
8	Gammon Pratibha
9	Gammon Progressive
10	Gammon Rizzani
11	Gammon SEW
12	Gammon SEW
13	Gammon Srinivasa
14	GIL JMC
15	Haryana Bio Mass Power Limited
16	Hyundai Gammon
17	Indira Container Terminal Private Limited
18	Jaeger Gammon
19	OSE Gammon
20	Patel Gammon
21	Sofinter S.p.A
22	Gammon FECP JV Naigeria
23	Consortium of Jyoti Structure & GIL
24	GIPL GIL
25	Gammon CMC
ASSOCIATES	
1	Eversun Sparkle Maritime Services Private Limited
2	Modern Toll Roads Limited
3	Finest S.p.A Italy
KEY MANAGERIAL PERSONNEL	
1	Mr Abhijit Rajan
2	Mr Rajul A Bhansali
3	Mr D C Bagde
RELATIVES OF KEY MANAGERIAL PERSONNEL	
1	Mr Harshit Rajan
2	Mrs Sandhya Bagde
3	Ms Ruchi Bagde
ASSOCIATE OF KEY MANAGERIAL PERSONNEL	
1	Active Agro Farming Private Limited
2	Pacific Energy Private Limited

B) Related Parties transactions during the year in normal course of business :

(₹ In Crore)

Nature of Transactions / relationship / major parties	Current Period Jan - Sep 2014		Previous Period Apr - Dec 2013	
	Amounts	Amounts from Major Parties	Amounts	Amounts from Major Parties
SUBSIDIARIES				
Subcontracting Income	101.38		206.12	
Deepmala Infrastructure Private Limited		9.48		15.11
Patna Highway Projects Limited		25.66		76.67
Pravara Renewable Energy Limited		34.73		96.71
Rajahmundry Godavari Bridge Limited		23.30		13.34
Subcontracting Expenditure	-		3.69	
Transrail Lighting Limited		-		3.69
Operating And Maintenance Income	15.85		15.23	
Andhra Expressway Limited		7.71		7.41
Rajahmundry Expressway Limited		8.14		7.82
Operating And Maintenance Expenses	15.85		15.23	
Gammon Infrastructure Projects Limited		15.85		15.23
Purchase of Goods	8.02		11.55	
GACTEL Turnkey Project Limited		2.39		10.57
Transrail Lighting Limited		5.63		0.98
Sale of Goods	9.39		19.85	
Deepmala Infrastructure Private Limited		-		9.45
SAE Power Lines S.r.l		3.79		7.62
Transrail Lighting Limited		5.60		2.78
Sale of Investment	712.80		-	
Gammon Power Limited		712.80		-
Receiving of Services	10.33		13.94	
GACTEL Turnkey Project Limited		3.38		6.96
SAE Power Lines S.r.l		6.84		6.98
Finance provided (incl. Loans and equity contribution in cash or in kind)	39.12		78.83	
Ansaldo Caldaie Boilers India Private Limited		1.73		-
ATSL Holding B.V., Netherlands		3.07		24.45
Deepmala Infrastructure Private Limited		-		2.70
GACTEL Turnkey Project Limited		-		3.75
Gammon International B.V.		10.19		8.64
Metropolitan Infrahousing Private Limited		11.27		14.40
Finance provided for expenses & on a/c payments	11.43		110.71	
Ansaldo Caldaie Boilers India Private Limited		0.39		0.02
Campo Puma Oriente S.A.		-		3.14
Deepmala Infrastructure Private Limited		0.70		0.15
GACTEL Turnkey Project Limited		0.04		0.11
Gammon CMC		8.43		-
Gammon Holdings (Mauritius) Limited		-		90.40
Gammon Power Limited		1.28		-
SAE Power Lines S.r.l		-		15.86
Amount liquidated towards the finance provided	34.09		13.03	
ATSL Holding B.V., Netherlands		10.39		-
Deepmala Infrastructure Private Limited		0.98		3.70
GACTEL Turnkey Project Limited		-		3.42
Gammon & Billimoria Limited		0.00		5.78
Gammon CMC		11.25		-
Gammon Realty Limited		1.63		-
Metropolitan Infrahousing Private Limited		0.00		0.12
Patna Water Supply Distribution Network Private Limited		6.98		-
SAE Power Lines S.r.l		2.84		-

Nature of Transactions / relationship / major parties	Current Period Jan - Sep 2014		Previous Period Apr - Dec 2013	
	Amounts	Amounts from Major Parties	Amounts	Amounts from Major Parties
Interest Income during the year	61.95		63.62	
Campo Puma Oriente S.A.		1.13		0.85
Deepmala Infrastructure Private Limited		13.15		13.33
Gammon & Billimoria Limited		3.29		3.47
Gammon Realty Limited		7.48		7.59
Metropolitan Infrahousing Private Limited		32.61		31.86
Finance received (incl. Loans and equity contribution in cash or in kind)	0.15		1.30	
Franco Tosi Turbines Private Limited		0.15		1.30
Finance received for expenses & on a/c payments	0.11		0.01	
GIPL		0.10		-
Gammon & Billimoria Limited		0.01		0.01
Amount liquidated towards the above finance	4.30		0.29	
Transrail Lighting Limited		3.85		0.29
Interest Paid	2.33		2.90	
Franco Tosi Turbines Private Limited		0.58		0.51
Patna Water Supply Distribution Network Private Limited		1.75		2.38
Contract Advance received	11.34		5.01	
Gorakhpur Infrastructure Company Limited		9.34		-
Patna Highway Projects Limited		2.00		3.64
Pravara Renewable Energy Limited		-		0.57
SAE Power Lines S.r.l		-		0.79
Refund against Contract advance	16.55		29.15	
Deepmala Infrastructure Private Limited		9.68		14.60
Pravara Renewable Energy Limited		0.07		12.95
SAE Power Lines S.r.l		2.17		1.59
Sikkim Hydro Power Venture Limited		4.65		-
Guarantees and Collaterals Outstanding	3,331.31		3,353.53	
Ansaldo Caldaie Boilers India Private Limited		252.90		252.90
Deepmala Infrastructure Private Limited		33.80		33.80
Franco Tosi Meccanica S.p.A		504.30		441.78
Gammon Holding B.V.		706.13		728.35
Gammon International B.V.		492.51		523.38
Metropolitan Infrahousing Private Limited		175.00		175.00
Pledge of Shares (Number of shares)				
Ansaldo Caldaie Boilers India Private Limited		12,000,000		-
Deepmala Infrastructure Private Limited		2,300		-
GACTEL Turnkey Project Limited		5,049,940		-
Transrail Lighting Limited		30,999,940		-
Provision made for Doubtful Debts	0.00		110.33	
ATSL Holding B.V., Netherlands		-		15.99
SAE Power Lines S.r.l		-		94.35
Provision made for Investment	0.00		37.27	
Ansaldo Caldaie Boilers India Private Limited		-		37.15
Outstanding Balances Receivables				
Loans and Advances	1,757.54		1,685.51	
ATSL Holding B.V., Netherlands		92.04		104.09
Deepmala Infrastructure Private Limited		195.45		195.73
Gammon Holding B.V.		235.70		231.24
Gammon International B.V.		307.77		304.30
Gammon Realty Limited		110.34		111.97
Metropolitan Infrahousing Private Limited		489.22		477.95

Nature of Transactions / relationship / major parties	Current Period Jan - Sep 2014		Previous Period Apr - Dec 2013	
	Amounts	Amounts from Major Parties	Amounts	Amounts from Major Parties
Interest Receivable	282.70		224.31	
Deepmala Infrastructure Private Limited		54.70		41.55
Gammon Realty Limited		53.36		45.87
Metropolitan Infrahousing Private Limited		150.12		117.51
Trade & Other Receivable	1,009.92		278.56	
Kosi Bridge Infrastructure Company Limited		66.80		66.74
Mumbai Nasik Expressway Limited		22.38		22.43
Gammon Power Limited		714.10		-
SAE Power Lines S.r.l		104.27		111.82
Outstanding Balances Payable				
Trade & Other Payable	87.77		96.85	
Deepmala Infrastructure Private Limited		6.82		10.00
Franco Tosi Turbines Private Limited		8.73		8.06
Gorakhpur Infrstructure Company Limited		27.26		17.93
Patna Water Supply Distribution Network Private Limited		16.41		16.69
Pravara Renewable Energy Limited		0.89		2.78
Rajahmundry Godavari Bridge Limited		7.12		10.09
ASSOCIATES				
Interest Income during the year	0.04		0.04	
Finest S.p.A		0.04		0.04
Outstanding Balances Receivables	1.94		2.02	
Finest S.p.A		1.94		2.02
ASSOCIATE OF KEY MANAGERIAL PERSONNEL				
Loan & Advances Received	-		17.00	
Active Agro Farming Private Limited		-		11.00
Pacific Energy Private Limited		-		6.00
KEY MANAGERIAL PERSONNEL				
Remuneration paid	6.30		5.48	
Mr Abhijit Rajan		4.72		4.14
Mr D C Bagde		0.96		0.78
Mr R A Bhansali		0.62		0.56
Loan & Advances Received	-		83.00	
Mr Abhijit Rajan		-		83.00
RELATIVES OF KEY MANAGERIAL PERSONNEL				
Remuneration paid	0.49		0.48	
Mr Harshit Rajan		0.49		0.46
Ms Ruchi Bagde		-		0.02
Sale of Flat	0.94		-	
Mr Harshit Rajan		0.94		-
JOINT VENTURE				
Subcontracting Income	276.88		389.22	
Consortium of Jyoti Structure & GIL		19.56		40.88
Gammon Cidade Tensacciai		74.85		42.36
Gammon OJSC Mosmetrostroy		131.98		154.16
Indira Container Terminal Private Limited		3.34		10.32
Jaeger Gammon		0.33		5.14
Patel Gammon		38.64		119.76

Nature of Transactions / relationship / major parties	Current Period Jan - Sep 2014		Previous Period Apr - Dec 2013	
	Amounts	Amounts from Major Parties	Amounts	Amounts from Major Parties
Sale of Goods	32.76		23.20	
Consortium of Jyoti Structure & GIL		32.76		23.20
Finance provided for expenses & on a/c payments	117.21		25.02	
Gammon FECF JV Naigeria		1.18		1.56
Gammon Cidade Tensacciai		109.38		-
Gammon OJSC Mosmetrostroy		6.18		9.46
Gammon SEW		0.07		0.04
Amount liquidated towards the finance provided	83.32		16.91	
Gammon Cidade Tensacciai		64.32		5.89
Gammon OJSC Mosmetrostroy		18.65		10.85
Gammon SEW		0.16		0.04
Interest income during the year	0.77		-	
Gammon Cidade Tensacciai		0.77		-
Interest paid during the year	2.22		1.47	
Gammon Cidade Tensacciai		0.70		1.43
Gammon OJSC Mosmetrostroy		1.52		-
Contract Advance received	17.41		78.33	
Gammon Cidade Tensacciai		6.23		0.50
Gammon OJSC Mosmetrostroy		-		41.51
Jaeger Gammon		-		0.30
Patel Gammon		11.18		36.03
Refund received against Contract Advance	88.41		87.79	
Gammon Cidade Tensacciai		11.82		7.77
Gammon OJSC Mosmetrostroy		48.41		15.82
Indira Container Terminal Private Limited		8.40		10.64
Jaeger Gammon		-		0.30
Patel Gammon		14.10		48.66
Guarantees and Collaterals Outstanding	467.31		518.70	
Consortium of Jyoti Structure & GIL		-		9.50
Gammon Cidade Tensacciai		121.76		162.03
Gammon FECF JV Naigeria		10.79		10.82
Gammon OJSC Mosmetrostroy		212.10		212.10
Jaeger Gammon		32.94		32.95
Outstanding Balances Receivables				
Trade & Other Receivable	297.49		278.22	
Consortium of Jyoti Structure & GIL		39.15		39.85
Gammon Cidade Tensacciai		69.08		8.86
Gammon OJSC Mosmetrostroy		53.13		53.90
OSE Gammon		51.54		51.58
Patel Gammon		50.55		60.43
Outstanding Balances Payable				
Trade & Other Payable	80.90		178.98	
Consortium of Jyoti Structure & GIL		7.94		13.15
Gammon Cidade Tensacciai		6.95		41.62
Gammon OJSC Mosmetrostroy		58.58		107.95
Indira Container Terminal Private Limited		5.00		5.00
Patel Gammon		0.00		6.15

DETAILS OF SUBSIDIARIES OF GAMMON INDIA LIMITED
(Pursuant to the Central Government Order under Section 212(8) of the Companies Act, 1956)

Sr. No.	Particulars	ATSL Infrastructure Projects Limited	Deepmala Infrastructure Private Limited	Gactel Turnkey Projects Limited	Gammon & Billimoria Limited	Gammon Infrastructure Projects Limited	Gammon Power Limited	Gammon Realty Limited	Gammon Retail Infrastructure Private Limited	Transrail Lighting Limited
	Financial Period ending on	30 Sept 2014	30 Sept 2014	30 Sept 2014	30 Sept 2014	30 Sept 2014	30 Sept 2014	30 Sept 2014	30 Sept 2014	30 Sept 2014
1	Share Capital (including share application money pending allotment)	500,000	100,000	50,500,000	1,000,000	1,884,503,948	500,000	200,500,000	100,000	310,000,000
2	Reserves	(172,389)	(736,625)	(504,180,369)	17,824,743	6,288,520,389	409,617	(599,925,391)	(193,074)	(304,607,636)
3	Liabilities	165,029,585	8,380,539,995	2,534,402,319	986,640,598	8,754,253,199	7,162,481,145	1,637,700,074	215,029	1,097,384,876
4	Total Liabilities	165,357,196	8,379,903,370	2,080,721,950	1,005,465,341	16,927,277,536	7,163,390,762	1,238,274,683	121,955	1,102,777,240
5	Total Assets	165,357,196	8,379,903,370	2,080,721,950	1,005,465,341	16,927,277,536	7,163,390,762	1,238,274,683	121,955	1,102,777,240
6	Investments (excluding Subsidiary Companies)	-	-	52,239	-	622,466,780	-	-	-	-
7	Turnover	-	-	217,814,886	-	1,627,111,701	-	-	-	631,276,708
8	Profit Before Taxation	(21,224)	(168,874)	(111,238,848)	2,482,521	(710,530,645)	923,102	(47,587,740)	(42,807)	(8,862,683)
9	Provision for Taxation	-	-	(1,663,831)	767,099	(17,159,503)	1,476,401	-	-	68,241
10	Profit After Taxation	(21,224)	(168,874)	(109,575,017)	1,715,422	(693,371,142)	(553,299)	(47,587,740)	(42,807)	(8,930,924)
11	Dividend - Equity	-	-	-	-	-	-	-	-	-
12	Dividend - Preference	-	-	-	-	-	-	-	-	-
13	Proposed Dividend - Equity	-	-	-	-	-	-	-	-	-
14	Proposed Dividend - Preference	-	-	-	-	-	-	-	-	-

Sr. No.	Particulars	Metropolitan Infrahousing Private Limited	SAE Transmission India Limited (SAET)	Franco Tosi Hydro Private Limited	Franco Tosi Turbines Private Limited**	Preeti Township Private Limited	Patna Water Supply Distribution Networks Private Limited	Ansaldoaldiaie boilers India Private Limited	Andhra Expressway Limited*	Aparna Infraenergy India Private Limited*
	Financial Period ending on	30 Sept 2014	30 Sept 2014	30 Sept 2014	30 Sept 2014	30 Sept 2014	30 Sept 2014	30 Sept 2014	30 Sept 2014	30 Sept 2014
1	Share Capital (including share application money pending allotment)	100,000	500,000	100,000	-	1,000,000	100,000	500,000,000	290,000,000	500,000
2	Reserves	858,372,582	(2,806,127)	(118,218)	-	(1,354,738)	(167,465,483)	(674,021,591)	407,158,091	(322,257)
3	Liabilities	10,293,645,390	24,063,342	62,564	-	86,580,366	473,551,617	120,470,116,689	1,254,890,327	395,739,836
4	Total Liabilities	11,152,067,972	21,757,215	44,346	-	86,225,628	306,186,134	1,030,679,578	1,952,048,418	395,917,579
5	Total Assets	11,152,067,972	21,757,215	44,346	-	86,225,628	306,186,134	1,030,679,578	1,952,048,418	395,917,579
6	Investments (excluding Subsidiary Companies)	-	-	-	-	-	-	200,000,000	63,374,164	-
7	Turnover	-	-	-	-	-	229,736,812	66,361,468	418,680,000	-
8	Profit Before Taxation	(12,891,100)	76,619	(39,164)	-	(211,062)	(125,177,249)	(110,588,106)	57,043,167	(88,650)
9	Provision for Taxation	2,529,890	20,000	-	-	100,062	-	-	(3,745,882)	-
10	Profit After Taxation	(15,420,990)	56,619	(39,164)	-	(211,062)	(125,277,311)	(110,588,106)	60,789,049	(88,650)
11	Dividend - Equity	-	-	-	-	-	-	-	-	-
12	Dividend - Preference	-	-	-	-	-	-	-	-	-
13	Proposed Dividend - Equity	-	-	-	-	-	-	-	-	-
14	Proposed Dividend - Preference	-	-	-	-	-	-	-	-	-

DETAILS OF SUBSIDIARIES OF GAMMON INDIA LIMITED
(Pursuant to the Central Government Order under Section 212(8) of the Companies Act, 1956)

Sr. No.	Particulars	Birmatrapur Barkote Highway Private Limited*	Cochin Bridge Infrastructure Company Limited*	Chittoor Infrastructure Company Private Limited*	Dohan Renewable Energy Private Limited*	Earthlink Infrastructure Projects Private Limited*	Gammon Logistics Limited*	Gammon Projects Developers Limited*	Gammon Renewable Energy Infrastructure Projects Limited*	Gammon Road Infrastructure Limited*
	Financial Period ending on	30 Sept 2014	30 Sept 2014	30 Sept 2014	30 Sept 2014	30 Sept 2014	30 Sept 2014	30 Sept 2014	30 Sept 2014	30 Sept 2014
1	Share Capital (including share application money pending allotment)	100,000	64,000,700	100,000	100,000	100,000	25,500,000	2,500,000	500,000	500,000
2	Reserves	(108,784,356)	31,646,050	(1,052,710)	(100,000)	(6,332,880)	(48,869,002)	(3,579,021)	(1,527,643)	(9,117,461)
3	Liabilities	109,675,446	174,501,289	41,875,497	-	159,088,838	23,710,069	4,291,931	52,887,643	23,447,128
4	Total Liabilities	991,090	270,148,039	40,922,787	-	152,855,958	341,067	3,212,910	51,860,000	14,829,667
5	Total Assets	991,090	270,148,039	40,922,787	-	152,855,958	341,067	3,212,910	51,860,000	14,829,667
6	Investments (excluding Subsidiary Companies)	-	-	-	-	-	-	-	-	50,000
7	Turnover	-	11,067,330	-	-	-	-	-	-	-
8	Profit Before Taxation	(108,406,812)	(7,890,913)	(993,604)	4,500	(6,263,700)	(8,392,513)	(203,735)	(249,884)	(172,944)
9	Provision for Taxation	-	-	-	-	-	(1,900,000)	-	-	(25,000)
10	Profit After Taxation	(108,406,812)	(7,890,913)	(993,604)	4,500	(6,263,700)	(6,492,513)	(203,735)	(249,884)	(147,944)
11	Dividend - Equity	-	-	-	-	-	-	-	-	-
12	Dividend - Preference	-	-	-	-	-	-	-	-	-
13	Proposed Dividend - Equity	-	-	-	-	-	-	-	-	-
14	Proposed Dividend - Preference	-	-	-	-	-	-	-	-	-

Sr. No.	Particulars	Gammon Seaport Infrastructure Limited*	Ghaggar Renewable Energy Private Limited*	Gorakhpur Infrastructure Company Limited*	Haryana Biomass Power Limited*	Indori Renewable Energy Private Limited*	Jaguar Projects Developers Limited*	Kasavati Renewable Energy Private Limited*	Kosi Bridge Infrastructure Company Limited*	Lilac Infraprojects Developers Limited*
	Financial Period ending on	30 Sept 2014	30 Sept 2014	30 Sept 2014	30 Sept 2014	30 Sept 2014	30 Sept 2014	30 Sept 2014	30 Sept 2014	30 Sept 2014
1	Share Capital (including share application money pending allotment)	500,000	100,000	542,870,500	500,000	100,000	500,000	100,000	483,000,000	500,000
2	Reserves	(208,851)	(882,581)	(458,164,863)	(13,374,239)	(100,000)	625,928	(100,000)	(44,947,941)	(189,731)
3	Liabilities	4,500	905,058	7,237,432,361	13,024,480	-	4,500	-	3,867,206,505	89,500
4	Total Liabilities	295,649	122,477	7,322,137,998	150,241	-	1,130,428	-	4,305,258,564	399,769
5	Total Assets	295,649	122,477	7,322,137,998	150,241	-	1,130,428	-	4,305,258,564	399,769
6	Investments (excluding Subsidiary Companies)	-	-	130,344,494	-	-	-	-	4,128,051	-
7	Turnover	-	-	729,000,000	-	-	-	-	1,149,759,513	-
8	Profit Before Taxation	(136,032)	(16,936)	(91,615,959)	(12,976)	(9,521)	(10,233)	4,500	144,378,224	(96,032)
9	Provision for Taxation	-	-	(204,697,805)	-	-	-	-	(2,674,315)	-
10	Profit After Taxation	(136,032)	(16,936)	113,081,846	(12,976)	(9,521)	(10,233)	4,500	147,052,539	(96,032)
11	Dividend - Equity	-	-	-	-	-	-	-	-	-
12	Dividend - Preference	-	-	-	-	-	-	-	-	-
13	Proposed Dividend - Equity	-	-	-	-	-	-	-	-	-
14	Proposed Dividend - Preference	-	-	-	-	-	-	-	-	-

DETAILS OF SUBSIDIARIES OF GAMMON INDIA LIMITED
(Pursuant to the Central Government Order under Section 212(8) of the Companies Act, 1956)

Sr. No.	Particulars	Markanda Renewable Energy Private Limited*	Marine Project Services Limited*	Mumbai Nasik Expressway Limited*	Mormugao Terminal Limited*	Patna Buxar Highways Limited*	Pataliputra Highway Limited*	Patna Highway Projects Limited*	Pravara Renewable Energy Limited*	Ras Cities and Townships Private Limited*
	Financial Period ending on	30 Sept 2014	30 Sept 2014	30 Sept 2014	30 Sept 2014	30 Sept 2014	30 Sept 2014	30 Sept 2014	30 Sept 2014	30 Sept 2014
1	Share Capital (including share application money pending allotment)	100,000	500,000	520,000,000	500,000	561,147,030	1,500,000	25,000,000	174,000,000	100,000
2	Reserves	(100,000)	2,104,429	993,689,458	(127,038)	(55,715,159)	(133,131,095)	(6,466,954)	(3,932,996)	(1,560,535)
3	Liabilities	-	4,500	8,349,385,314	57,176,363	259,966,870	585,007,902	9,505,011,657	2,410,197,280	320,005,250
4	Total Liabilities	-	2,608,929	9,863,074,772	57,549,325	765,398,741	453,376,807	9,523,544,703	2,580,264,284	318,544,715
5	Total Assets	-	2,608,929	9,863,074,772	57,549,325	765,398,741	453,376,807	9,523,544,703	2,580,264,284	318,544,715
6	Investments (excluding Subsidiary Companies)	-	-	-	-	-	-	-	-	-
7	Turnover	-	-	1,093,562,112	-	-	-	-	-	-
8	Profit Before Taxation	(3,130)	(10,768)	(22,461,234)	(20,174)	(39,685,566)	(350,626)	(671,971)	(186,595)	(2,199,893)
9	Provision for Taxation	-	-	(9,749,539)	-	-	-	-	-	-
10	Profit After Taxation	(3,130)	(10,768)	(12,711,695)	(20,174)	(39,685,566)	(350,626)	(671,971)	(186,595)	(2,199,893)
11	Dividend - Equity	-	-	-	-	-	-	-	-	-
12	Dividend - Preference	-	-	-	-	-	-	-	-	-
13	Proposed Dividend - Equity	-	-	-	-	-	-	-	-	-
14	Proposed Dividend - Preference	-	-	-	-	-	-	-	-	-

Sr. No.	Particulars	Rajahmundry Expressway Limited*	Rajahmundry Godavari Bridge Limited*	Satluj Renewable Energy Private Limited*	Sikkim Hydro Power Ventures Limited*	Segue Infrastructure Projects Private Limited*	Sirsa Renewable Energy Private Limited*	Sidhi Singrauli Road Project Limited*	Tada Infra Development Company Limited*	Tangri Renewable Energy Private Limited*
	Financial Period ending on	30 Sept 2014	30 Sept 2014	30 Sept 2014	30 Sept 2014	30 Sept 2014	30 Sept 2014	30 Sept 2014	30 Sept 2014	30 Sept 2014
1	Share Capital (including share application money pending allotment)	290,000,000	1,765,000,000	100,000	627,359,420	100,000	100,000	1,704,100,000	500,000	100,000
2	Reserves	479,056,682	1,830,368,399	(2,090,489)	(5,769,689)	(2,518,994)	(100,000)	(15,123,621)	(1,829,215)	(107,958)
3	Liabilities	1,448,621,688	5,836,653,931	4,759,500	584,857,294	2,449,533	-	1,562,369,160	1,802,383	15,927
4	Total Liabilities	2,217,678,370	9,432,022,330	2,769,011	1,206,447,025	30,539	-	3,251,345,539	473,168	7,969
5	Total Assets	2,217,678,370	9,432,022,330	2,769,011	1,206,447,025	30,539	-	3,251,345,539	473,168	7,969
6	Investments (excluding Subsidiary Companies)	72,445,229	-	-	-	-	-	-	-	-
7	Turnover	445,382,430	-	-	-	-	-	18,766,541	-	-
8	Profit Before Taxation	63,779,549	(104,083)	(30,166)	(88,099)	(2,450,743)	(11,138)	(7,177,687)	(12,037)	(17,160)
9	Provision for Taxation	596,989	885,735	-	(88,099)	-	-	-	-	-
10	Profit After Taxation	63,182,560	(989,818)	(30,166)	(88,099)	(2,450,743)	(11,138)	(7,177,687)	(12,037)	(17,160)
11	Dividend - Equity	-	-	-	-	-	-	-	-	-
12	Dividend - Preference	-	-	-	-	-	-	-	-	-
13	Proposed Dividend - Equity	-	-	-	-	-	-	-	-	-
14	Proposed Dividend - Preference	-	-	-	-	-	-	-	-	-

DETAILS OF SUBSIDIARIES OF GAMMON INDIA LIMITED
(Pursuant to the Central Government Order under Section 212(8) of the Companies Act, 1956)

Sr. No.	Particulars	Tidong Hydro Power Limited*	Vijayawada Gunduglanu Road Project Private Limited*	Vizag Seaport Private Limited*	Yamuna Minor Minerals Private Limited*	Yamanagar Panchkula Highway Private Limited*	Youngthang Power Ventures Limited*
	Financial Period ending on	30 Sept 2014	30 Sept 2014	30 Sept 2014	30 Sept 2014	30 Sept 2014	30 Sept 2014
1	Share Capital (including share application money pending allotment)	500,000	100,000	871,912,640	100,000	190,500,000	144,500,000
2	Reserves	(125,607)	(5,128,709)	63,319,762	(903,433)	(279,649,379)	(27,816,622)
3	Liabilities	19,700,324	39,964,655,171	3,142,212,582	803,544	92,381,595	580,877,255
4	Total Liabilities	20,074,717	39,959,626,462	4,077,444,983	111	3,232,216	697,560,633
5	Total Assets	20,074,717	39,959,626,462	4,077,444,983	111	3,232,216	697,560,633
6	Investments (excluding Subsidiary Companies)	-	-	-	-	-	-
7	Turnover	-	60,653,810	849,938,154	-	-	-
8	Profit Before Taxation	(5,927)	3,786,106	57,277,317	(14,950)	(276,804,164)	(1,161,807)
9	Provision for Taxation	-	2,004,445	20,749,553	-	-	-
10	Profit After Taxation	(5,927)	1,781,662	36,527,764	(14,950)	(276,804,164)	(1,161,807)
11	Dividend - Equity	-	-	-	-	-	-
12	Dividend - Preference	-	-	-	-	-	-
13	Proposed Dividend - Equity	-	-	-	-	-	-
14	Proposed Dividend - Preference	-	-	-	-	-	-

* Subsidiaries of Gammon Infrastructure Projects Limited, a subsidiary of Gammon India Limited ("the Company")

**Following Subsidiary has not been considered in Consolidation

For and on behalf of the Board of Directors

ABHIJIT RAJAN
Chairman & Managing Director

RAJUL A. BHANSALI
Executive Director

CHANDRAHAS C. DAYAL
Director

VARDHAN DHARKAR
Chief Financial Officer

GITA BADE
Company Secretary

Mumbai, Dated : 18 December 2014

DETAILS OF SUBSIDIARIES OF GAMMON INDIA LIMITED
(Pursuant to the Central Government Order under Section 212(8) of the Companies Act, 1956)

Sr. No.	Particulars	Gammon Italy Srl	SAE Powerlines Srl	Gammon & Billimoria LLC	P.Van Eerd Beheersmaatschappij B.V., Netherlands	ATSL Holdings BV, Netherlands	Associated Transrail Structures Limited, Nigeria
	Financial Period ending on	31 Dec 2013	30 Sept 2014	30 Sept 2014	30 Sept 2014	30 Sept 2014	30 Sept 2014
	Currency	EURO	EURO	AED	EURO	EURO	Naira
	Exchange rate on the last day of financial year	85.36	78.21	16.74	78.21	78.21	0.37
1	Share Capital (including share application money pending allotment)	853600	1,012,567,429	16740000	1,242,131	1,407,780	3,704,000
2	Reserves	(1,935,965)	-1,062,388,419	(709,032,496.92)	(1,040,044,606)	(453,065,654)	(25,314,269)
3	Liabilities	1480398.48	2,725,114,473	1424368423.59	1,038,835,991.59	2,045,086,889	21,671,637
4	Total Liabilities	398,034	2,675,293,483	732,075,927	33,516	1,593,429,014	61,368
5	Total Assets	398,034	2,675,293,483	732,075,927	33,516	1,593,429,014	61,368
6	Investments (excluding Subsidiary Companies)	-	-	-	586,982,678	-	-
7	Turnover	-	911,515,795	344,860,616.95	-	-	-
8	Profit Before Taxation	(261,255)	-239,327,963	(70,921,408.80)	(44,243,847)	(677,879)	(2,143,888)
9	Provision for Taxation	-	3,318,278	-	-	-	-
10	Profit After Taxation	(261,255)	(242,646,241)	(70,921,409)	(44,243,847)	(677,879)	(2,143,888)
11	Dividend - Equity	-	-	-	-	-	-
12	Dividend - Preference	-	-	-	-	-	-
13	Proposed Dividend - Equity	-	-	-	-	-	-
14	Proposed Dividend - Preference	-	-	-	-	-	-

Sr. No.	Particulars	Campo Puma Oriente S.A.	Gammon Holdings B.V., Netherlands	Gammon International B.V., Netherlands	Gammon International FZE	Franco Tosi Meccanica SPA**	Gammon Holdings (Mauritius) Limited
	Financial Period ending on	30 Sept 2014	30 Sept 2014	30 Sept 2014	30 Sept 2014	30 Sept 2014	30 Sept 2014
	Currency	USD	EURO	EURO	AED	-	USD
	Exchange rate on the last day of financial year	61.61	78.21	78.21	16.74	-	61.61
1	Share Capital (including share application money pending allotment)	739,320	1,407,780	1,407,780	2,511,000	-	929,571.68
2	Reserves	(2,192,719,099)	(3,119,284,558)	(2,026,833,362)	(221,433,556)	-	(131,756,337)
3	Liabilities	5,793,982,023	6,896,113,137	6,514,504,465	882,028,713	-	2,103,517,453
4	Total Liabilities	3,602,002,244	3,778,236,359	4,489,078,884	663,106,157	-	1,972,690,688
5	Total Assets	3,602,002,244	3,778,236,359	4,489,078,884	663,106,157	-	1,972,690,688
6	Investments (excluding Subsidiary Companies)	2,883,856,081	-	4,305,460,500	-	-	-
7	Turnover	346,282,222	-	-	-	-	-
8	Profit Before Taxation	(393,707,978)	(341,264,614)	(282,574,821)	(7,024,256)	-	(77,759,705)
9	Provision for Taxation	-	-	-	-	-	-
10	Profit After Taxation	(393,707,978)	(341,264,614)	(282,574,821)	(7,024,256)	-	(77,759,705)
11	Dividend - Equity	-	-	-	-	-	-
12	Dividend - Preference	-	-	-	-	-	-
13	Proposed Dividend - Equity	-	-	-	-	-	-
14	Proposed Dividend - Preference	-	-	-	-	-	-

**Following Subsidiary has not been considered in Consolidation

For and on behalf of the Board of Directors

ABHIJIT RAJAN Chairman & Managing Director	RAJUL A. BHANSALI Executive Director
CHANDRAHAS C. DAYAL Director	VARDHAN DHARKAR Chief Financial Officer
	GITA BADE Company Secretary

Mumbai, Dated : 18 December 2014

Annexure to Information regarding Subsidiary Companies
Details of Investments as at 30-09-2014

Sr. No.	Particulars	No. of shares/ Units/ Bonds	Face value	Book value	Quoted / Unquoted
1	Gammon Infrastructure Projects Limited				
	Non Current investment (at cost) :				
	Jointly controlled entity :				
	Fully paid equity shares :				
	SEZ Adityapur Limited	19,000	10	190,000	Unquoted
	Indira Container Terminal Private Limited	50,783,000	10	507,830,000	Unquoted
	Blue Water Iron Ore Terminal Private Limited	3,051,808	10	30,518,080	Unquoted
	Maa Durga Expressway Private Limited	4,900,000	10	49,000,000	Unquoted
	TOTAL			587,538,080	
	Non Current investment (at cost) :				
	Associates Companies :				
	Fully paid equity shares :				
	Eversun Sparkle Maritimes Services Private Limited	2,143,950	10	21,439,500	Unquoted
	Modern Toll Roads	24,470	10	244,700	Unquoted
	Aparna Infraenergy India Private Limited	24,450	10	244,500	Unquoted
	TOTAL			21,928,700	
	Current Investment (at cost)				
	Other Companies				
	ICICI Prudential Liquid - Regular Plan - Growth	65,772	10	13,000,000	Unquoted
2	Gactel Turnkey Projects Limited				
	Current Investment (at cost)				
	Other Companies				
	ING Liquid Fund - Daily Dividend Option	324	10	3,240	Unquoted
	Non Current investment (at cost) :				
	Other Companies				
	National Saving Certificate	7	5000	35,000	Unquoted
	National Saving Certificate	4	1000	4,000	Unquoted
	National Saving Certificate	1	10000	10,000	Unquoted
	TOTAL			52,240	
3	Ansaldoaldiaie boilers India Private Limited				
	Non Current investment (at cost) :				
	Associates Companies :				
	Fully paid equity shares :				
	Ansaldoaldiaie GB Engineering Private Limited	20,000,000	10	200,000,000	Unquoted
4	Campo Puma Oriente S.A.				
	Non Current investment (at cost) :				
	Other Companies				
	Oil Exploration Assets			2,883,856,081	Unquoted
5	P.Van Eerd Beheersmaatsc happij B.V., Netherland				
	Non Current investment (at cost) :				
	Other Companies				
	Fully paid equity shares :				
	Sadelmi S.p.A.			586,982,678	Unquoted
6	Andhra Expressway Limited				
	Current Investment (at cost)				
	Other Companies				
	Birla Mutual Fund - Growth schemes	305,467	10	63,374,164	Unquoted
7	Gammon Road Infrastructure Limited				
	Current Investment (at cost)				
	Other Companies - IHMCL	5,000	10	50,000	Unquoted
8	Rajahmundry Expressway Limited				
	Current Investment (at cost)				
	Other Companies				
	Birla Mutual Fund - Growth schemes	349,104	10	72,445,229	Unquoted
9	Gorakhpur Infrastructure Company Limited				
	Current Investment (at cost)				
	Other Companies				
	ICICI Prudential Liquid - Regular Plan - Growth	667,016	10	130,344,494	Unquoted
10	Kosi Bridge Infrastructure Company Limited				
	Current Investment (at cost)				
	Other Companies				
	HDFC Liquid Fund - Growth scheme	158,917	10	4,128,051	Unquoted
11	Gammon International B.V., Netherland				
	Non Current investment (at cost) :				
	Associates Companies :				
	Fully paid equity shares :				
	Sofinter S.p.A.	78,682,127		4,305,460,500	Unquoted

INDEPENDENT AUDITOR'S REPORT

To

THE BOARD OF DIRECTORS, GAMMON INDIA LIMITED.

We have audited the accompanying consolidated financial statements of Gammon India Limited ('GIL' or 'the Company') and its Subsidiaries, Joint Ventures and Associates (Gammon Group), which comprise the consolidated Balance Sheet as at 30 September 2014, and the consolidated Statement of Profit and Loss and the consolidated Cash Flow Statement for the period 1 January 2014 to 30 September 2014, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Company in accordance with accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by The Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained and unavailability of audited financial statements and information of material Subsidiaries / Joint Venture detailed hereinafter provides sufficient and appropriate basis for our qualified audit opinion.

Basis of Qualified Opinion

- a. *The accounts of one of the Subsidiaries M/s Franco Tosi Meccanica S.p.A, Italy (FTM) have not been audited since December 2011 for reasons mentioned in note 1(a)(ii) of the financial statements which inter-alia covers the application for pre-insolvency composition agreement with creditors in Italian court and continuous postponement of dates 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. The said Subsidiary has not been consolidated in accordance with para 11.b of ('AS-21') "Consolidated Financial Statements" as the management contends that considering the status as detailed in the above referred note the Subsidiary operates under severe restrictions, which significantly impairs its ability to transfer funds to its parent. The said Subsidiary has therefore been accounted as per ('AS-13') "Accounting for Investments". The management has made significant provisions towards diminution in value of investments and the net carrying value of the Investments and the advances towards the said Subsidiary is at ₹ 54.71 Crore. In the absence of financial statements and any indications of the value arising out of the disposal or otherwise on completion of the composition agreement in the Italian courts we are unable to comment upon the adequacy of the provision for diminution in the value of Investment resulting in a net carrying value as aforesaid.*
- b. *In respect of the corporate guarantees issued towards the jobs of FTM as detailed in note 1(a)(ii)(b) the Company has received fresh demand for Euro 21.84 Million (₹ 170.80 Crore) against which the Company has made a provision of Euro 4.04 Million (₹ 31.59 Crore) towards liabilities arising from demand against some of the corporate guarantees. In respect of the other demand of Euro 17.80 Million (₹ 139.21 Crore) in respect of another project no provision is made as the Company is in active negotiation with the clients of the Subsidiary for the cancellation of the demand. In view of the uncertainties involved in the negotiation settling in favour of the Company and the future of the business of FTM we are unable to comment upon possible further liabilities arising from such corporate guarantees.*

- c. *The Auditors of M/s SAE Powerlines S.r.L, Italy (SAE), a Subsidiary of the Company have expressed their inability to opine on the financial statements in view of the said SAE's ability to operate as a going concern being at risk and the Directors of the said SAE have highlighted the liquidity crisis. The total exposure of the Company in SAE and Atsl Holdings B.V., Netherlands, the Holding Company of SAE towards investments including guarantees towards the acquisition loan taken by SPV and guarantees towards the operating business of SAE is ₹ 328.06 Crore. The Company has made provision for impairment of investments and Loan of ₹ 110.45 Crore and provision for risk and contingencies towards corporate guarantees for acquisition loan of the SPV of ₹ 88.29 Crore resulting in the net exposure of the Company at ₹ 129.32 Crore. Attention is invited to note 1(a)(v) where the Company contends that the carrying value of ₹ 129.32 does not need any provision despite the valuation of the business of SAE by independent valuers indicating an excess carrying value of ₹ 55.02 Crore.*
- d. *The financial statements of the following Associate, Subsidiaries and Joint Ventures are based on un-audited management prepared financial statements as follows.*
- i. *M/s Sofinter S.p.A, Italy, a material Associate whose consolidated financial statements reflect the group's share of loss being ₹ 49.41 Crore,*
 - ii. *M/s Campo Puma Oriente S.A, Panama, a Subsidiary of the Company, whose financial statements reflect Total Assets of ₹ 360.20 Crore, Revenue of ₹ 34.63 Crore and Net Cash Flows of ₹ (1.58) Crore. These financials are signed by one of the Director representing GIL on account of differences between the Group Company and the other Shareholder.*
 - iii. *M/s Ansaldoaldaie Boilers (India) Private Limited, a Subsidiary of the Company, whose financial statements reflect Total Assets of ₹ 103.07 Crore, Revenue of ₹ 6.95 Crore and Net Cash Flows of ₹ (0.34) Crore.*
 - iv. *M/s Gammon Holdings (Mauritius) Limited, a Subsidiary of the Company, whose financial statements reflect Total Assets of ₹ 197.27 Crore, Revenue of ₹ Nil and Net Cash Flows of ₹ (0.13) Crore.*
 - v. *M/s Ansaldoaldaie GB Engineering Private Limited, a Joint Venture of the group, whose financial statements reflect Total Assets of ₹ 65.29 Crore, Revenue of ₹ 3.93 Crore and Net Cash Flows of ₹ (0.38) Crore, the groups share in the Total Assets being ₹ 32.64 Crore, Revenue being ₹ 1.97 Crore and Net Cash Flow being ₹ (0.19) Crore.*
 - vi. *M/s Gammon OJSC Mosmetrostroy, a Joint Venture of the group whose financial statements reflect Total Assets of ₹ 194.15 Crore, Revenue of ₹ 378.16 Crore and Net Cash Flows of ₹ (2.47) Crore, the groups share in the Total Assets being ₹ 99.02 Crore, Revenue being ₹ 192.86 Crore and Net Cash Flow being ₹ 1.26 Crore.*

Since the Subsidiaries, Joint Ventures and Associates mentioned above are material, the Assets, Revenue and Cash Flow represented in those financial statements are subject to audit.

In the absence of audited financial results of the Associate M/s Sofinter detailed above, we reiterate the qualified opinions to the financial statements for the year ended 31 December 2013 of the auditors of the said Sofinter which is referred to in para 1(c)(i) for an amount of Euro 3.00 Million .i.e. ₹ 23.46 Crore regarding recognition of possible claims resulting in trade receivables being overstated by the same amount and consequent effect on profits recognized of Euro 2.10 Million .i.e. ₹ 17.92 Crore as qualified by the said auditors.

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 (₹ 4.54 Crore) (31 December 2013 AED 2.70 Million (₹ 3.93 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.

- e. *The Company's application for managerial remuneration aggregating to ₹ 14.32 Crore for the Chairman and Managing Director has been rejected for the accounting years 2011-2012, 2012-2013 and 9 month period ended December 2013. The Company has preferred appeals for review of the matters with the Central Government for all the years for which the application is rejected. The Chairman and Managing Director has, pending disposal of the review, during the year refunded an amount of ₹ 1.85 Crore, being the excess remuneration for the year ended 2011-2012. The remuneration for the period ended September 2014 of the Chairman and Managing Director is ₹ 4.71 Crore, of which an amount of ₹ 0.94 Crore is pending payment, for which application is being made. Pending the review and appeal of the Company for the accounting periods 2011-2012, 2012-2013, 9 month period ended December 2013 and 30 September 2014 no adjustments have been made for an amount of ₹ 17.18 Crore.*

The auditors of one of the Subsidiaries of the Company, Gammon Infrastructure Projects Limited have qualified their report with respect to two projects where the authorities have unilaterally terminated the Concession Agreement against which these Project SPVs' are taking steps to claim compensation/relief as per the Concession Agreement. The Group's exposure to these projects is ₹ 81.27 Crore. As the outcome of these matters is uncertain, the Auditors are unable to determine the recoverability of said amounts and its consequential impact on the Consolidated Financial Statements.

- f. Attention is invited to Note no 14(e) to the consolidated financial statements where the client of one of the Subsidiary has sought to terminate the contract and also encashed the Bank Guarantees for a total amount of ₹ 65.85 Crore. The liability towards mobilisation advance and interest thereon is ₹ 41.80 Crore. The Company is taking legal advice on the matter including seeking compensation towards the amount spent and recovery of Bank Guarantee. No effects for the same are given in the consolidated financial statements. The Auditors of the Subsidiary have qualified their report on this account.

Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, *except for the possible effects of the matters described in our basis for qualified opinion paragraph*, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- A. in the case of the consolidated Balance Sheet, of the state of affairs of the Company as at 30 September 2014;
- B. in the case of the consolidated Statement of Profit and Loss, of the loss for the period from 1 January 2014 to 30 September 2014; and
- C. in the case of the consolidated Cash Flow Statement, of the cash flows for the period from 1 January 2014 to 30 September 2014.

Emphasis of Matter

- (a) We draw attention to Note no 16(i), (ii) and (iii) of the explanatory notes relating to recoverability of an amount of ₹ 167.23 Crore as at September 2014 under trade receivables in respect of contract revenue where the Company has received arbitration awards in its favour in respect of which the client has preferred an appeal for setting aside the said arbitration awards, recognition of claims while evaluating the jobs of ₹ 451.56 Crore towards work done on account of cost overruns arising due to client delays, changes of scope, deviation in design and other charges recoverable from the client which are pending approval or certification by the client and ₹ 123.80 Crore 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 and negotiations getting resolved in favour of the Company.

The Company has cash losses from operations after reducing the interest payments and has unabsorbed losses as per consolidated financial statements to the tune of ₹ 2,591.25 Crore. These conditions, along with other matters as set forth in Note 32 of the Consolidated Financial Statements, indicate the existence of an uncertainty as to timing and realisation of cash flow. The auditors of six of the Subsidiaries and one of the Joint Ventures of the Group have also made an emphasis of matter on similar lines.

We draw attention to Note No 1(c)(i)(b) relating to the exposure of ₹ 197.16 Crore towards acquisition of further stake of 35% in Sofinter. The transfer of shares to be done as detailed in the aforesaid note is essential to support the exposure of the Company towards the funded and non-funded exposure for the additional 35% equity stake in Sofinter.

We also invite attention to Note 1(c)(i) 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 and on the further acquisition of interest in M/s Sofinter as detailed in the aforesaid note no adjustments have been made in the financials towards possible impairment.

- (b) The auditors of one of the Subsidiary Gammon Infrastructure Projects Limited (GIPL) have made an Emphasis of Matter regarding
- (i) unilateral termination and closure of Concession in a project, which is subject to pending litigations / arbitrations at various forums which may impact the carrying value of assets of the project assets. The GIPL Group's exposure towards the said project is of ₹ 17.87 Crore and a corporate guarantee of ₹ 7.97 Crore,
- (ii) In relation to intention to exit one of the hydro power projects in Himachal Pradesh and seeking a claim of an amount against the amount spent on the project. The GIPL Group's project has cited reasons for non-continuance on account of reasons beyond its control. The GIPL Group is negotiating with its client for an amicable settlement on beneficial terms. The GIPL Group's exposure towards the said project is of ₹ 67.31 Crore and

- (iii) regarding the excess remuneration to the extent of ₹ 2.09 Crore, paid to the managerial persons beyond the limits specified in schedule XIII to the Companies Act 1956 / Schedule V to the Companies Act 2013. The said amount has been charged to statement of profit and loss for the period. The excess amount is subject to approval from the Central Government.

Pending conclusion of the matters, no adjustments have been made in the Consolidated Financial Statements.

- (c) The auditors of one of the Associates which forms a material component had qualified their report for the 12 month period ended 31 December 2013 relating to certain receivables from one of the affiliates of the said Associate. Subsequently the said Associate has received a binding offer as detailed in note no 1(c)(i)(d) for the sale of the affiliate, which is subject to certain clearances. Pending the sale materialising the Associate has retained the aforesaid receivable to the extent of the offer made and has charged off the balance receivables to its income statement.

Other Matters

- (a) We did not audit the financial statement of Nagpur branch included in the standalone financial statements of the Company whose financial statements reflect Total Assets of ₹ 1751.16 Crore as at 30 September 2014 and Total Revenues of ₹ 1051.74 Crore for the year ended on that date, as considered in the standalone financial statements. The financial statements of these branches have been audited by the branch auditors whose reports have been furnished to us, and our opinion in so far as it relates to the amounts and disclosures included in respect of these branches, is based solely on the report of such branch auditors.

- (b) We did not audit the financial statements of

- (i) Certain Subsidiaries whose financial statements reflect Total Assets of ₹ 7285.43 Crore as at 30 September 2014, Total Revenue of ₹ 490.59 Crore and Cash Flows of ₹ 72.97 Crore for the 9 month period from 1 January 2014 to 30 September 2014;

Certain Joint Venture Companies whose financial statements reflect Total Assets of ₹ 796.95 Crore as at 30 September 2014, Total Revenue of ₹ 133.08 Crore and Cash Flows amounting to ₹ 11.77 Crore for the 9 month period from 1 January 2014 to 30 September 2014, the Company's share of such Assets, Total Revenue and Total Cash Flows being ₹ 411.79 Crore, ₹ 79.69 Crore and ₹ 7.03 Crore respectively and

- (ii) Certain Associates, the Company's share in the profit of such Associates being ₹ 0.06 Crore for the 9 month period from 1 January 2014 to 30 September 2014.

The above-mentioned financial statements have been audited by other auditors whose reports have been furnished to us, and our opinion is based solely on the report of other auditors. The Subsidiaries referred in para (a)(i) above do not include the standalone financial statements of Gammon Infrastructure Projects Limited where the audit has been conducted by us as the Joint Auditors.

- (c) The financial statements of certain Subsidiaries whose financial statements reflect Total Assets of ₹ 660.58 Crore as at 30 September 2014, Total Revenue of ₹ 41.58 Crore and Cash Flows of ₹ (1.39) Crore for the 9 month period from 1 January 2014 to 30 September 2014, certain Joint Ventures whose financial statements reflect Total Assets of ₹ 275.26 Crore as at 30 September 2014, Total Revenue of ₹ 385.29 Crore and Cash Flows of ₹ 2.16 Crore for the 9 month period from 1 January 2014 to 30 September 2014, the Company's share of such Assets, Revenue and Cash Flows being ₹ 142.25 Crore, ₹ 197.71 Crore and ₹ 1.13 Crore respectively, Associates in which the Company's share in the profit of such Associates being ₹ (49.58) Crore are based on unaudited financial statements are based on unaudited financial statements certified by the respective Managements or Director of the said entities as detailed in our basis of qualified opinion.

For **Natvarlal Vepari & Co.**

Firm Registration Number:106971W

Chartered Accountants

N Jayendran

M. No. 40441

Partner

Mumbai, Dated : 18 December 2014

CONSOLIDATED BALANCE SHEET

AS AT 30 SEPTEMBER 2014

(₹ in Crore)

Particulars	Note No.	As At 30 Sep 2014	As At 31 Dec 2013
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	2	27.50	27.50
Reserves and Surplus	3	(351.65)	245.88
		(324.15)	273.38
Minority Interest			
		455.05	258.34
Non-Current Liabilities			
Long Term Borrowings	4	8,318.01	8,399.36
Deferred Tax Liabilities (Net)	5	4.04	130.00
Other Long Term Liabilities	6	4,401.44	756.70
Long Term Provisions	7	48.90	306.73
		12,772.39	9,592.79
Current Liabilities			
Short Term Borrowings	8	1,988.18	2,020.66
Trade Payables	9	1,668.55	1,973.24
Other Current Liabilities	10	2,374.30	2,157.81
Short Term Provisions	7	257.37	296.28
		6,288.40	6,447.99
TOTAL		19,191.69	16,572.50
ASSETS			
Non-Current Assets			
Fixed Assets			
Tangible Assets	11	1,296.31	2,238.28
Intangible Assets	11	5,951.35	2,221.56
Capital Work In Progress	11A	247.86	210.91
Intangible Assets under Development	11B	2,427.31	2,207.49
		9,922.83	6,878.24
Goodwill on Consolidation	11C	145.69	138.99
Non-Current Investments	12	768.47	818.75
Long Term Loans and Advances	13	753.88	818.80
Long Term Trade Receivable	16	812.84	867.30
Deferred Tax Assets	5	179.36	135.54
Other Non-Current Assets	14	156.29	150.91
		12,739.36	9,808.52
Current Assets			
Current Investments	12	35.73	26.14
Inventories	15	1,966.95	2,100.48
Property Development	15A	1,752.74	1,619.32
Trade Receivables	16	1,384.13	1,592.70
Cash and Cash Equivalents	17	278.62	248.81
Short Term Loan and Advances	13	740.76	912.75
Other Current Assets	14	293.40	263.78
		6,452.33	6,763.98
TOTAL		19,191.69	16,572.50

Statement of significant accounting policies and explanatory notes forms an integral part of the Consolidated Financial Statements

As per our report of even date
For Natvarlal Vepari & Co.
Chartered Accountants
Firm Registration No. 106971W

N Jayendran
Partner
M.No. 40441

Mumbai, Dated : 18 December 2014

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For and on behalf of the Board of Directors

ABHIJIT RAJAN
Chairman & Managing Director
CHANDRAHAS C. DAYAL
Director

RAJUL A. BHANSALI
Executive Director
VARDHAN DHARKAR
Chief Financial Officer

GITA BADE
Company Secretary

Mumbai, Dated : 18 December 2014

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

FOR NINE MONTHS ENDED 30 SEPTEMBER 2014

(₹ in Crore)

Particulars	Note No.	Jan - Sep 2014	Apr - Dec 2013
Total Revenue			
Revenue from Operations (Net)	18	3,763.25	4,820.08
Other Operating Revenue	19	79.36	112.34
Other Income	20	58.32	46.34
		3,900.93	4,978.76
Expenses			
Cost of Material Consumed	21	1,361.74	1,669.46
Purchase of Stock in Trade	22	166.48	146.51
Change in Inventory - WIP and FG	23	15.17	395.95
Subcontracting Expenses		887.43	1,043.30
Employee Benefit Expenses	24	429.85	577.72
Foreign Exchange (Gain) / Loss	25	29.58	(27.31)
Finance Costs	26	699.25	683.54
Depreciation and Amortisation	27	275.17	273.01
Other Expenses	28	759.15	1,134.62
		4,623.82	5,896.80
Profit / (Loss) Before Exceptional and Extraordinary Items		(722.89)	(918.04)
Exceptional Items	38	-	(18.50)
Profit / (Loss) Before Tax and Share in Associates		(722.89)	(936.54)
Tax Expenses			
Current Income Tax		21.32	21.58
Mat Credit Entitlement		11.46	(2.29)
Deferred Tax		(45.03)	(143.59)
Prior year Tax Adjustments		0.11	1.01
		(12.14)	(123.29)
Profit / (Loss) before Minority Interest and Share in Associates		(710.75)	(813.25)
Profit / (Loss) in Associates		(49.47)	(3.68)
Transferred to Minority Interest		31.34	55.07
Profit / (Loss) of Sale / Dilution of Investments		-	-
Profit / (Loss) After Tax For The Year		(728.88)	(761.86)
Earning Per Equity Share	31		
Face Value per Share		2.00	2.00
Basic EPS		(53.68)	(56.11)
Diluted EPS		(53.68)	(56.11)

Statement of significant accounting policies and explanatory notes forms an integral part of the Consolidated Financial Statements

As per our report of even date
For Natvarlal Vepari & Co.
Chartered Accountants
Firm Registration No. 106971W

N Jayendran
Partner
M.No. 40441

Mumbai, Dated : 18 December 2014

For and on behalf of the Board of Directors

ABHIJIT RAJAN
Chairman & Managing Director
CHANDRAHAS C. DAYAL
Director

RAJUL A. BHANSALI
Executive Director
VARDHAN DHARKAR
Chief Financial Officer

GITA BADE
Company Secretary

Mumbai, Dated : 18 December 2014

CASH FLOW STATEMENT

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2014

(₹ in Crore)

	Jan - Sep 2014	Apr - Dec 2013
A CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit Before Tax and Extraordinary Items	(722.89)	(936.54)
Adjustments for :		
Depreciation	275.17	273.01
(Profit) / Loss on Sale of Assets	(20.81)	(1.73)
(Profit) / Loss on Sale of Investments	(1.49)	(2.28)
Dividend Income	(0.10)	(0.21)
Interest Income	(21.62)	(20.93)
Interest Expenses	699.25	683.54
Foreign Exchange loss / gain	36.60	3.39
Provision for Periodic Maintenance	35.16	37.53
Provision for Diminution in value of Investment	-	0.21
Provision towards Investments in Intangible Assets	(2.71)	40.69
Exceptional Items	-	18.50
Provision for Doubtful Debt	11.76	103.88
Bad Debts Written off	2.88	9.92
Provision for Contingency	55.88	-
	1,069.97	1,145.51
Operating Profit Before Working Capital Changes	347.08	208.98
Effect of Foreign Currency Translation of Cash Flows	0.01	(3.16)
Trade and Other Receivables	15.55	70.49
Inventories	(110.51)	57.72
Trade Payables and Working Capital Finance	206.89	(111.84)
Loan and Advances	7.24	(104.31)
	119.17	(91.11)
Cash Generated From The Operations	466.25	117.87
Direct Taxes paid	(281.17)	(112.54)
Net Cash from Operating Activities	185.08	5.32
B CASH FLOW FROM INVESTMENT ACTIVITIES		
Purchase of Fixed Assets	(256.11)	(471.44)
Sale of Fixed Assets	37.99	7.31
Cash and Bank balance reduced due to Stake Change	(19.11)	(212.34)
Loans Given to Subsidiaries, Associates and Others	(13.03)	(23.05)
Loans Refund from Subsidiaries, Associates and Others	3.26	2.21
Other Bank Balances	35.81	61.42
Purchase of Investments :		
Subsidiary, Joint Ventures and Associates	(8.09)	(119.94)
Others	(281.59)	(566.39)
Sale of Investments :		
Subsidiary, Joint Ventures and Associates	-	-
Others	217.63	489.99
(Acquisition) / Reduction of Stake in Subsidiaries	(6.71)	26.45
Interest received	73.08	27.63
Dividend received	0.10	0.21
Net Cash from Investment Activities	(216.77)	(777.95)

	Jan - Sep 2014	Apr - Dec 2013
C CASH FLOW FROM FINANCING ACTIVITIES		
Interest Paid	(502.52)	(474.97)
Minority Interest Contribution	138.34	(19.16)
Dividend Paid (Including Tax)	(0.02)	(3.79)
Proceeds from Promoter Contribution	-	100.00
Proceeds from Long Term Borrowings	447.34	920.22
Repayment of Long Term Borrowings	(229.80)	(12.79)
Proceeds from / (Repayment of) Short Term Borrowings	(36.42)	215.75
Foreign Currency Translation Reserve	7.65	(2.91)
Movement in Other Reserves	22.40	(93.14)
Proceeds from issue of Share Capital and Share Premium	250.48	0.25
Net Cash from Financing Activities	97.43	629.46
NET INCREASE IN CASH AND CASH EQUIVALENTS	65.74	(143.17)
Balance as on 31 Dec 2013 / 31 March 2013	189.71	332.96
Balance as on 30 Sep 2014 / 31 Dec 2013	255.45	189.79
NET INCREASE IN CASH AND CASH EQUIVALENTS	65.74	(143.17)
<i>Note: Figure in brackets denote outflows</i>		
	As at 30 Sep 2014	As at 31 Dec 2013
Cash and Cash Equivalents	255.33	189.71
Effect of Exchange Rate Changes	0.12	0.08
Balance Restated above	255.45	189.79

Statement of significant accounting policies and explanatory notes forms an integral part of the Consolidated Financial Statements

As per our report of even date
For Natvarlal Vepari & Co.
Chartered Accountants
Firm Registration No. 106971W

N Jayendran
Partner
M.No. 40441

Mumbai, Dated : 18 December 2014

For and on behalf of the Board of Directors

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Chief Financial Officer

GITA BADE
Company Secretary

Mumbai, Dated : 18 December 2014

SIGNIFICANT ACCOUNTING POLICIES

AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

A ACCOUNTING POLICIES

1 Principles of Consolidation :

The Consolidated Financial Statements have been prepared to comply in all material respects with the notified accounting standards by the Companies Accounting Standards Rules, 2006 and the relevant provisions of the Companies Act, 1956 read with the General Circular 15/2013 dated 13 September 2013 of The Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013. The Consolidated Financial Statements have been prepared under the historical cost convention, on an accrual basis of accounting. The Consolidated Financial Statements comprise the financial statements of GAMMON INDIA LTD. ("the Company") and its Subsidiary Companies (the Company and its Subsidiaries are hereinafter referred to as 'the Group'), Associates and Joint Ventures in the form of jointly controlled entities. The Consolidated Financial Statement has been prepared on the following basis:

(a) Interests in Subsidiaries :

The 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 and intra-group transactions resulting in unrealized profits or losses as per Accounting Standard ('AS-21') "Consolidated Financial Statements" issued by The Institute of Chartered Accountants of India.

The 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 excess of cost of investments of the Company 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 is recognised as capital reserve.

The revenue related to construction services in respect of the BOT contracts, which are governed by Service concession agreements with government authorities (grantor), is considered as exchanged with the grantor against toll collection rights / annuities receivable, profit from such contracts is considered as realized. Accordingly, BOT contracts awarded where work is subcontracted within the group, the inter group transactions on BOT contracts and the profits arising thereon are taken as realised and not eliminated.

(b) Interests in Joint Ventures :

The Company's interests in 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 ('AS-27') "Financial Reporting of Interests in Joint Ventures" issued by The Institute of Chartered Accountants of India. 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.

(c) Investment in Associates :

Investments in Associate Companies are accounted under the equity method as per the Accounting Standard ('AS -23') "Accounting for Investments in Associates in Consolidated Financial Statements" issued by The Institute of Chartered Accountants of India.

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 income statement reflects the Group's share of the results of operations of the Associates.

The excess of the Company's cost of investment over its share of Net Assets in the Associate on the date of acquisition of investment is accounted for as goodwill. The excess of the Company's share of Net Assets in the Associate over the cost of its investment is accounted for as capital reserve.

Goodwill / Capital Reserve is included / adjusted in the carrying amount of the investment.

2 Use of Estimates :

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions to be made that affect the reported amount of assets and liabilities and disclosure of contingent liabilities on the date of financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognized in the period in which the results are known.

3 Revenue Recognition :

(a) On Construction Contracts :

Long-term contracts including Joint Ventures are progressively evaluated at the end of each accounting period. On contracts under execution which have reasonably progressed, profit is recognised by evaluation of the percentage of work completed at the end of the accounting period, whereas, foreseeable losses are fully provided for in the respective accounting period. The percentage of work completed is determined by the expenditure incurred on the job till each review date to total expected expenditure of the job.

Additional claims (including for escalation), which in the opinion of the Management are recoverable on the contract, are recognised at the time of evaluating the job.

(b) In case of certain high end boilers the milestones method is used for the measurement of the stage of completion, so as to ensure greater compliance of the valuation in the financial statements with respect to the effective stage of completion of the activities

(c) On supply of materials related to the transmission towers, revenue is recognized upon the delivery of goods to the client in accordance with the terms of contract. Sales include excise duty and other receivable from the customers but exclude VAT, wherever applicable.

(d) Revenue from providing services are recognized in income statement at the moment said services are completed. As for works in progress, they are measured based on the status of completion of work. Whenever the results of the agreement cannot be reliably evaluated, revenues are recognized only to the extent that costs are deemed to be recoverable.

(e) Insurance claims are accounted for on cash basis.

(f) On Infrastructure Development Business :

(i) Annuity and Toll Receipts :

The toll fees collection from the users is accounted when the amount is due and recovered.

The cash compensation on account of multiple entries of cars has been accounted on accrual basis as per the order of Government of Kerala for which Supplementary Concession Agreement is being worked out between the Government of Kerala, Greater Cochin Development Authority and Cochin Bridge Infrastructure Company Limited (a Subsidiary of the Company).

The annuity income earned from Build, Operate, Transfer ('BOT') projects is recognised on a time basis over the period during which the annuity is earned. Revenues from bonus and other claims are recognised upon acceptance from customer /counterparty.

(ii) Berth Operations :

Revenue by way of berth hire charges, dust suppression charges, cargo handling charges, plot rent, wharf age, barge freight, other charges etc. are recognised on an accrual basis and is billed as per the terms of the contract with the customers at the rates approved by Tariff Authority for Marine Ports (TAMP) as the related services are performed.

Other operating income is recognised on an accrual basis when the same is due.

(g) Cargo freight income :

Cargo freight income is recognized at the time of booking of the consignment and is being accounted net of rebates, discounts and booking commission.

(h) Revenue for design and assemblies are recognized on the basis of work progress reports provided for each contract.

(i) Interest income is recognised on time proportion method basis taking into account the amounts outstanding and the rate applicable.

(j) Dividend Income is accounted when the right to receive the same is established.

4 Turnover :

Turnover represents work certified upto and after taking into consideration the actual cost incurred and profit evaluated by adopting the percentage of the work completion method of accounting.

Turnover in respect of the BOT contracts, governed by Service concession agreements with government authorities (grantor), is considered as exchanged with the grantor against toll collection rights / annuities receivable and not eliminated.

Turnover also includes the revenue from the supply of material in the transmission tower contracts in accordance with the terms of contract and revenues in respect of the infrastructure development business.

5 Research and Development Expenses :

The Costs of research are charged at the moment they are borne.

The Costs for development in relation to a specific project are capitalized only when the Company is able to show the technical possibility of carrying out the intangible asset in order to make it available for use and sale, its intention to make it available for use and sale, the modalities the activity can provide for future economic benefits, the availability of technical, financial, as well as any other kind of resources in order to carry out development and its capacity to reliably assess the cost attributable to the activity during its development.

After the original recognition, the costs of development are assessed net of the corresponding quotas of amortization and of the impairment loss. Further capitalized costs for development are amortized with reference to the period of time where it is expected that the project thereof will produce revenue for the Company.

6 Joint Venture :

- (a) Joint Venture Contracts under Consortium are accounted as independent contracts to the extent of work completion.
- (b) In Joint Venture Contracts under Profit Sharing Arrangement, services rendered to Joint Ventures are accounted as income on accrual basis, profit or loss is accounted as and when determined by the Joint Venture and net Investment in Joint Venture is reflected as investments or loans and advances or current liabilities.

7 Employee Retirement Benefits :

The Companies of the Group have both defined contribution plans and defined benefit plans.

Retirement benefits in the form of provident fund and superannuation is a defined contribution scheme and contributions are charged to the Profit and Loss Account for the year / period when the contributions are due.

Gratuity a defined benefit obligation is provided on the basis of an actuarial valuation made at the end of each year / period on projected Unit Credit Method.

Leave encashment is recognised on the basis of an actuarial valuation made at the end of each year on projected Unit Credit Method.

Actuarial gains / losses are immediately taken to Profit and Loss account and are not deferred.

In case of certain Subsidiaries and a Joint Venture the entitlement of employee's retirement benefit is based upon the employee's final salary and length of service, subject to the completion of a minimum service period based on the laws of the respective country. The expected costs of these benefits are accrued over the period of employment. The terminal benefits are paid to employees' on their termination or leaving employment. Accordingly, the Company does not expect settlement against terminal benefit obligation in the near future.

8 Fixed Assets

Fixed Assets are valued and stated at cost of acquisition less accumulated depreciation thereon. Revalued assets are stated at the revalued amount. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition of its intended use. Borrowing costs relating to acquisition of fixed assets which take a substantial period of time to get ready for its intended use are also included to the extent they relate to the period till such assets are ready to be put to use.

Assets held by virtue of financial lease agreements, through which the risks and benefits associated with ownership thereof are essentially transferred to the Group, are recognised as Group assets and accounted for at their current value or, if lower, the current value of the minimum payments due for the leasing, including any sum to be paid for exercising the purchase option. The corresponding liability to the lessor is represented in the accounts under financial payables.

Capital Work In Progress represents the costs incurred on project activity till completion of the project. It includes all direct material, labour and sub-contracting costs and those indirect costs related to constructions that are identifiable with or allocable to the project including borrowing costs.

Depreciation and Amortization :

Indian Operations

Depreciation for the accounting period is provided on :

- (a) Straight Line Method, for assets purchased after 2-4-1987, at the rates and in the manner specified in Schedule XIV to the Companies Act, 1956.
- (b) Written down Value Method, for assets acquired on or prior to 2-4-1987, at the rates as specified in Schedule XIV to the Companies Act, 1956.
- (c) Depreciation on revalued component of the assets is withdrawn from the Revaluation Reserve.
- (d) The depreciation on assets used for construction has been treated as period cost.
- (e) The Infrastructure Projects Assets are amortized over a period of the rights given under the various Concession Agreements to which they relate.
- (f) Expenses incurred by the Company on periodic maintenance (required to be incurred by it in the 5th, 10th and 15th year as per the Contract with NHAI) are capitalised on the completion of said activity as the same enhances the useful life of the project. These costs are amortised over the period up to which the next periodic maintenance is due. The periodic maintenance of 15th year is written off over the balance concession period.

Overseas Operations

Depreciation is charged on a straight line basis over the useful life of the assets or as prescribed as per the relevant local laws of such country. Where the asset being depreciated is made up of distinctly identifiable elements, whose useful life significantly differs from that of the other parts the depreciation is provided separately in accordance with the component approach.

The estimated useful lives of the assets for calculating depreciation are as follows :

Asset	From	To
Building	20 Years	40 Years
Plant and Machinery	3 Years	20 Years
Computer	3 Years	7 Years
Furniture and Fixtures	3 Years	10 Years
Office Equipment	2 Years	15 Years
Motor Vehicles	3 Years	8 Years
Temporary Site Office	2 Years	8 Years

Intangible Assets :

Intangible assets are amortised over the period of the useful life of the rights and it begins when the asset is available for use. Intangible assets of infinite useful lives are not amortized but subject to impairment test, on an annual basis.

Intangible assets are represented by non-monetary elements, identifiable and lacking physical consistency, controllable and capable of generating future economic benefits. These elements are recorded at purchase and / or production cost, inclusive of any directly attributable expenses for preparing the asset for use, net of accumulated amortisation and any impairment losses.

Intangible assets also represents the concession rights in relation to toll roads to collect toll fees for improvement, operations and maintenance, rehabilitation and strengthening of existing 2 lane road and widening to 4 lane divided carriageway from Km. 539.500 to Km. 440.000 (Vadape-Gonde Section) of NH-3 on Build, Operate and Transfer (BOT) basis in the State of Maharashtra. Such costs include all construction costs including sub-contract costs and other costs attributable to the said project asset including borrowing costs and the proportionate cash payout (negative grant) at the end of concession period to NHAI.

Hitherto the amortisation of intangible assets arising out of service concession agreements was based on units of usage method i.e. on the number of vehicles expected to use the project facility over the concession period as estimated by the management. During the year, based on notification dated 17 April 2012 issued by The Ministry of Corporate Affairs, the Company has changed the method of amortisation of intangible assets arising out of service concession agreement prospectively. Effective 1 April 2012 the amortisation is in proportion to the revenue earned for the period to the total estimated toll and annuity revenue i.e. expected to be collected over the balance concession period. Had the Company followed the earlier method, the amortisation would have been higher by ₹ 1.85 Crore.

9 Impairment of Assets :

On annual basis Company makes an assessment of any indicator that may lead to impairment of assets. An asset is treated as impaired when the carrying cost of asset exceeds its recoverable value. Recoverable amount is higher of an asset's net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life.

An impairment loss is charged to the Profit and Loss Account in the year in which an asset is identified as impaired. The impairment loss recognized in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

10 Investments :

Investments are classified as current and long term investments. Investments that are readily realisable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognise a decline other than temporary in the value of long term investments.

Investments in Associates are accounted under Equity Method as per Accounting Standard ('AS 23') "Accounting for Investments in Associates in Consolidated Financial Statements" issued by The Institute of Chartered Accountants of India.

11 Inventories :

- (a) In case of the Indian Operations, the Stores and Construction Materials are valued and stated at lower of cost or net realisable value. The Weighted Average method of inventory valuation is used to determine the cost. Raw materials are valued at cost, net of Excise duty and Value Added Tax, wherever applicable. Stores and spares, loose tools are valued at cost except unserviceable and obsolete items that are valued at estimated realizable value thereof.
- (b) Work In Progress on construction contracts reflects value of material inputs and expenses incurred on contracts including estimated profit in evaluated jobs.
- (c) Work in progress from manufacturing operation is valued at cost and Costs are determined on Weighted Average method.
- (d) Finished Goods are valued at cost or net realizable value, whichever is lower. Costs are determined on Weighted Average method except in case of overseas operations and an Indian Subsidiary where the finished goods are valued on Weighted Average Cost basis.
- (e) In case of the overseas Operations and an Indian Subsidiary, the Stores and spares and Construction materials are valued at Weighted Average Cost basis.
- (f) Works in progress for service contracts are measured based on the status of completion of work. Whenever the results of the agreement cannot be reliably evaluated, revenues are recognized only to the extent that costs are deemed to be recoverable. The costs for purchasing goods and services are recognized in the income statement on accrual basis and develop into decreases in economic benefits, which occur in the form of cash outflows, or of impairment of assets or incurring liabilities.

12 Foreign Currency Translation :

Initial Recognition :

Transactions in foreign currencies are recorded at the exchange rate prevailing on the date of transactions. Fixed Assets acquired in foreign currencies are translated at the rate prevailing on the date of Bill of Lading.

Conversion :

Current Assets and Current Liabilities are translated at the year end rate or forward contract rate.

Exchange Differences :

- (a) Any Gain or Loss on account of exchange difference either on settlement or translation is recognized in the Profit and Loss Account.
- (b) The exchange gain / loss on long term loans to non integral operations being Subsidiaries are restated to Foreign Exchange Translation Reserve Account and will be transferred to the profit and loss account in the year when the disposal of or otherwise transfer of the operations are done.

Translation :

- (a) The transactions of Oman branch are accounted as a non-integral operation. The related exchange difference on conversion is accounted under Foreign Currency Translation Reserve Account.
- (b) The transactions of branches at Kenya, Nigeria, Bhutan and Algeria are accounted as integral operation.
- (c) The conversion of component financial statements expressed in foreign currency are as follows:
 - (i) the assets and liabilities are converted using the exchange rates in effect as of the balance sheet date;
 - (ii) the income and expenditure are converted using the average exchange rate for the period / year;
 - (iii) the "Foreign Exchange Translation Reserve" comprises both the exchange differences generated by the conversion of the economic quantities using a rate other than the closing one and those generated by the conversion of the opening shareholders' equities at an exchange rate other than the closing one for the reporting period;
 - (iv) goodwill and adjustments deriving from the fair value linked to the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and converted using the period end exchange rate.
- (d) In line with notification of the Companies (Accounting Standards) Amendment Rules 2011 issued by Ministry of Corporate Affairs on 31 March 2011 amending Accounting Standard ('AS - 11') "The Effects of Changes in Foreign Exchange Rates (revised 2003)", the Company has chosen to exercise the option under para 46 inserted in the standard by the notification. Accordingly, exchange differences on all long term monetary items, with retrospective effect from 01 April 2007, are :
 - (i) To the extent such items are used for the acquisition of a depreciable capital asset are added to / deducted from the cost of the asset and depreciated over the balance life of the asset.
 - (ii) In other cases accumulated in the "Foreign Currency Monetary Item Translation Difference Account" and amortised to the Profit and Loss account over the balance life of the long term monetary item but not beyond March 31, 2012

13 Borrowing Cost :

Borrowing costs directly attributable to the acquisition or construction of qualifying assets are capitalized. Other borrowing costs are recognized as expenses in the period in which they are incurred. In determining the amount of borrowing costs eligible for capitalization during a period, any income earned on the temporary investment of those borrowings is deducted from the borrowing costs incurred.

14 Employee Stock Option Scheme :

Employee stock options are evaluated and accounted on intrinsic value method as per the accounting treatment prescribed under Guidance Note on "Accounting for Employee Share-based Payments" issued by the ICAI read with SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 issued by Securities and Exchange Board of India.

Accordingly the excess of market value of the stock options as on the date of grant over the exercise price of the options is recognized as deferred employee compensation and is charged to Profit and Loss account on graded vesting basis over the vesting period of the options. The unamortised portion of the deferred employee compensation is reduced from Employee Stock Option Outstanding which is shown under Reserves and Surplus.

15 Taxation :

Tax expenses comprise Current Tax and Deferred Tax. Current Income Tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act.

Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. Deferred Tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred Tax Assets and Deferred Tax Liabilities are offset, if a legally enforceable right exists to set-off Current Tax Assets against Current Tax Liabilities and the Deferred Tax Assets and the Deferred Tax Liabilities related to the taxes on income levied by same governing taxation laws. Deferred Tax Assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits.

At each balance sheet date the Company re-assesses unrecognised deferred tax assets. It recognises unrecognised Deferred Tax Assets to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such Deferred Tax Assets can be realised.

Few Subsidiaries are eligible for 100% tax holiday under Section 80-IA of the Income Tax Act, 1961. As a result, timing differences arising and reversing during the tax holiday period are not recognized by the Company.

Minimum Alternative Tax ('MAT') credit is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. In the year in which the MAT credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in Guidance Note issued by The Institute of Chartered Accountants of India, the said asset is created by way of a credit to the Profit and Loss account and shown as MAT Credit Entitlement. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal Income Tax during the specified period.

The carrying amount of deferred tax assets are reviewed at each balance sheet date. The Company writes down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realized. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

In case of overseas Subsidiaries and Joint Ventures, current taxes are calculated on the basis of the taxable income for the year, applying the tax rate in force, in those countries, as of the balance sheet date.

16 Provision, Contingent Liabilities and Contingent Assets :

Provisions involving substantial degree of estimation in measurement are recognised when an enterprise has a present obligation as a result of past event; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Provisions for risks and charges are recognized for losses and liabilities whose existence is certain or probable but the timing or amount of the obligation is uncertain as of the financial year end date.

Contingent Liabilities are not recognized but are disclosed in the notes to accounts. Disputed demands in respect of Central Excise, Customs, Income tax and Sales Tax are disclosed as Contingent Liabilities. Payment in respect of such demands, if any, is shown as advance, till the final outcome of the matter.

Contingent Assets are neither recognized nor disclosed in the financial statements.

17 Earnings per share :

Basic and diluted earning per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period is adjusted for events of share split.

For the purpose of calculating diluted earning per share, the net profit or loss for the period attributable to equity shareholders and weighted average number of equity shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

18 Operating Lease :

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased term are classified as operating leases. Operating lease payments are recognized as an expense in the Profit and Loss Account on a straight line basis over the lease term.

19 Derivatives :

As of the date the contract is entered into, the derivative instruments are recorded at fair value and, if the derivative instruments do not qualify for being recorded as hedging instruments, the changes in the fair value recorded after initial statement as handled as components of the operating result for the year if they relate to forward transactions (sales or purchases) and the financial result for the year if relating to interest rate swaps. If instead the derivative instruments satisfy the requirements for being classified as hedging instruments, the subsequent changes in the fair value are recorded following the specific criteria indicated below. With regard to each financial derivative qualified for recording as a hedging instrument, its relationship with the hedged item is documented, along with the risk management objectives, the hedging strategy and the methods for checking the effectiveness. The effectiveness of each hedge is checked both at the time of initiating each derivative instrument, and over its duration. As a rule, a hedge is considered highly effective if, both at the start and over its duration, the changes in the fair value in the event of a fair value hedge or in the cash flows expected in the future in the event of a cash flow hedge of the hedged element, are essentially offset by the changes in the fair value of the cash flows of the hedging instrument.

When the hedge concerns the fair value changes of assets or liabilities recorded in the financial statements (fair value hedge), both the changes in the fair value of the hedging instruments and the changes in the hedged item are charged to the income statement. If the hedge is not perfectly effective, or differences are noted between the aforementioned changes, the "ineffective" part represents financial expense / income recorded among the negative / positive components of the profit for the year.

In the event of hedging aimed at neutralising the risk of the changes in cash flows originated by the future execution of obligations contractually defined at the balance sheet date (cash flow hedge), the changes in the fair value of the derivative instrument registered after the initial statement are recorded, solely in relation to the effective part, under the item "Cash flow reserve" as part of the shareholders' equity. When the economic effects originated by the hedged item occur, the reserve is transferred to the income statement. If the hedge is not perfectly effective, the fair value change of the hedging instrument, referring to the ineffective portion of it is immediately recorded in the income statement. If, over the duration of a derivative instrument, the occurrence of the expected cash flows and the hedged item is no longer considered highly probable, the portion of the "cash flow reserve" relating to this instrument is immediately transferred to the income statement for the year. Vice versa, in the event that a derivative instrument is transferred or can no longer be qualified as an effective hedging instrument, the portion of the "cash flow reserve" representative of the fair value changes of the instrument, recorded up to that moment, is maintained as a component of shareholders' equity and transferred to the income statement following the classification approach described above, at the same time as the manifestation of the transaction originally hedged.

The fair value of financial instruments listed on an active market is based on the market prices as of the balance sheet date. The fair value of instruments which are not listed on an organised market is determined by using valuation techniques based on a series of methods and assumptions linked to market conditions as of the balance sheet date. Other techniques, such as the estimation of the discounted cash flows, are used for the purpose of determining the fair value of the other financial instruments. The fair value of interest rate swaps is calculated using the average rate at maturity as of the balance sheet date.

Given the short-term characteristics of trade receivables and payables, it is deemed that the book values, net of any bad debts provisions for doubtful receivables, represent a good approximation of the fair value.

20 Grant :

Public Grants, in the presence of a formal allocation resolution, and in any event, when the right to their disbursement is considered definitive since reasonably certainty exists that the Group will observe the conditions envisaged for perception thereof and that the grants will be collected, are recorded on an accrual basis in direct correlation with the costs incurred. The public grants provided for investments are therefore booked against the purchase price or the production costs of the asset. Other operating grants are credited to the income statement under the item "Other revenues and income".

The SPV on receipt of grant as equity support from NHAI accounts the same under Shareholders funds under Reserves and Surplus, in accordance with the terms of the concession granted to the Company. The grant related to operations not forming part of equity support will be credited to the Profit and Loss account.

21 Deferred Payment Liability :

The deferred payment liability represents the cash payout (Negative grant) payable to the NHAI as per the terms of the Concession agreement at the end of the Concession period. The said deferred payment liability does not carry any interest thereon.

22 Minority Interest :

Minority interest comprises of amount of equity attributable to the minority shareholders at the date on which investments are made by the Company in the Subsidiaries and further movements in their share in the equity, subsequent to the date of the investments.

B OTHER NOTES

1 The consolidated financial statements comprise the financial statements of **GAMMON INDIA LIMITED (GIL)** (the Holding Company), its Subsidiary Companies, Joint Ventures and Associates consolidated on the basis of the relevant accounting standards.

a. Subsidiaries :

The following Subsidiary Companies have been consolidated in the financial statement as per ('AS-21') as on 30 September 2014.

Name of the Subsidiaries	Country of Incorporation	Sep - 2014		Dec - 2013	
		Ownership Interest	Effective Interest	Ownership Interest	Effective Interest
Gammon Infrastructure Projects Limited	India	58.67%	58.67%	74.98%	74.98%
Andhra Expressway Limited ('AEL')	India	100.00%	58.67%	100.00%	74.98%
Aparna Infraenergy India Private Limited ('AIPL')	India	100.00%	58.67%	100.00%	74.98%
Cochin Bridge Infrastructure Company Limited ('CBICL')	India	97.66%	57.30%	97.66%	73.23%
Chittoor Infra Company Private Limited ('CICPL')	India	100.00%	58.67%	100.00%	74.98%
Dohan Renewable Energy Private Limited ('DREPL')	India	100.00%	58.67%	100.00%	74.98%
Earthlink Infrastructure Projects Private Limited ('EIPPL')	India	100.00%	58.67%	100.00%	74.98%
Gammon Logistics Limited ('GLL')	India	100.00%	58.67%	100.00%	74.98%
Gammon Projects Developers Limited ('GPDL')	India	100.00%	58.67%	100.00%	74.98%
Gammon Renewable Energy Infrastructure Projects Limited ('GREIL')	India	100.00%	58.67%	100.00%	74.98%
Gammon Road Infrastructure Limited ('GRIL')	India	100.00%	58.67%	100.00%	74.98%
Gammon Seaport Infrastructure Limited ('GSIL')	India	100.00%	58.67%	100.00%	74.98%
Ghaggar Renewable Energy Private Limited ('GREPL')	India	100.00%	58.67%	100.00%	74.98%
Gorakhpur Infrastructure Company Limited ('GICL')	India	100.00%	60.10%	100.00%	75.85%
Haryana Biomass Power Limited ('HBPL')	India	100.00%	58.67%	100.00%	74.98%
Indori Renewable Energy Private Limited ('IREPL')	India	100.00%	58.67%	100.00%	74.98%
Jaguar Projects Developers Limited ('JPDL')	India	100.00%	58.67%	100.00%	74.98%
Kasavati Renewable Energy Private Limited ('KREPL')	India	100.00%	58.67%	100.00%	74.98%
Kosi Bridge Infrastructure Company Limited ('KBICL')	India	100.00%	58.67%	100.00%	74.98%
Lilac Infraprojects Developers Limited ('LIDL')	India	100.00%	58.67%	100.00%	74.98%
Markanda Renewable Energy Private Limited ('MREPL')	India	100.00%	58.67%	100.00%	74.98%
Marine Project Services Limited ('MPSL')	India	100.00%	58.67%	100.00%	74.98%
Mumbai Nasik Expressway Limited ('MNEL')	India	79.99%	46.93%	79.99%	59.98%
Patna Buxar Highways Limited ('PBHL')	India	100.00%	58.67%	100.00%	74.98%
Pataliputra Highways Limited ('PHL')	India	100.00%	58.67%	100.00%	74.98%
Patna Highway Projects Limited ('PHPL')	India	100.00%	58.67%	100.00%	74.98%
Pravara Renewable Energy Limited ('PREL')	India	100.00%	58.67%	100.00%	74.98%
Ras Cities and Townships Private Limited ('RCTPL')	India	100.00%	58.67%	100.00%	74.98%
Rajahmundry Expressway Limited ('REL')	India	100.00%	58.67%	100.00%	74.98%
Rajahmundry Godavari Bridge Limited ('RGBL')	India	63.00%	36.96%	63.00%	47.24%
Satluj Renewable Energy Private Limited ('SREPL')	India	100.00%	58.67%	100.00%	74.98%
Sikkim Hydro Power Ventures Limited ('SHPVL')	India	100.00%	58.67%	100.00%	74.98%
Segue Infrastructure Projects Private Limited ('SIPPL')	India	100.00%	58.67%	100.00%	74.98%
Sirsa Renewable Energy Private Limited ('Sirsa REPL')	India	100.00%	58.67%	100.00%	74.98%
Tada Infra Development Company Limited ('TIDCL')	India	100.00%	58.67%	100.00%	74.98%
Tangri Renewable Energy Private Limited ('TREPL')	India	100.00%	58.67%	100.00%	74.98%
Tidong Hydro Power Limited ('THPL')	India	51.00%	29.92%	51.00%	38.24%
Vijaywada Gundugolanu Road Project Private Limited ('VGRPPL')	India	100.00%	58.67%	100.00%	74.98%
Vizag Seaport Private Limited ('VSPL')	India	73.76%	43.28%	73.76%	55.31%
Yamuna Minor Minerals Private Limited ('YMMPL')	India	100.00%	58.67%	100.00%	74.98%

Name of the Subsidiaries	Country of Incorporation	Sep - 2014		Dec - 2013	
		Ownership Interest	Effective Interest	Ownership Interest	Effective Interest
Youngthang Power Ventures Limited ('YPVL')	India	100.00%	58.67%	100.00%	74.98%
Birmitrapur Barkote Highway Private Limited ('BBHPL')	India	100.00%	58.67%	100.00%	74.98%
Mormugao Terminal Limited ('MTL')	India	100.00%	58.67%	100.00%	74.98%
Sidhi Singrauli Road Project Limited ('SSRPL')	India	100.00%	58.67%	100.00%	74.98%
Yamunanagar Panchkula Highway Private Limited ('YPHPL')	India	100.00%	58.67%	100.00%	74.98%
ATSL Infrastructure Projects Limited	India	100.00%	79.75%	100.00%	87.74%
Gactel Turnkey Projects Limited ('GACTEL')	India	100.00%	100.00%	100.00%	100.00%
Gammon & Billimoria Limited ('GB')	India	50.94%	50.94%	50.94%	50.94%
G & B Contracting LLC ('GBLLC')	Dubai	49.00%	49.00%	49.00%	49.00%
Gammon International FZE ('GIFZE')	Dubai	100.00%	100.00%	100.00%	100.00%
P.Van Eerd Beheersmaatschappij B.V. Netherlands ('PVAN')	Netherlands	100.00%	100.00%	100.00%	100.00%
Deepmala Infrastructure Private Limited ('DIPL')	India	51.00%	70.52%	51.00%	70.52%
Gammon Retail Infrastructure Private Limited ('GRIPL')	India	99.00%	99.00%	99.00%	99.00%
Gammon Power Limited ('GPL')	India	90.00%	100.00%	100.00%	100.00%
Campo Puma Oriente S.A.	Panama	73.76%	66.39%	73.76%	66.39%
ATSL Holding B.V. Netherlands	Netherlands	100.00%	100.00%	100.00%	100.00%
SAE Powerlines S.r.L (Subsidiary of ATSL Holdings B.V.)	Italy	100.00%	100.00%	100.00%	100.00%
Transrail Lighting Limited ('TLL')	India	100.00%	100.00%	100.00%	100.00%
Associated Transrail Structures Limited, Nigeria	Nigeria	100.00%	100.00%	100.00%	100.00%
Gammon Realty Limited ('GRL')	India	75.06%	75.06%	75.06%	75.06%
Gammon Holdings B.V., Netherlands ('GHBV')	Netherlands	100.00%	100.00%	100.00%	100.00%
Franco Tosi Meccanica S.p.A (Refer Note 1(a)(ii))	Italy	-	-	83.94%	83.94%
Gammon Italy S.r.L	Italy	100.00%	100.00%	100.00%	100.00%
Gammon International B.V., Netherlands ('GIBV')	Netherlands	100.00%	100.00%	100.00%	100.00%
Metropolitan Infrahousing Private Limited ('MIPL')	India	84.16%	84.16%	84.16%	84.16%
SAE Transmission India Limited ('SAET')	India	100.00%	100.00%	100.00%	100.00%
Franco Tosi Hydro Private Limited ('FTH')	India	100.00%	100.00%	100.00%	100.00%
Franco Tosi Turbines Private Limited ('FTT') (Refer Note 1(a)(ii))	India	-	-	100.00%	85.63%
Preeti Townships Private Limited	India	60.00%	45.04%	60.00%	45.04%
Ansaldoaldai Boilers India Private Limited ('ACB')	India	73.40%	85.37%	73.40%	85.37%
Gammon Holdings (Mauritius) Limited ('GHM')	Mauritius	100.00%	100.00%	100.00%	100.00%
Patna Water Supply Distribution Network Private Limited ('PWS')	India	73.99%	73.99%	73.99%	73.99%

- (i) (a) The results of Campo Puma Oriente SA for the period January to September 2014 are consolidated based on unaudited accounts which are signed by one of the Directors representing Gammon India Limited, since there are differences between the Shareholders of the Company. The financial statements of Campo Puma are not audited since December 2012.
- (b) The results of Ansaldoaldai Boilers India Private Limited and Gammon Holdings (Mauritius) Limited are consolidated based on unaudited accounts which are signed by one of the Directors of the Company.
- (ii) (a) The Board of Franco Tosi Mecanica S.p.A (FTM) filed on 30 May 2013 with the court of Milan (and with the Companies Registry) a "preliminary" request for admission to the procedure of pre-insolvency composition agreement with creditors and restructuring debts ("concordato preventivo"), under Articles 161 Clause 6, Italian Government Publication dated 10 March 1942 No 267 – further amended in September 2012 in light of acute financial stress being faced by the Company due to several extraneous reasons.
- The said application was admitted by the Court on 7 June 2013 and the court soon thereafter appointed a Judicial Commissioner to evaluate the possibility of FTM continuing its operations and, if this was established, to set out a procedure to continue and manage the Company for a period of at least two years. On 31 July 2013, the presiding Judge of the Court of Milan having received confirmation of the possibility of continuity of FTM called for bids for the lease of the business of FTM. Four bidders had submitted compliant bids for the lease.

However, instead of finalizing the lease, the Commissioner announced a revised procedure by which, instead of lease of the business, interested bidders were asked to place an offer for the outright purchase of the operational business of FTM. One of the pre-conditions of the bidding offer is for the bidders to takeover and substitute all the bank guarantees issued by FTM in favour of its clients of its ongoing projects. The date of bid submission was fixed for 7 October 2014. Only two bids were received by the Commissioner, who after evaluation has concluded that both bids were defective. Accordingly, fresh bids are being called to encourage large participation and the new date of submission of bid is 22 December 2014. The entire procedure is expected to be completed within 60 days thereafter.

The continuous delay in final closure has put the ongoing projects of Franco Tosi in Congo, Nicaragua and Bolivia at risk of cancellation with consequences thereof, unless immediate steps are taken to scale up the execution with intent to meet the existing project schedules.

However in light of the ongoing procedure the Commissioner has not released any financial statements of the Company to date and it is expected that this will not be released until the entire process is complete.

On account of the above facts and the absence of financial statements of the said FTM, FTM functions under serve long term restrictions which impair its ability to transfer funds to its parent. The Management of the Company and the Board of FTM have no say in the matter and have no access to records which are with the Commissioner. Therefore, as per para 11(b) of ('AS-21') "Consolidated Financial statements" of the Company (Accounting Standard) Rules, 2006, the said FTM is to be excluded from Consolidation. Accordingly FTM has been accounted as per Accounting Standards ('AS-13'), Accounting for Investments. The losses of the said FTM already accounted in the past of ₹ 184.55 Core, the provision for impairment of goodwill made in the past of ₹ 109.13 Core and the provision for risks and contingencies of ₹ 50.61 Core already made which are part of opening retained earnings are considered as provision for diminution in the value of Investment and no adjustments are made in the opening retained earnings on account of deconsolidation. The carrying amount of investment in FTM and loans to FTM net of provision of diminution in the value of instruments is ₹ 54.69 Core. The Management contends that after the completion of the aforesaid composition arrangement, the group will be able to recover an amount not less than the aforesaid net carrying amount considering the order book and references. Therefore no further provision is required towards diminution in the value of investments. The figures of the previous year of FTM are accounted as per Accounting Standard ('AS-21') and have not been recast.

- b) During the period the clients of the said FTM have encashed the bank guarantees to a total amount of ₹ 170.80 Crore (Euro 21.84 Million). The guarantees encashed includes an amount of (Euro 17.80 Million) ₹ 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 12.00 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 5.80 Million for which the Company is negotiating to cancel the demand, for the remaining Euro 4.04 Million (₹ 31.59 Crore) the Company has made a provision against the possible liability arising out of the said encashment to the Company.
- (iii) Gammon & Billimoria Limited holds 49.00% of the equity of G&B Contracting LLC (previously known as Gammon & Billimoria LLC), a Limited Liability Company registered in Dubai hereafter referred as G&B LLC. Since the Management and Operational control of G&B LLC is with Gammon & Billimoria Limited, G&B LLC is being consolidated as a Subsidiary under Accounting Standard ('AS-21') of Companies Accounting Standard Rules 2006.
- (iv) During the current period five Subsidiaries of GIPL have been wound up.
- (v) The Auditors of M/s SAE Powerlines S.r.L, Italy (SAE), a Subsidiary of the Company have expressed their inability to opine on the financial statements in view of the said SAE's ability to operate as a going concern being at risk and the Directors of the said SAE have highlighted the liquidity crisis. The total exposure of the Company in SAE and Atsl Holdings B.V.,Netherlands, the Holding Company of SAE towards investments including guarantees towards the acquisition loan taken by SPV is ₹ 328.06 Crore. The Company has made provision for impairment of investment and loan of ₹ 110.45 Crore and provision for risk and contingencies towards corporate guarantees for acquisition loan of the SPV of ₹ 88.29 Crore resulting in the net exposure of ₹ 129.32 Crore. Management is of the opinion that considering the order book position and adequate references and strengths in international markets, notwithstanding the valuation carried out by an independent valuer for bankers indicating an excess value of ₹ 55.02 Crore no further provision is required. Following principle of conservatism and on prudent basis, the Company has made provision towards impairment of entire Goodwill.

- (vi) M/s Ansaldo Caldaie Boilers India Private Limited had received amounts as Share Application Money of ₹ 16.64 Crore for further allotment of shares which were to be issued on terms and conditions to be decided by the Board and in line with the extend regulation of the RBI. The Company was to receive an proportionate amount from its Holding Company in order to issue such equity shares to the shareholders. Since the same was not received the said amounts were not converted into equity shares of the Company. The Company had made an application for / to RBI to either refund the said amounts or convert the same into compulsory convertible preference shares, which shall be converted when the Holding Company infuses its portion of the equity. The Reserve Bank of India had on 29 January 2014 directed the Company to refund the said amounts to Ansaldo Caldaie S.p.A. The Company has subsequently applied to RBI vide letter dated 28 February 2014 to convert the share application money as ECB Loan which has also been approved by the Board of Ansaldo Caldaie S.p.A. However on 25 June 2014 RBI had turned down the Companies request to convert the share application money in to loan and directed to allot the share or refund the money within one year. The Company proposes to refund the money out of advances for projects that it is expected to receive.

The Company has during the year incurred substantial cash losses in its operations. The Company has prepared its business plans as approved by the Board of Directors, which envisages receipts of orders from bids that are been placed where the Company is the preferred bidder or projects secured which is presently under suspension / hold and the Company is in the process of executing certain jobs to be received from M/s Ansaldo Caldaie S.p.A and the adequate references in that context. The ability of the Company to continue as a going concern is dependent on the outcome of such bids and securing of projects and the fructification of the business plan. The management of the Company is confident of achieving cash flows in order to fulfill its cash flow commitments through various options. The management is hopeful of receipt of certain orders by March 2015 and restart of projects under hold which would ensure adequate cash flows. Further the Company has also restructured its debt with its lenders by which the repayments of principal has been deferred and the interest servicing would be taken care by a fresh disbursement of loans.

- (vii) The Company through its step down Subsidiary P. Van Eerd Beheersmaatschappij B.V., Netherlands (PVAN) held a 50.00% shareholding in Sadelmi S.p.A for Euro 7.50 Million., Italy (Sadelmi) with the remaining 50% held by Busi Impianti S.p.A, Italy since April 2008. Due to the economic conditions prevailing in different parts of the world where Sadelmi was present some of the projects under execution encountered serious contractual problems. Sadelmi therefore sought creditors' protection through a Court in Italy and simultaneously, as part of scheme, applied for transferring the remaining projects and leased all references standing in its name since inception to a new Company Busi Power S.r.L. wholly held by Busi Group. The above procedure however has not yet been completed as the decision in the Court is still awaited. The delay is on account of objections raised by some creditors among other reasons. In view of the uncertainties prevailing in Europe and the delay in the outcome of the Court process in respect of the creditors' protection sought by M/s Sadelmi in its application in connection therewith, the Company has, on prudent basis, made full provision towards the Investment in Sadelmi in FY 2012-2013. While Commissioner has released the financial for the period ended December 2012 which showed heavy losses in excess of the equity infused by the said Company. The management is confident that no further commitment is required to be infused by the Company and all losses have been recorded.

b. Jointly Controlled Entities

The following Jointly Controlled Entities have been considered applying ('AS-27') on the basis of audited accounts (except stated otherwise) for the year ended 30 September 2014.

- (i) Details of Joint Ventures entered into by the Company :

Name of the Joint Venture	Country of Incorporation	Sep - 2014		Dec - 2013	
		Ownership Interest	Effective Interest	Ownership Interest	Effective Interest
Blue Water Iron Ore Terminal Private Limited ('BWIOTPL')*	India	10.12%	5.94%	10.12%	7.59%
Indira Container Terminal Private Limited ('ICTPL')	India	50.00%	29.34%	50.00%	37.49%
SEZ Adityapur Limited ('SEZAL')*	India	38.00%	22.29%	38.00%	28.49%
GIPL - GIL JV	India	100.00%	60.74%	100.00%	76.23%
Gammon Encee Rail (Consortium) ('GEC')*	India	51.00%	51.00%	51.00%	51.00%
Gammon - Cons - Tensaccia - JV('GCT')	India	60.00%	60.00%	60.00%	60.00%
Gammon - Ojsc Mosmetrostroy - JV('GOM')*	India	51.00%	51.00%	51.00%	51.00%
Jaeger Gammon ('JG')	India	90.00%	90.00%	90.00%	90.00%
Ansaldo Caldaie-GB Engineering Private Limited ('ACGB')*	India	50.00%	36.70%	50.00%	36.70%
Gammon SEW('GSEW')*	India	90.00%	90.00%	90.00%	90.00%
Gammon CMC JV('CMC')	India	50.00%	50.00%	-	-
Gammon Jyoti Bhutan Consortium	India	50.00%	50.00%	50.00%	50.00%

* Based on the un-audited management accounts for the period ended 30 September 2014.

- (ii) The proportionate share of Assets, Liabilities, Income and Expenditure of the Joint Ventures consolidated in the accounts is tabulated hereunder. (₹ in Crore)

Particulars	As at 30 Sep 2014	As at 31 Dec 2013
Assets		
Non-current assets		
Fixed assets :		
Tangible assets (Net)	35.42	32.61
Intangible assets (Net)	12.50	12.50
Capital work in progress	6.93	-
Intangible assets under development	285.26	250.23
Goodwill on Consolidation	-	-
Non-current investments	-	-
Deferred Tax Assets	-	-
Long-term loans and advances	17.43	16.28
Other Non Current Assets	1.63	12.75
Current assets		
Current investments	-	-
Inventories	62.55	43.79
Trade receivables	28.10	35.50
Cash and Bank Balances	11.32	3.08
Short-term loans and advances	70.39	17.79
Other current assets	3.17	2.82
	534.70	427.33
Liabilities		
Non-current liabilities		
Long-term borrowings	208.00	216.12
Deferred Tax liabilities (net)	0.47	1.69
Trade payables, non-current	-	-
Deferred payment liability	-	-
Other long-term liabilities	23.50	10.97
Long-term provisions	0.09	0.04
Share Application Money Pending Allotment	1.00	1.00
Minority Interest	-	(1.57)
Current Liabilities		
Short-term borrowings	5.58	39.62
Trade payables, current	78.27	58.16
Other current liabilities	162.27	103.21
Short-term provisions	0.12	0.04
Reserves and surplus		
Surplus / (deficit) in the statement of profit and loss :		
Opening balance	(29.09)	(12.29)
During the current year	(4.65)	109.91
Total reserves, surplus and liabilities	445.56	526.89
Income		
Revenue from operations	274.72	1,146.43
Other income	2.80	6.72
Total income	277.51	1,153.16
Expenses		
Cost of Material Consumed	24.99	287.56
Change in Inventory and FG	(16.77)	246.62
Subcontracting expenses	240.20	164.21
Employee benefit expenses	1.75	122.31
Other expenses	30.32	174.57
Exceptional items	-	-
Finance Cost	2.92	16.00
Depreciation and amortisation	1.13	12.36
Total expenses	284.54	1,023.63
Profit before Tax	(7.02)	129.53
Provision for Tax	(0.86)	19.61
Profit after Tax	(6.16)	109.91

- (iii) The above figures pertaining to the Joint Venture Companies are based on the audited accounts for the period ended 30 September 2014 except for BWIOTPL, SEZAL, GEC, ACGB, GSEW and Gammon OJSC Mosmetrostroy JV which are based on the un-audited management accounts.
- (iv) One of the Joint Venture SPV of the Company namely Indra Container Terminal Private Limited is engaged in the development of a container terminal in the Mumbai port. The commencement of this project has been delayed due to non-fulfilment of certain conditions by the Mumbai Port Trust ('Licensor'). This has led to cost overruns and default in payment of debt obligations. The SPV has defaulted in meeting its debt obligations amounting to ₹ 37.60 Crore. Further, the SPV has incurred a loss of ₹ 3.04 Crore during the period. These conditions indicate existence of significant doubt and material uncertainty regarding the SPV's ability to continue as going concern and its ability to realise its assets and discharge its liabilities in the normal course. To address these issues, the management has taken various steps comprising of rescheduling of the loan (which has already been appraised by the Lead banker and recommended for sanction), temporary utilisation of constructed berths and claim for cost overruns on the Licensor. The management is confident of addressing financial crunch and viability of the project.

c. Associates

The following Associates have been accounted for on one line basis applying the equity method in accordance with the Accounting Standard ('AS-23') "Accounting for Investment in Associates in Consolidated Financial Statements".

(₹ in Crore)

Name of Company	% Share Held	Original Cost of Investments	Goodwill / (Capital Reserve)	Adjusted / Accumulated Profit / (Loss) upto previous period	Profit for the Current Period
ESMSPL**	18.13%	1.70	-	(0.44)	(0.06)
	23.27%	1.70	-	(0.32)	(0.12)
MTL**	28.75%	0.02	-	(0.01)	(0.00)
	36.93%	0.02	-	(0.00)	(0.00)
Fin est Spa*	50.00%	19.52	7.57	1.28	-
	50.00%	19.52	7.57	1.27	(0.17)
Sofinter S.p.A*	32.50%	430.55	300.13	17.27	(49.41)
	32.50%	469.91	327.57	-	2.08
TOTAL		451.79	307.70	18.10	(49.47)
		491.15	335.14	0.95	1.79

* Based on the un-audited management accounts for the period ended 30 September 2014.

**Marked Companies are Associates of Subsidiary GIPL.

(i) Sofinter

- a. The Company's exposure towards investment in Sofinter Group is ₹ 563.62 Crore including investments, loans and guarantees towards the acquisition loan taken by the SPV, M/s Gammon International B.V. The Company has carried out valuation of Sofinter Group through an independent valuer considering business plan of all Companies within the Sofinter Group, order book position and economic environment where the Company is operating. The carrying value as at September 2014 is higher compared to the valuation by ₹ 159.49 Crore. The management is of the view that valuation carried out is based on current European scenario whereas growth option to various sub-continent 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.
- b. The Company had in 2011, issued Guarantees, including Corporate Guarantees, for an amount of USD 35.00 Million on behalf of Gammon Holdings (Mauritius) Limited (GHML), a wholly owned Subsidiary, to Guarantee its contractual commitment under a Put Option Agreement with BT Global Investors Limited (BT) who was a holder of shares and convertible bonds (the Sofinter Securities) in Sofinter S.p.A. The Put was to be exercised within February 2014 and on all the Sofinter Securities. Consequent upon the conversion of the bonds into additional shares in Sofinter on 18 December 2013, BT has become the holder of 35% shares in Sofinter, thereby diluting the holding of Gammon International B.V. in Sofinter to 32.5%. Prior to the date of this conversion, BT also exercised its Put Option on GHML for all the Sofinter securities, for an amount of USD 32.00 Million (₹ 197.16 Crore). The Put Option was duly honoured by GHML by drawing on debt raised from Export Import Bank of India Limited (Exim) for USD 18.00 Million (₹ 110.90 Crore) and balance against the funded exposure by the parent Company for ₹ 93.99 Crore. Pending transfer of the shares by BT in favour of GHML, since certain pre-conditions in the by-

laws of Sofinter and the Shareholders Agreement are in the process of being fulfilled, without which the transfer cannot be recorded by Sofinter, BT has committed to pledge the Shares to Exim on behalf of GHML. Further pending the transfer of 35%, Sofinter continues to be an 'Associate Company'.

Considering the valuation report issued by external agency and pending transfer of shares from BT Global, increasing the stake to 67.50%, the carrying value of investment in Sofinter group will not require any impairment.

- c. Trade Receivables of Euro 3.00 Million (₹ 23.46 Crore), related to possible recharges to a supplier of the costs incurred for repairs to plant. The amount was estimated on the basis of the expected recovery of the claims following legal actions brought against the supplier. Under the applicable accounting standards the proceeds from the claims should have been recognised in the year when their occurrence and quantification are reasonably certain.
- d. Sofinter had received a binding offer to acquire the entire share capital of one of the affiliate Company, ITRO, for an amount equal to 8.00 Million SGD (₹ 38.58 Crore). The above offer, originally expiring on 14 July 2014, was subject to two conditions: the acceptance of the offer by all shareholders of Ithro Limited., so that at the end of the transaction the acquirer comes to hold 100% of the share capital of the Company, and the waiver by the shareholders of all existing financial and commercial receivables in respect of the Associate. The purchase price offered is in line with the value of the Associate's equity remaining after the waiver of claims by shareholders and the write-down of fixed assets. The shareholders have expressed their willingness to sell the shares of Ithro Limited. During the negotiations with the buyer a problem has emerged relating to the Taxation of the waiver of shareholder loans which could be considered by the local financial authorities as a capital gain, and for which the buyer asked a full indemnity. It was agreed between the parties to submit to the competent authorities in Singapore, a Tax ruling putting the success of the same as a conditions precedent to the transaction. In the light of the above, the Sofinter Group Associate reported the value of financial and trade receivables due from Ithro Limited by adjusting Euro 8.80 Million as not recoverable based on the value offered by the buyer.

2 Share Capital

(a) Authorised, Issued, Subscribed and Fully Paid - Up :

(₹ in Crore)

Particulars	As at 30 Sep 2014		As at 31 Dec 2013	
	No of Shares	Amount	No of Shares	Amount
Authorised Capital:				
Equity Shares of ₹ 2/- each	74,710,000,000	14,942.00	74,710,000,000	14,942.00
6% Optionally Convertible Preference Shares of ₹ 350/- each	3,000,000	105.00	3,000,000	105.00
Issued, Subscribed and Fully Paid up Capital:				
Issued:				
Equity Shares of ₹ 2/- each, fully paid	137,355,208	27.47	137,355,208	27.47
Subscribed and Fully Paid up Capital:				
Equity Shares of ₹ 2/- each, fully paid	135,774,668	27.16	135,774,668	27.16
Share Forfeiture Account				
Money received in respect of Right Shares of ₹ 10/- each forfeited	170,948	0.34	170,948	0.34
TOTAL		27.50		27.50

- (i) Issued Share Capital includes 725,800 shares of ₹ 2/- each kept in abeyance.
- (ii) Share Forfeiture Account includes ₹ 0.26 Crore of Share Premium collected on application in respect of forfeited shares.
- (iii) In terms of the MRA the lenders have a right to convert outstanding loan into equity under certain terms and conditions. During the previous period the authorised capital has been accordingly increased by ₹14,871 Crore.

(b) Reconciliation of number of shares outstanding

(₹ in Crore)

Particulars	As at 30 Sep 2014		As at 31 Dec 2013	
	No of Shares	Amount	No of Shares	Amount
As at the beginning of the year	135,774,668	27.16	135,774,668	27.16
Add : Issued during the year - ESOP	-	-	-	-
As at the end of the year	135,774,668	27.16	135,774,668	27.16

(c) Details of Shareholding in excess of 5%

Name of Shareholder	As at 30 Sep 2014		As at 31 Dec 2013	
	No of Shares	%	No of Shares	%
Pacific Energy Private Limited	18,013,015	13.20	18,013,015	13.20
Warhol Limited	-	-	13,437,359	9.84
Devyani Estate and Properties Private Limited	12,182,805	8.93	12,182,805	8.93
HDFC Trustee Company Limited - HDFC Infrastructure Fund	12,114,310	8.87	-	-
Abhijit Rajan	8,172,459	5.99	8,172,459	5.99

(d) Shares reserved under options to be given

Nil (Previous Period 17,400) Equity shares have been reserved for issue as ESOP.

(e) Terms / rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹ 2.00 each. Each holder of equity share is entitled to one vote per share. The distribution will be in proportion to the number of equity shares held by the shareholders.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the remaining assets of the Company, after distribution of all preferential amounts. However, no such preferential amounts exist currently. The distribution will be in proportion to the number of equity shares held by the shareholders.

3 Reserves and Surplus

(₹ in Crore)

Particulars	As at 30 Sep 2014	As at 31 Dec 2013
(i) Capital Reserve		
As per Last Balance Sheet	83.20	76.32
Add : Fresh receipts	80.32	-
Add : Transfer from Minority Interest	8.89	11.95
Less : Reduction	-	(2.06)
Less : Transfer to Minority Interest	(68.13)	(3.01)
	104.28	83.20
(ii) Capital Redemption Reserve	105.00	105.00
(iii) Securities Premium Account		
As per last Balance Sheet	1,293.94	1,293.94
Add : On issue of equity shares through QIP of a Subsidiary	218.06	-
Add / (Less) : Share premium transferred from (to) Minority Interest	(144.75)	-
Add / (Less) : Share issue expenses during the year	(5.86)	-
	1,361.39	1,293.94
(iv) Debenture Redemption Reserves	81.00	81.00
(v) Revaluation Reserves		
As per last Balance Sheet	132.77	135.15
Add / (Less) : On account of De-consolidation of Subsidiary	(21.75)	-
Add / (Less) : Depreciation on Revalued Assets	(2.36)	(2.38)
	108.66	132.77
(vi) Share Options Outstanding Account		
As per Last Balance Sheet	3.63	3.63
Add : Addition during the period	4.50	2.96
Less : Employee stock options exercised	(0.02)	(0.02)
Less : Forfeiture of employee stock options offered	(0.84)	(0.74)
	7.27	5.83

Particulars	As at 30 Sep 2014	As at 31 Dec 2013
Less : Deferred employee compensation outstanding	(2.00)	(2.00)
Add : Short accounting of ESOP's in prior years	0.03	0.03
Less : Employee Stock Option Forfeited	(0.40)	(0.40)
Less : Transfer to General Reserve on Lapse of ESOP's	(1.44)	(1.22)
Less : Transfer to Securities Premium A/c on Exercise of ESOP's	(1.46)	(1.46)
	1.99	0.77
(vii) Other Reserves		
General Reserve		
As per last Balance Sheet	344.38	344.38
Add / (Less) : Transferred to Minority interest	(12.94)	-
Add : Transferred from Special Contingency Reserve	50.00	-
	381.44	344.38
Foreign Currency Translation Reserve		
As per last Balance Sheet	43.10	98.88
Add / (Less) : arising out of current year	82.00	(55.78)
	125.10	43.10
Foreign Currency Monetary Item Translation Difference Reserve		
As per last Balance Sheet	24.15	(52.65)
Add / (Less) : arising out of current year	(89.13)	85.44
Add / (Less) : Amount recognised in the statement of Profit and Loss	36.48	3.34
Add / (Less) : Translation Difference	(2.02)	(11.98)
	(30.52)	24.15
Special Contingency Reserve		
As per last Balance Sheet	50.00	50.00
Add / (Less) : Transferred to General Reserve	(50.00)	-
	-	50.00
Other Reserves	1.26	1.43
Surplus / (Deficit)		
Profit brought forward from last year	(1,913.86)	(1,051.74)
Less : Loss for the year	(728.88)	(761.86)
Transfer to Other Reserve	-	(0.34)
Transferred to Foreign Currency Translation Reserve	45.71	(120.64)
Adjustments due to changes of stake in Sofinter	-	18.29
Adjustments to Minority Interest	5.64	2.41
Other Adjustments	0.14	0.01
Sub-Total	(677.39)	(862.13)
TOTAL	(2,591.25)	(1,913.86)
	(351.65)	245.88

- The General reserve is created to comply with the "The Companies (transfer of Profit and Reserve rules) 1975".
- The Foreign Currency Translation Reserve is created in terms of Accounting Standard ('AS-11') "The effect of changes in foreign exchange rates" issued under the Companies Accounting Standard Rules 2006.
- Based on significant evaluation and progress of projects the management is of the opinion that amount kept under Special Contingency Reserve is no longer required and hence transferred to General Reserve.
- Capital reserve includes grant of received by two SPV's of the Group, from NHAI and the Government of Andhra Pradesh in the nature of equity support of the grantor.
- In accordance with Circular issued by Ministry of Corporate Affairs No. 04/2013 dated 11 February 2013 the Company is maintaining the Debenture Redemption Reserve to the extent of 25% of the outstanding debentures. The excess balance of the Debenture Redemption Reserve as at the year end has been transferred to General Reserve. The Company has however not set aside or earmarked liquid assets of ₹ 0.82 Crore being 15% of the amount of Debenture due for redemption before 30 September 2015 as required by the aforesaid Circular.

- (f) In line with notification of the Companies (Accounting standards) Amendment Rules 2009 issued by Ministry of Corporate Affairs on 31 March 2009 amending Accounting Standard ('AS - 11') "The Effects of Changes in Foreign Exchange Rates (revised 2003)", some of the overseas Subsidiaries who have prepared the accounts as per Indian GAAP for the purposes of consolidation have chosen to exercise the option under para 46 inserted in the standard by the notification.

During the year ₹ 36.48 Crore (*Previous Period Credit of ₹ 3.34 Crore*) amortisation cost charged to the profit and loss account out of "Foreign Currency Monetary Item Translation Difference Account".

₹ 30.52 Crore Debit (*Previous Period Credit of ₹ 24.15 Crore Credit*) accumulated in the "Foreign Currency Monetary Item Translation Difference Account", being the amount remaining to be realised as at 30 September 2014.

4 Long Term Borrowings

(₹ in Crore)

Particulars	Non Current		Current Maturities	
	30 Sep 2014	31 Dec 2013	30 Sep 2014	31 Dec 2013
Loan taken by Holding Company				
Non Convertible Debentures				
Placed with Banks and Financial Institutions	318.52	324.00	5.48	-
Term Loans				
Priority Loan	682.74	366.69	51.39	-
Rupee Term Loan - 1 (RTL-1)	771.19	786.91	15.74	-
Rupee Term Loan - 2 (RTL-2)	465.48	475.00	9.50	-
Rupee Term Loan - 3 (RTL-3)	343	350.00	7.00	-
Funded Interest Term Loan (FITL)	254.6	208.66	5.19	-
Working Capital Term Loan (WCTL)	633.44	647.22	12.93	-
Loan taken for Public Private Partnership				
From banks	2593.56	2,683.11	193.01	100.00
From financial institutions	894.91	913.34	129.42	313.45
From others	12.78	13.72	4.93	25.00
Loan taken for Foreign Companies				
Term Loan from Banks	628.36	762.26	117.88	-
Loan taken Other Companies				
From banks	423.34	436.88	27.45	124.98
From financial institutions	-	43.48	-	-
From others	196.09	195.34	-	-
Non Convertible Debentures	-	75.00	175.00	100.00
Finance Lease Obligations	-	17.75	-	2.60
Loans from Related Parties				
Promoters Contribution	100.00	100.00	-	-
TOTAL	8,318.01	8,399.36	754.92	666.03
The above amount includes				
Secured Borrowings	7,911.02	7,961.13	754.92	663.43
Unsecured Borrowings	406.99	438.23	-	2.60
Amount disclosed under the head "Other Current Liabilities" (note 10)			754.92	666.03

(i) Loan taken by Holding Company :

- (a) The Company's Corporate Debt Restructuring (CDR) package was approved by the CDR Empowered Group (EG) in its meeting held on 24 June 2013 and communicated to the Company vide its letter of approval dated 29 June 2013. The Company executed the Master Restructuring Agreement (MRA) with the CDR lenders on 24 September 2013. Substantial securities have been created in favour of the CDR lenders.

Key features of the CDR proposal are as follows :

- Reschedulement of Short Term Loans and Term Loans (RTL) and NCD payable over a period of ten years.
- Repayment of Rupee Term Loans (RTL) after moratorium of 27 months from cut off date being 1 January 2013 in structured quarterly installments commencing from April 2015.
- Conversion of various irregular / outstanding / devolved financial facilities into Working Capital Term Loan (WCTL).
- Repayment of WCTL after moratorium of 27 Months from cut off date in structured quarterly installments commencing from April 2015, subject to mandatory prepayment obligation on realisation of proceeds from certain asset sale and capital infusion.
- Restructuring of existing and fresh fund based and non fund based financial facilities, subject to renewal and reassessment every year.
- Interest accrued but not paid on certain financial facilities till March 2014 is converted into Funded Interest Term Loan (FITL).
- Waiver of existing events of defaults, penal interest and charges etc in accordance with MRA.
- Right of Recompense to CDR Lenders for the relief and sacrifice extended, subject to provisions of CDR Guidelines and MRA.
- Contribution of ₹100 Crore in the Company by Promoters, in lieu of bank sacrifice, in the form of Promoters Contribution.

(b) Securities for Term Loans and NCD :

Rupee Term Loan (RTL) - 1 and FITL thereon -

- (1) 1st pari-passu charge on the entire Fixed Assets (movable and immovable), both present and future of the Company, including the pari-passu security with Non Convertible Debenture but excluding the exclusive security for Non Convertible Debenture and the Gammon House.
- (2) 2nd pari-passu charge on the Gammon House, entire Current Assets, Loans and Advances, Long Term Trade Receivables and other assets of the Company.
- (3) For Canara Bank 1st pari-passu charge on land parcel of Metropolitan Infrahousing Private Limited (MIPL) along with their NCD holders.

Rupee Term Loan (RTL) - 2 and FITL thereon -

- (1) 1st pari-passu charge on Gammon House.
- (2) 2nd pari-passu charge on the entire Fixed Assets (movable and immovable), both present and future of the Company, including the pari-passu security with Non Convertible Debenture but excluding the exclusive security for Non Convertible Debenture and the Gammon House.
- (3) 2nd pari-passu charge on entire Current Assets, Loans and Advances, Long Term Trade Receivables and other assets of the Company.

Rupee Term Loan (RTL) - 3 and FITL thereon -

- (1) 3rd pari-passu charge over the entire Fixed Assets (movable and immovable) and Current Assets of the Company excluding the Gammon House.
- (2) 3rd pari-passu charge on the Gammon House.

Working Capital Term Loan (WCTL) -

- (1) 1st pari-passu charge on the entire Fixed Assets (movable and immovable), both present and future of the Company, including the pari-passu security with Non Convertible Debenture but excluding the exclusive security for Non Convertible Debenture and the Gammon House.
- (2) 2nd pari-passu charge on the Gammon House, entire Current Assets, Loans and Advances, Long Term Trade Receivables and other assets of the Company.

Priority Loan -

- (1) 1st pari-passu charge on the entire Fixed Assets (movable and immovable), both present and future of the Company, including the pari-passu security with Non Convertible Debenture but excluding the exclusive security for Non Convertible Debenture and the Gammon House.
- (2) 2nd pari-passu charge on the Gammon House, entire Current Assets, Loans and Advances, Long Term Trade Receivables and other assets of the Company.

Non Convertible Debentures (NCD) and FITL thereon -

- (1) 1st pari-passu charge by mortgage of Gujarat Property and hypothecation over the pari-passu security with the Non Convertible Debentures.
- (2) 3rd pari-passu charge over the entire Fixed Assets (movable and immovable) and Current Assets of the Company excluding the Gammon House.
- (3) 3rd pari-passu charge on the Gammon House.

(c) Funded Interest Term Loan (FITL) -

The interest amount on RTL - 1, RTL - 2, RTL - 3 and NCDs for the initial period of 15 months i.e. from cut off date till 31 March 2014 will be converted to FITL.

(d) Interest on Term Loans -

The above mention term loans carry an interest rate which is MI base rate + 175 bps except in case of NCD which are as follows -

Non Convertible Debenture	₹ In Crore	As at 30 Sep 2014	As at 31 Dec 2013
	100.00	11.05%	11.05%
	100.00	9.50%	9.50%
	74.00	10.50%	10.50%
	50.00	9.95%	9.95%
TOTAL	324.00		

(e) Repayment Term

Type of Loan	Repayment Schedule
RTL - 1, RTL - 2, RTL - 3, NCD, WCTL and FITL	Repayable in 31 quarterly installments commencing 15 April 2015 and ending on 15 October 2022.
Priority Loan	Repayable in 20 quarterly ballooning installments commencing 15 April 2015 and ending on 15 January 2020.

(f) Collateral security pari-passu with all CDR lenders -

- (a) Pledge of entire unencumbered equity shares (present and future) of GIL held by Promoters subject to Section 19(2) and 19(3) of Banking Regulation Act including pledge of encumbered equity shares as and when such shares are released by the respective existing lenders.
- (b) Personal guarantee of Mr. Abhijit Rajan, Chairman and Managing Director.
- (c) Undertaking to create pledge over the resultant shares of Metropolitan Infrahousing Private Limited (MIPL) after signing the JV agreement with developer.
- (d) Undertaking to create pledge over shares of Gactel Turnkey Projects Limited (currently pledged to lenders of Gactel), as and when they are released in the future.
- (e) Pledge over the following shares -
 - 23% of Deepmala Infrastructure Private Limited
 - 100% of SEZ Adityapur Limited
 - 24% of Ansaldoaldiae Boilers India Private Limited
 - 100% of Transrail Lighting Limited

(ii) Project loans - Public Private Partnership Projects :

The term loans from banks and financial institutions are primarily taken by various project executing entities of the GIPL Group for the execution of the projects. These loans are secured by a first mortgage and charge on all the movable properties, immovable properties, tangible assets, intangible assets, future receivables and all bank accounts (including escrow bank accounts) save and except the project assets of each individual borrowing Company in the Group. Further in few of the SPVs' a corporate guarantee of GIPL is given guaranteeing the repayment of the secured obligations in the event of termination of the Concession Agreement pursuant to occurrence of any Concessionaire Default during the construction period, which shall stand discharged upon occurrence of the COD.

Loans from others are secured by first charge on proceeds / receivables to be received from the National Highways Authority of India (NHAI) towards annuities to be received for the period between the Scheduled Commercial Operation Date and the actual Commercial Operations Date (COD) and securitisation of income from operation and maintenance of road projects.

The above mentioned long-term loans carry an interest rate which is at a spread above / below the bank's base rate or bank prime lending rate or G-sec rate or at a negotiated rate. The spread ranges from 50 to 300 basis points. In case of a consortium of lenders the rate applicable is the highest rate charged by any one member of the consortium thereof.

Loans from others, carries interest rates in the range of 12% p.a. to 15% p.a.

(iii) **Investment SPVs' (GIBV, GHBV, PVAN, ATSL BV, GHM) :**

The Loan is secured by charge over DSRA A/c of the Company. The Parent Company has also pledged its entire shareholding of the Company with the Bank and also provided Corporate Guarantee.

During the previous year Term Loan from ICICI Bank has been reshuffled by which the same are to be repaid by 1 April 2015 by sale of Investments. In case sale does not occur or the proceeds are insufficient, the same is repayable by the Parent Company in quarterly installments from 1 April 2015. The applicable interest rate is equal to 3 months LIBOR plus 275 bps for GIBV and PVAN, and 3 months LIBOR plus 250 bps for GHBV and ATSL B.V. Interest and installment is due and paid on Quarterly basis. The interest rate will increase by 100 bps for GIBV and PVAN while 125 bps for GHBV and ATSL BV, if not repaid before 30 April 2015 with retrospective effect from 1 October 2012. Provision has been made for such additional amounts by the respective SPVs'.

During the previous year Term Loan from ICICI Bank, UK PLC has been rescheduled by which the same are to be repaid by 1 April 2015 by sale of Investments. In case sale does not occur or the proceeds are insufficient, the same is repayable by the Parent Company in quarterly installments from 1 April 2015. The applicable interest rate is equal to 3 months EUROLIBOR plus 360 bps for GIBV, Interest and installment is due and paid on Quarterly basis. The interest rate will increase by 100 bps if not repaid before 30 April 2015 with retrospective effect from 1 October 2012. Provision has been made for such additional amounts by the respective SPVs'.

(iv) **Others :**

(1) **ACBI :**

(a) The Company has entered into Corporate Debt Restructuring package with IDBI Bank with effect from 01 April 2014.

Key features of the CDR proposal are as follows :

- Reschedulement of existing Term Loans (RTL) of ₹ 6.75 Crore payable over a period of ten years.
- Funding of interest on WCTL and existing rupee term loan (RTL) by way of a fresh rupee term loan (RTL 2) of ₹ 3.75 Crore. This loan is further split into two loans a) ₹ 2.81 Crore and b) ₹ 0.94 Crore.
- Conversion of various irregular in working capital limits into Working Capital Term Loan (WCTL).
- IDBI shall have the right to recompense the relief / sacrifices / waivers extended.

(b) **Securities for Term Loans :**

Rupee Term Loan (RTL) - 1 -

- (1) 1st charge by way of hypothecation over all the stocks and book debts and other current assets present and future except for the specifically charged assets, if any.
- (2) 1st charge over all the fixed assets of the Company both present and future.
- (3) Corporate Guarantee of Gammon India Limited.

Rupee Term Loan (RTL) - 2 (a) -

- (1) 1st charge by way of hypothecation over all the stocks and book debts and other current assets present and future except for the specifically charged assets, if any.
- (2) 1st charge over all the fixed assets of the Company both present and future.
- (3) Corporate Guarantee of Gammon India Limited.

Rupee Term Loan (RTL) - 2 (b) -

- (1) 1st charge by way of hypothecation over all the stocks and book debts and other current assets present and future except for the specifically charged assets, if any.
- (2) 1st charge over all the fixed assets of the Company both present and future.
- (3) Corporate Guarantee of Gammon India Limited.

Working Capital Term Loan (WCTL) -

- (1) 1st charge by way of hypothecation over all the stocks and book debts and other current assets present and future except for the specifically charged assets, if any.
- (2) 1st charge over all the fixed assets of the Company both present and future.
- (3) Corporate Guarantee of Gammon India Limited.

(c) Interest on Term Loans -

The above mention term loans carry an interest rate which is @BBR + 250 bps payable on 1st day of each month. Currently IDBI bank's BBR is at 10.25% p.a.

(d) Repayment Term -

Type of Loan	Repayment Schedule
RTL - 1	Repayable in 32 quarterly installments commencing from 1 May 2016 after monotorium period of 2 years as mentioned below : a) 31 st installments of ₹ 0.21 Crore each ; b) 32 nd installment of ₹ 0.24 Crore
RTL - 2 (a)	Repayable in 12 quarterly installments commencing from 1 May 2016 after monotorium period of 1 year as mentioned below : a) 11 th installments of ₹ 0.23 Crore each ; b) 12 th installment of ₹ 0.28 Crore
RTL - 2 (b)	Repayable in 12 quarterly installments commencing from 1 May 2016 after monotorium period of 1 year as mentioned below : a) 11 th installments of ₹ 0.08 Crore each ; b) 12 th installment of ₹ 0.06 Crore
WCTL	Repayable in 32 quarterly installments commencing from 1 May 2016 after monotorium period of 2 years as mentioned below : a) 31 st installments of ₹ 0.69 Crore each ; b) 32 nd installment of ₹ 0.61 Crore

(2) ACGB :**Security for Loans and Terms of Payment -**

Primary Security - Equitable Mortgage of Land and Building and hypothecation of Plant and Machinery and Assets Purchase put of Bank finance. Interest is payable @ Base Rate plus 3.20% (current base rate is 10%).

Secondary Security:- Charge over Current Assets of the Company.

Collateral :- Corporate Guarantee has been given by Ansaldoaldie Boilers India Private Limited and GB Engineering Private Limited.

- (3) The Term loan for TLL is secured by First charge on all Fixed Assets and Current Assets of the Company and Corporate Guarantee of the Holding Company. The loan is repayable in monthly installment of ₹ 0.88 Crore for 24 months and ₹ 0.62 Crore for 9 months. The applicable rate of interest is @14.25% p.a.
- (4) The Term Loan for Gactel is secured by Hypothecation of Fixed Assets and Current Assets of the Company and negative lien on 75% of land at Bhopal and construction thereon standing In the name of DIPL and corporate guarantee of GL.
- (5) The term Loan for DIPL is secured by first charge on 75% of total Plot of Land ad measuring 14.88 acres situated at South TT nagar in Bhopal (Madhya Pradesh) and are repayable in 8 equal quarterly installment after a moratorium of 24 months.
- (6) 13.65% Non-Convertible Debentures for MIPL is secured by first charge on mortgage of Immovable properties redeemable in March 2015.

(v) **Pledge of Shares -**

The equity shares held by the Company and / or GIL in a Subsidiary and / or Joint Venture Company of the Group are pledged with respective lenders or consortium of lenders for the individual secured loan availed by the said Subsidiary and / or Joint Venture Company from their respective lenders or consortium of lenders.

Company Name	Rate	Number of Equity Shares Pledged	
		As At 30 Sep 2014	As At 31 Dec 2013
Andhra Expressway Limited ('AEL')	₹ 10/-	13,175,970	13,175,970
Birmiltrapur Barkote Highway Private Limited ('BBHPL')	₹ 10/-	2,600	2,600
Cochin Bridge Infrastructure Company Limited ('CBICL')	₹ 10/-	1,664,019	1,664,019
Gorakhpur Infrastructure Company Limited ('GICL')	₹ 10/-	27,686,396	27,686,396
Kosi Bridge Infrastructure Company Limited ('KBICL')	₹ 10/-	20,767,040	20,767,040
Mumbai Nasik Expressway Limited ('MNEL')	₹ 10/-	38,942,800	38,942,800
Patna Buxar Highways Limited ('PBHL')	₹ 10/-	14,589,823	14,589,823
Pataliputra Highways Limited ('PHL')	₹ 100/-	7,350	7,350
Patna Highway Projects Limited ('PHPL')	₹ 10/-	750,000	750,000
Rajahmundry Expressway Limited ('REL')	₹ 10/-	14,744,579	14,744,579
Rajahmundry Godavari Bridge Limited ('RGL')	₹ 10/-	118,967,215	89,573,750
Sidhi Singrauli Road Project Limited ('SRPL')	₹ 10/-	98,820,560	26,236,600
Sikkim Hydro Power Ventures Limited ('SHPVL')	₹ 10/-	31,995,331	-
Vizag Seaport Private Limited ('VSPL')	₹ 10/-	63,770,015	63,770,015
Indira Container Terminal Private Limited ('ICTPL')	₹ 10/-	16,500,000	16,500,000
Punjab Biomass Power Limited ('PBPL')	₹ 1/-	22,500,000	22,500,000
Gammon Holdings B.V., Netherlands ('GHBV')	€ 100	180	180
Gammon International B.V., Netherlands ('GIBV')	€ 100	180	180
P.Van Eerd Beheersmaatschappij B.V., Netherlands ('PVAN')	€ 454	35	35
ATSL Holding B.V., Netherlands	€ 100	180	180
Gactel Turnkey Projects Limited ('GACTEL')	₹ 10/-	5,049,940	-
Deepmala Infrastructure Private Limited ('DIPL')	₹ 10/-	2,300	-
Transrail Lighting Limited ('TLL')	₹ 10/-	30,999,940	-
Ansaldocaldaie Boilers India Private Limited ('ACB')	₹ 10/-	12,000,000	-
SEZ Adityapur Limited ('SEZAL')	₹ 10/-	50,000	-
Gammon Infrastructure Projects Limited	₹ 2/-	430,286,305	430,286,305
TOTAL		963,272,758	781,197,822

(vi) **Maturity Profile -**

(₹ in Crore)

Period	30 Sep 2014	31 Dec 2013
Installments payable within one year	754.92	666.03
Installments payable between 1 to 5 years	4,389.38	3,973.38
Installments payable beyond 5 years	3,828.63	4,325.98
TOTAL	8,972.93	8,965.39

(i) In some of the SPVs sanctions / appraisal for rescheduling of loans have been received. Accordingly the current maturities and the installments payable have been recomputed.

(ii) During the previous period, the Promoters have infused an amount of ₹100 Crore in terms of the CDR agreement repayment of which shall, till the final settlement date, be subordinate to the restructured facility.

5. Deferred Tax Liabilities and Deferred Tax Assets

(₹ in Crore)

Particulars	As at 30 Sep 2014		As at 31 Dec 2013	
Deferred Tax Liabilities	4.04		130.00	
Deferred Tax Assets	179.36		135.54	
Breakup of the same	DTL	DTA	DTL	DTA
Deferred Tax Liabilities				
Depreciation	6.12	247.44	144.29	139.76
On Account of Lease	-	-	0.53	-
Others	-	-	20.26	-
Sub-Total	6.12	247.44	165.08	139.76
Deferred Tax Assets				
On Account of Gratuity / Leave Encashment Provision	0.04	7.42	0.12	8.00
Risk and Contingencies	-	-	16.22	-
On Account of Tax losses	-	75.74	18.43	30.85
On Account of unabsorbed Depreciation	2.04	168.36	-	60.63
On account of disallowances	-	46.49	-	70.92
Foreign Exchange Translation Reserve	-	85.10	-	57.58
Others	-	43.69	0.31	47.32
Sub-Total	2.08	426.80	35.08	275.30
Deferred Tax Liabilities	4.04		130.00	
Deferred Tax Assets		179.36		135.54

- (a) Few of the SPVs' have unabsorbed depreciation as per Tax returns which is available for set off against Taxable income. These SPVs' have recognised the deferred tax asset credit estimating its future Taxable income 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 deferred tax asset recognised amounts to ₹ 168.07 Crore (Previous Period ₹ 60.34 Crore) on the unabsorbed depreciation as per the Tax returns available for set off from future Taxable income.
- (b) The Central Board of Direct Taxes (CBDT), vide circular no. 09/2014 dated 23 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 Income Tax 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. The deferred tax asset and liability are computed after considering this circular.

6 Other Long Term Liabilities

(₹ in Crore)

Particulars	As at 30 Sep 2014		As at 31 Dec 2013	
Trade Payables				
Micro, Small and Medium Enterprises	-	-	-	-
Retention / Security Deposits	121.22		76.50	
		121.22		76.50
Deferred Payment Liabilities (Refer Note 6(a))		3,965.80		120.00
Others				
Advances from Clients	262.91		360.30	
Margin Money Received	0.50		0.50	
Interest Accrued but not Due	-		16.45	
Other Long Term Liabilities	51.01		182.94	
		314.42		560.19
TOTAL		4,401.44		756.70

- (a) (i) As per the terms of the concession agreement between MNEL and NHAI, MNEL is required to make a cash payout ('Negative Grant') of ₹ 120.00 Crore in the last year of the concession period. The same is capitalised as toll concession rights and is represented as deferred payment liability in the financial statements.
- (ii) VGRPPL has commenced toll operations from 1 September 2014, being the appointed date as per the terms of the concession agreement for the project. As per the terms of the said agreement VGRPPL is required to pay an amount of ₹ 57.57 Crore as additional concession fee on an annual basis which is to be increased by an annual escalation factor upto the end of the concession period. It has recognized the total additional concession fees payable over the concession period as a part of Intangible Assets - 'Toll Collection rights' and is amortising it over the period of the concession agreement in terms of Schedule XIV of the Companies Act 1956 for BOT contracts and a corresponding obligation has been recorded as Deferred payment liabilities under Long term liabilities.

7 Provisions

(₹ in Crore)

Particulars	Long Term		Short Term	
	30 Sep 2014	31 Dec 2013	30 Sep 2014	31 Dec 2013
Provision for Employee Benefits				
Provision for Gratuity				
- India Companies	3.12	0.98	3.77	3.77
- Overseas Companies	1.81	79.67	11.60	4.85
Provision for Leave Benefits	12.65	11.28	7.36	5.31
Provision for Cash Compensation	-	-	-	-
Other Provisions	-	-	-	0.12
Others				
Provision for Periodic Maintenance	31.32	53.18	113.77	56.75
Provision for Risk and Contingencies	-	-	82.51	141.77
Proposed Dividend	-	-	-	-
Corporate Tax on Dividend	-	-	-	-
Provision for Taxation Net of Taxes Paid	-	161.63	30.96	76.02
Other Provisions	-	-	7.40	7.69
TOTAL	48.90	306.73	257.37	296.28

(A) Disclosure relating to Employee Benefits As per Revised ('AS - 15')

(₹ in Crore)

Particulars	As at 30 Sep 2014	As at 31 Dec 2013
(i) Change in Benefit Obligation		
Liability at the beginning of the year	11.16	10.70
Interest Cost	1.10	0.76
Current Service cost	1.91	1.07
Benefit Paid	(1.87)	(0.10)
Actuarial (gain) / loss on obligations	0.57	(1.07)
Liability at the end of the year	12.85	11.36
(ii) Fair Value of Plan Assets		
Fair Value of Plan Assets at the beginning of the year	6.45	6.58
Expected Return on Plan Assets	0.42	0.42
Contributions	0.91	(0.04)
Benefit Paid	0.04	0.02
Actuarial gain / (loss) on Plan Assets	(1.79)	(0.02)
Fair Value of Plan Assets at the end of the year	6.03	6.94
Total Actuarial (gain) / loss to be Recognised	0.57	(1.07)

Particulars	As at 30 Sep 2014	As at 31 Dec 2013
(iii) Actual Return on Plan Assets		
Expected Return on Plan Assets	0.42	0.42
Actuarial gain / (loss) on Plan Assets	0.01	(0.28)
Actual Return on Plan Assets	0.43	0.14
(iv) Amount Recognised in the Balance Sheet		
Liability at the end of the year	12.85	11.36
Fair Value of Plan Assets at the end of the year	6.04	6.64
Difference	6.81	4.75
Un-recognised Past Service Cost	-	-
Amount Recognised in the Balance Sheet	6.81	4.75
(v) Expenses Recognised in the Income Statement		
Current Service cost	2.23	1.20
Interest Cost	0.78	0.65
Expected Return on Plan Assets	(0.42)	(0.41)
Net Actuarial gain / (loss) to be Recognised	0.58	(0.81)
Effect of Curtailment or Settlements	(0.07)	(0.04)
Expense Recognised in the Profit and Loss Account	3.10	0.59
(vi) Balance Sheet Reconciliation		
Opening Net Liability	4.71	4.16
Expenses as above	3.10	0.59
Employers Contribution	(0.91)	0.04
Liability Transferred in	(0.02)	-
Effect of Curtailment or settlements	(0.07)	-
Amount Recognised in the Balance Sheet	6.81	4.75
(vii) Actuarial Assumptions		
Discount Rate Current	8.89%	9.20%

Note :

- Employer's contribution includes payments made by the Company directly to its past employees.
- The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.
- The Company's Gratuity fund is managed by Life Insurance Corporation of India. The plan assets under the fund are deposited under approved securities
- The Company's Leave Encashment liability is entirely unfunded.
- The above information is presented only to the extent of the information available for the Indian Companies including the Holding Company.

(B) Disclosure relating to Provisions As per Revised ('AS - 29')

(₹ in Crore)

Account Head	Opening Balance	Provisions Made	Reversed during the year	Paid / Utilisations	Closing Balance
Provisions for Risk and Contingencies	141.77	55.88	(115.14)	-	82.51
	162.41	27.13	-	(47.77)	141.77
Provisions for Periodic Maintenance	109.93	35.16	-	-	145.09
	72.40	37.53	-	-	109.93
Cash Compensation Scheme	-	-	-	-	-
	0.17	-	-	(0.17)	-

8 Short-term Borrowings

(₹ in Crore)

Particulars	As at 30 Sep 2014	As at 31 Dec 2013
Loans repayable on demand :		
Working Capital Facilities from Bankers	1,160.25	1,176.63
Loans and Advances from Minority Shareholders :	207.92	261.91
Other Loans and Advances :		
Buyers Credit	87.89	60.42
Short Term Loans -		
From Banks	399.78	431.31
From Financial Institutions	-	14.33
From Others	132.34	76.07
	620.01	582.12
TOTAL	1,988.18	2,020.66
The above amount includes		
Secured Borrowings	1,191.31	1,158.32
Unsecured Borrowings	796.87	862.35

- (i) Securities - Working Capital From Bankers :
- 1st pari-passu charge on the entire current assets, loans and advances, long term trade receivables and other assets of the Company.
 - 2nd pari-passu charge over the entire fixed assets (immovable and movable) of the Company, including the pari-passu security with Non Convertible Debenture but excluding the exclusive security for Non Convertible Debenture and the Gammon House.
 - 2nd pari-passu charge on Gammon House.
- (ii) The rate of interest on above loan is linked to MI base rate + 175 bps.
- (iii) Buyers Credit are secured by guarantee of consortium bankers.
- (iv) Buyer's Credit facility includes an amount of ₹ 42.11 Crore (*Previous Period ₹ 66.03 Crore*) being the buyers credit availed on behalf of the Joint Venture on the strength of the underlying invoices of a Joint Venture, where the Company is a lead partner, for onward utilization of the Joint Venture. The entire Liability of such buyer's credit is represented by loan to the Joint venture. All costs including exchange rate fluctuation on account of the buyers credit are to the account of the Joint venture. The outstanding balance as at 31 December 2013 has also been recast as aforesaid.
- (v) Cash Credit of ACBI from IDBI for its working capital limits including CC is renewed at reduced level of ₹ 10.00 Crore and enhancement in Non fund based limit to ₹ 30.00 Crore.

Securities - Cash Credit from IDBI Bank :

- 1st charge on current assets of the Company both present and future.
- 1st Mortgage and charge on all the immovable and movable assets of the Company, both present and future.
- Unconditional and irrevocable Corporate Guarantee of Gammon India Limited.

The above mention term loans carry an interest rate which is @BBR + 250 bps payable on 1st day of each month. Currently IDBI bank's BBR is at 10.25% p.a.

- (vi) Cash Credit Loans repayable on demand of ACGB :-

Security Primary - Equitable Mortgage of Land and Building and hypothecation of Plant and Machinery and Assets Purchase put of Bank finance. Interest is payable @ Base Rate plus 3% (current base rate is 10%)

Secondary Security:- Charge over Fixed Assets of the Company.

Collateral :- Corporate Guarantee has been given by Ansaldocaldie Boilers India Private Limited and GB Engineering Private Limited.

(vii) Cash Credit of TLL from banks is secured by First charge over entire current assets of the Company, First charge over entire fixed assets of the Company and Corporate Guarantee of GIL, the Holding Company.

9 Trade Payables

(₹ in Crore)

Particulars	As at 30 Sep 2014	As at 31 Dec 2013
Trade Payables	1,668.55	1,973.24
TOTAL	1,668.55	1,973.24

10 Other Current Liabilities

(₹ in Crore)

Particulars	As at 30 Sep 2014	As at 31 Dec 2013
Current Maturities of Term Loan (Refer Note 4)	754.92	666.03
Advances from Clients	887.45	996.29
Interest accrued but not due	43.62	33.22
Interest accrued and Due	195.60	60.40
Unpaid Dividends	0.71	0.73
Share Application Money	21.54	22.54
Payables for Capital Goods	49.62	29.32
Other Payables -		
Duties and Taxes Payable	83.33	111.99
Others	337.51	237.29
TOTAL	420.84	349.28
TOTAL	2,374.30	2,157.81

(i) Unpaid dividend includes ₹ 0.25 Crore (Previous Period ₹ 0.25 Crore) to be transferred to the Investor Education and Protection Fund.

Note 11
Detailed Asset Class Wise Addition, Adjustment, Depreciation, Changes at Net Block

Tangible Assets										
(₹ in Crore)										
Particulars	Leasehold Land	Freshhold Property	Plant & Machinery	Motor Vehicles	Office Equipments	Furniture And Fixtures	Wind Mill	Electric Installation	Total	
Cost										
As at 1 April 2013	190.74	974.44	2,342.07	126.07	60.71	47.58	26.95	5.00	5.00	3,773.56
Additions	0.48	0.79	85.46	10.18	1.36	1.34	-	-	-	99.61
Disposals / Adjustments	(0.50)	(0.14)	(6.57)	(4.50)	(0.88)	(1.63)	-	0.04	0.04	(14.18)
Foreign Translation Adjustments	0.46	0.04	8.52	4.60	0.59	0.32	-	-	0.01	14.54
On Account of proportion Change	(163.59)	(19.90)	(151.18)	(1.70)	(14.38)	(2.22)	-	-	-	(352.97)
As at 31 December 2013	27.59	955.23	2,278.30	134.65	47.40	45.39	26.95	5.05	5.05	3,520.56
Additions	-	2.54	47.53	2.36	1.81	0.14	-	-	-	54.38
Disposals / Adjustments	(0.15)	(636.39)	(710.12)	(8.37)	(11.86)	(0.39)	-	-	-	(1,367.28)
Foreign Translation Adjustments	(0.23)	-	(3.71)	(2.74)	(0.02)	(0.01)	-	-	-	(6.71)
On Account of proportion Change	-	-	-	-	-	-	-	-	-	-
As at 30 September 2014	27.21	321.38	1,612.00	125.90	37.33	45.13	26.95	5.05	5.05	2,200.95
Depreciation										
As at 1 April 2013	31.18	188.31	986.43	84.95	39.37	20.75	16.79	1.02	1.02	1,368.80
Charge for the Year	0.25	5.20	76.10	8.74	4.34	1.19	2.10	0.19	0.19	98.11
Disposals / Adjustments	(0.12)	-	(5.35)	(3.91)	(0.45)	(0.51)	-	0.04	0.04	(10.30)
Foreign Translation Adjustments	0.19	0.04	7.26	3.38	0.47	0.30	-	-	-	11.64
On Account of proportion Change	(30.03)	(7.37)	(132.85)	(1.48)	(12.99)	(1.23)	-	-	-	(185.95)
As at 31 December 2013	1.47	186.18	931.59	91.68	30.75	20.50	18.89	1.25	1.25	1,282.30
Charge for the Year	0.36	5.15	76.18	7.39	4.40	1.07	2.08	0.19	0.19	96.82
Disposals	(0.08)	(133.08)	(318.75)	(8.04)	(9.25)	(0.28)	-	-	-	(469.48)
Foreign Translation Adjustments	(0.11)	-	(2.89)	(1.92)	(0.02)	(0.01)	-	-	-	(4.95)
On Account of proportion Change	-	-	-	-	-	-	-	-	-	-
As at 30 September 2014	1.63	58.25	686.13	89.11	25.88	21.28	20.97	1.44	1.44	904.69
Net Block										
As at 31 December 2013	26.12	769.05	1,346.71	42.97	16.65	24.89	8.06	3.80	3.80	2,238.26
As at 30 September 2014	25.58	263.13	925.87	36.79	11.45	23.85	5.98	3.61	3.61	1,296.26

Intangible Assets		(₹ in Crore)						
Particulars	BOT concession Assets	Computer Software	Licenses & Trade Marks & Similar Right	Development Cost	License Fees	Others	Total	
Cost								
As at 1 April 2013	2,785.28	10.03	34.11	64.62	12.50	42.18	2,948.72	
Additions	-	0.32	-	-	-	0.12	0.45	
Disposals / Adjustments	-	0.15	1.44	-	-	-	1.59	
Foreign Translation Adjustments	-	0.31	0.71	0.45	-	0.74	2.21	
On Account of proportion Change	-	-	(17.47)	(55.33)	-	(27.10)	(99.90)	
As at 31 December 2013	2,785.28	10.81	18.80	9.74	12.50	15.94	2,853.07	
Additions	3,904.57	0.03	-	-	-	-	3,904.60	
Disposals / Adjustments	(25.74)	-	(10.75)	(9.74)	-	(15.94)	(62.17)	
Foreign Translation Adjustments	-	(0.12)	(0.12)	-	-	-	(0.24)	
On Account of proportion Change	-	-	-	-	-	-	-	
As at 30 September 2014	6,664.11	10.72	7.93	0.00	12.50	(0.00)	6,695.26	
Depreciation								
As at 1 April 2013	457.47	5.82	25.79	47.52	-	39.79	576.39	
Charge for the Year	109.16	2.12	1.94	0.02	-	0.11	113.35	
Disposals / Adjustments	18.99	0.15	0.56	-	-	-	19.70	
Foreign Translation Adjustments	-	0.23	0.46	0.45	-	0.72	1.86	
On Account of proportion Change	-	-	(16.48)	(38.26)	-	(25.06)	(79.80)	
As at 31 December 2013	585.62	8.32	12.27	9.73	-	15.56	631.50	
Charge for the Year	162.58	1.71	0.79	-	-	-	165.08	
Disposals	(21.70)	-	(5.47)	(9.72)	-	(15.57)	(52.46)	
Foreign Translation Adjustments	-	(0.09)	(0.13)	-	-	-	(0.22)	
On Account of proportion Change	-	-	-	-	-	-	-	
As at 30 September 2014	726.50	9.94	7.46	0.01	-	(0.01)	743.90	
Net Block								
As at 31 December 2013	2,199.66	2.49	6.53	0.01	12.50	0.38	2,221.57	
As at 30 September 2014	5,937.61	0.78	0.47	(0.01)	12.50	0.01	5,951.36	

- Leasehold Land is at cost less amount written off.
- The Company has once again revalued on 31 March, 2007 all its Freehold Property, most of which were revalued earlier on 31 March, 1999 by Approved valuers. The consequent increase in the value of Fixed Assets pursuant to the second revaluation amounted to ₹ 186.89 Crore and has been credited to the Revaluation Reserve A/c.
- Depreciation for the Year amounts to ₹ 275.17 Crore (Previous Period ₹ 273.01 Crore) from which has been deducted a sum of ₹ 2.36 Crore (Previous Period ₹ 2.38 Crore) being the depreciation in respect of Revaluation of Fixed Assets which has been drawn from the Revaluation Reserve. Depreciation for the year ended 30 September 2014 amounts to ₹ 0.02 Crore (Previous Period ₹ 0.03 Crore) has been transferred to Project Development Cost.
- Depreciation and Amortisation includes amortisation on Investment Property amounting to ₹ 21.03 Crore (Previous Period ₹ 53.84 Crore).
- Depreciation charge for the year includes an amount of ₹ 5.08 Crore (Previous Period ₹ 0.08 Crore) capitalised to Intangible asset under development and ₹ 0.03 Crore (Previous Period ₹ 0.01 Crore) has been transferred to Capital WIP.
- Land to the extent of 36.515 acres out of a total of 66.458 acres and buildings standing on the said lands, taken over by one of the Joint Venture from G B Engineering Pvt Ltd is yet to be registered in the name of the Company.
- Project bridges pertains to the costs for construction of separate bridge projects by the two SPVs of the Company CBICL and KBICL. During the current period, the Greater Cochin Development Authority has sought to end / obstruct the toll collection by unilaterally sealing the toll booth of CBICL. CBICL believes it has the right to collect toll at the bridge upto 27 April 2020. Necessary legal recourse has been initiated. The unamortised project costs of ₹ 8.43 Crore along with the unrealised profit of the Group amounting to ₹ 0.46 Crore is transferred to other current assets under Project expenses pending settlement. Pending the outcome of the legal proceeding, no adjustments have been made in the financial statements.
- VGRPPL had achieved financial closure for the project on 10 April 2013. However since the drawdowns did not commence within the specified time limit, for which it has sought for revvaluation of the sanction and the same is awaited. Pending which, the toll concession rights are being amortised over the revenues projected by VGRPPL considering normal traffic between 1 September 2014 and 30 September 2014 after adjusting for escalation of prices as per the provisions of the concession agreement. The effect of the financial closure model for the amortization of the toll collection rights would be given once the same is revaluated.
- License fees pertains to the fees paid by a SPV of the Company, ICTPL to Mumbai Port Trust (MPT) as per the concession agreement signed between them for providing the license to construct, operate and maintain a offshore container terminal in the Mumbai Port. The said intangible will provide the right to the SPV to charge the users of the offshore container terminal when it commences operations. The intangible will be amortised from the date the commercial operations commences.

11A Capital work-in-progress

(₹ in Crore)

Particulars	30 Sep 2014	31 Dec 2013
Expenses incurred on construction, acquisition of self owned asset	209.47	189.89
Developer fees	1.36	-
Borrowing costs	30.20	14.83
Employee benefit expenses	2.22	1.78
Other expenses	4.66	4.47
Depreciation	0.06	0.05
	247.97	211.02
Less : Capital work-in-progress written off	(0.11)	(0.11)
TOTAL	247.86	210.91

- (i) Capital Work in progress includes amounts in respect of one of the step down Subsidiaries wherein the Company had achieved all milestones as required under Letter of Arrangement (LOA) for the purpose of the coal linkage for its thermal power project in Nagpur. However Western Coal Fields Limited (WCL) had raised an issue that change of the status from Partnership Firm to a Company amounts to "Assignment" which is prohibited as per LOA. The Company has represented the matter to Standing Linkage Committee, which has upheld the contention of WCL. However the Company approached the High Court for an interpretation in this regard and pending its decision in the matter the court has stayed the matter and directed that no action be taken till further orders. The Company expects a favorable response on the same.

11B Intangible Assets under Development

(₹ in Crore)

Particulars	30 Sep 2014	31 Dec 2013
Contract expenditure	1,675.63	1,551.69
Developer fees	164.97	164.48
Concession fees	9.82	9.78
Borrowing costs	602.43	448.63
Employee benefit expenses	19.12	15.13
Other expenses	69.34	59.38
Depreciation	0.77	0.56
	2,542.08	2,249.65
Less : Miscellaneous income	(1.24)	(0.76)
Capitalised during the period	-	(0.71)
Assets Written off (Refer Note 11B(iii))	(37.97)	(40.69)
Transferred to Project Expenses pending settlement	(75.56)	-
TOTAL	2,427.31	2,207.49

- (i) During the period, the Mormugao Port Trust ("MPT"), a Subsidiary Company of GIPL has unilaterally sought to terminate the concession agreement with one of the wholly owned Subsidiary namely Mormugao Terminal Limited citing non-compliance with certain terms of the concession agreement. MPT also encashed the bid security bank guarantee for ₹ 2.00 Crore. The Subsidiary has taken legal action in the matter including filing of arbitration. The Group's exposure towards the project is ₹ 5.71 Crore (including guarantees of ₹ 2.00 Crore). Pending outcome of the legal proceedings, no adjustments have been made to the consolidated financial statements. The management believes that it has a strong case in this matter.
- (ii) During the period, one of the wholly owned Subsidiary namely Youngthang Power Ventures Limited 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 ₹ 52.85 Crore to the State Government and the Group's exposure towards the project excluding the upfront premium is ₹ 17.95 Crore. 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.

- (iii) During the period, two wholly owned Subsidiaries namely Birmiltrapur 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 and on cessation of the operations, accounts of these two Subsidiaries were not prepared on the going concern basis.

11C Goodwill / Capital Reserve on Consolidation

(₹ in Crore)

Particulars	As at 30 Sep 2014	As at 31 Dec 2013
Goodwill on Consolidation	276.38	716.92
Add : arising out of Current year	4.98	7.90
Less : Transfer of Goodwill to Investment in Associates	(109.13)	(448.44)
Less : Capital Reserve on Consolidation	(7.76)	(7.76)
	164.47	268.62
Less : Provision for Impairment of Goodwill	(18.78)	(129.62)
TOTAL	145.69	138.99

- (i) Provision for Impairment of Goodwill Consists of :-

(₹ in Crore)

Particulars	As at 30 Sep 2014	As at 31 Dec 2013
Franco Tosi Meccanica S.p.A (Refer Note 1(a)(ii))	-	109.12
SAE Powerlines S.r.L	18.78	20.50
TOTAL	18.78	129.62

12 Investments

(₹ in Crore)

Particulars	Non Current		Current	
	30 Sep 2014	31 Dec 2013	30 Sep 2014	31 Dec 2013
Investment Properties				
Oil Exploration Assets	288.39	306.59	-	-
Investments in Shares and Debentures				
Associates as per AS-23 (Refer Note 1(c)(i)(b))	423.87	509.26	-	-
Other Investments				
Quoted	-	-	1.35	1.35
Unquoted				
Sadelmi S.p.A	58.70	64.06	-	-
Franco Tosi Meccanica S.p.A (Refer Note 1(a)(ii))	398.98	-	-	-
Other	0.20	1.90	4.90	4.90
Investment in Partnership	-	-	-	-
Investments in Mutual Funds	-	-	29.89	20.30
Investment in Government Securities	0.55	0.55	-	-
Investment in Own Shares through GIL Trust	1.69	1.68	-	-
Grand Total	1,172.38	884.03	36.14	26.55
Less : Provision for Diminution in value of investment	(403.91)	(65.29)	(0.41)	(0.41)
TOTAL	768.47	818.75	35.73	26.14

- (a) Breakup of Provision for Diminution in Value of Investment

(₹ in Crore)

Particulars	Non Current		Current	
	30 Sep 2014	31 Dec 2013	30 Sep 2014	31 Dec 2013
Sadelmi S.p.A	58.70	64.06	-	-
ESMSPL	0.56	0.56	-	-
Franco Tosi Meccanica	344.27	-	-	-
Other	0.38	0.67	0.41	0.41
TOTAL	403.91	65.29	0.41	0.41

(b) **OIL Exploration Assets**

INVESTMENT IN CAMPO PUMA ORIENTE S.A AND CONSORSIO PEGASO

- (i) CONSORCIO PEGASO (Pegaso) was established in Quito – Ecuador on 31 October 2006 comprising of several Companies making it an independent economic unit in order to carry out in partnership agreements for exploration and exploitation oil. During the year 2010, on 1 July one of the members of the consortium transferred the rights and obligations to the extent 67% in favor of the Company Campo Puma Oriente S.A., The Ministry had on 30 December 2009 authorized the change of the Operator of the Contract for the Exploitation of Crude Oil and Additional Exploration of Hydrocarbons of Campo Marginal PUMA, to CPO.
- (ii) CPO entered into a New Contract negotiated in December, 2010 and signed on 21 January 2011. The Consortium contemplates a rise in crude oil production for the year 2011 with which will obtain revenues which will allow it to continue operating as an going concern. Significantly it is projected to have net income that allows it to absorb the generated losses and it is estimated to carry the corresponding amortization of accumulated deficit in three years as from 2011, drilling of two wells, purchase and installation of additional production facilities and acquisition of other support equipment.
- (iii) The contract has been modified to a Service Contract with effective date at 1 February 2011 with a view to lend services to The Ministry of Hydrocarbons by the Contractor, with its own resources and at its risk, for exploration and exploitation of hydrocarbons, including crude oil, in the area of the Contract, in accordance with the terms and conditions set in the Amending Contract and established under the Applicable Law.

(iv) Breakup of Investments in Campo Puma Oriente S.A. (₹ in Crore)

Particulars	30 Sep 2014	31 Dec 2013
Capitalised Investment	353.77	316.22
Capitalised Administration Expense	-	2.00
Drilling Investment	2.12	34.66
Work In Progress	31.16	31.30
Facilities Investment	1.26	2.64
Exploration investment	45.00	40.35
Secondary Recovery	4.45	3.05
Less : Amortisation of Capitalised Investment	(136.60)	(117.68)
Less : Amortisation of Precontract expenses	(12.77)	(10.95)
Others	-	5.00
TOTAL	288.39	306.59

- (v) Drilling Investment : This represents the 100% of share of the rights and obligations that Consortium Pegaso maintains (100% in 2011). There were three wells drilled during previous year.
- (vi) Capitalised Investment represents the 100% of share of rights and obligations that Consortium Pegaso maintains(100% in 2011).The values of investments in Development and executed and completed production by December 2012 on which it is performed the corresponding amortisation and capitalised expenses administration
- (vii) Work in progress represents precontract expenses of CPO until entered as member of Consortium Pegaso and the percentage of share of Consortium pegaso's expenses.
- (viii) Amortisation of Capitalised Investment is based on the method applicable to the marginal contracts based on the accounting regulation for service contracts in the respective country.
- (ix) On 15 march 2012, Campo Puma Oriente S.A. as member of Consorcio Pegaso made a formal request to The Ministry of Non-Renewable Natural Resources asking for their approval for a transfer of 7.38% of shares from Joshi Technologies International, Inc. in favor of Gammon India Limited. Until the date of this report, this process still pending to be approve.
- (c) For disclosure under Accounting Standard ('AS- 23') "Accounting for Investment in Associates in Consolidated Financial Statements" refer Note 1(c).

13 Loans and Advances (Unsecured, Considered Good unless otherwise stated)

(₹ in Crore)

Particulars	Non Current		Current	
	30 Sep 2014	31 Dec 2013	30 Sep 2014	31 Dec 2013
Loans and Advances				
Capital Advance	51.36	82.08	-	-
Loans and Advances to related parties				
Considered Good	22.65	16.19	57.40	24.01
Considered Doubtful	78.10	-	-	12.45
Less : Provision for doubtful advances	(78.10)	-	-	(12.45)
Security and Other Deposits	44.60	41.04	26.13	31.94
Short Term Loans and Advances	-	-	54.08	54.08
Advances recoverable in cash or kind				
Prepaid Expenses	2.50	50.68	10.38	49.22
Advance for purchase of securities (Refer Note 1c(i)(a))	-	-	197.15	198.08
Advance to Creditors / Sub Contractor	121.30	140.34	211.52	261.14
Other Loans And Advances				
Taxes Paid Net of Provisions	412.49	379.85	17.85	6.73
Staff Advances	-	-	5.50	4.56
Indirect Taxes and Duties recoverable	70.34	65.06	34.57	121.73
Others	23.43	38.46	126.18	161.26
Deposits with Joint Stock Companies				
Unsecured and Considered good	5.21	5.10	-	-
Unsecured and Considered doubtful	0.39	0.39	6.40	6.40
Less : Provision for doubtful deposits	(0.39)	(0.39)	(6.40)	(6.40)
TOTAL	753.88	818.80	740.76	912.75

- (a) During the previous period, some of the Group Companies have entered into an agreement for cancellation of purchase of land. An amount of ₹ 47.92 Crore (Previous period ₹ 75.00 Crore) is receivable towards this cancellation by these Group Companies over a period of 6 months.

14 Other Assets

(₹ in Crore)

Particulars	Non Current		Current	
	30 Sep 2014	31 Dec 2013	30 Sep 2014	31 Dec 2013
Balances in Escrow Bank Accounts	5.97	5.51	9.16	20.55
Unbilled revenue	-	-	100.32	174.70
Interest Accrued Receivable	1.43	93.94	41.06	0.00
Accrued Income	-	-	123.76	62.22
Mat Credit Entitlement	10.40	21.86	-	-
Project Expenses Pending Settlement (Refer Note 14(c) and (d))	75.56	-	8.89	-
Other Receivable	62.93	29.59	10.21	6.30
TOTAL	156.29	150.91	293.40	263.78

- (a) Accrued income includes amounts of ₹ 116.96 Crore (Previous Period ₹ 49.34 Crore) receivable from NHAI against the annuities, ₹ 6.01 Crore (Previous Period ₹ 12.34 Crore) towards grant from NHAI, ₹ 0.79 Crore (Previous Period ₹ 0.55 Crore) from a client and balance from others. These are unbilled revenues accrued as on 30 September 2014.
- (b) Some of the eligible SPVs' of the Group have availed the tax holiday period under Section 80 IA of the Income-Tax Act, 1962. As such the eligible SPVs' Group during this period of tax holiday have to pay the Minimum Alternate Tax ('MAT') based on the profits as per their profits in the financial statements during the tax holiday period. The MAT paid by these SPVs during the said tax holiday period is available for adjustment against the normal tax payable by the said SPVs' after the tax holiday period.

- (c) During the period, one of the wholly owned Subsidiary of GIPL namely Patna Buxar Highways Limited has 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. Subsequently vide its letter dated 29 August 2014, the NHAI unilaterally terminated the concession agreement and also invoked the bank guarantee of ₹ 11.29 Crore. The Subsidiary has since, on 22 October 2014 referred the dispute to a conciliation procedure, contemplated in the terms of the concession arrangement by which it has sought to claim compensation towards the project related expenses and also the repayment against the invocation of the guarantee. The Group's total exposure to this project including guarantees invoked and project expenses is ₹ 75.56 Crore which is transferred to other current assets under project expenditure pending settlement. Pending conclusion of the conciliation procedure and reliefs under the terms of the concession agreement, no adjustments have been made to the consolidated financial statement. The management believes that it has a strong case in this matter.
- (d) During the period, the Greater Cochin Development Authority has sought to end / obstruct the toll collection by unilaterally sealing the toll booth of one of the Subsidiary namely Cochin Bridge Infrastructure Company Limited. The Subsidiary believes it has the right to collect toll at the bridge upto 27 April 2020. Further necessary legal recourse is being initiated. The Group's total exposure towards the project includes ₹ 7.97 Crore towards the unamortised project costs and ₹ 17.87 Crore towards trade receivables. Pending outcome of the legal proceedings, no adjustments have been made to the consolidated financial statements. The management believes that it has a strong case in this matter.
- (e) Since the Balance Sheet date, the client Bihar Urban Infrastructure Co ('BUIDCO') had unilaterally sought to terminate the contract of one of the Subsidiaries, citing non-compliance with certain terms of the agreement on the part of the Subsidiary. BUIDCO has encashed all the bank guarantees towards the interest, mobilisation advance, and performance guarantee for an total amount of ₹ 65.85 Crore. Out of the said encashment the liability towards the mobilization advance and interest payable thereon in the books of the accounts is ₹ 41.80 Crore. For the balance amount the Company is in the process of taking necessary action including seeking legal advice for action in the matter. The Subsidiary is also contemplating to seek compensation towards the amounts spent on the project till date and recovery of the bank guarantees in lieu of exit. The Company believes that it has a strong case in this matter and will not eventually have any financial loss. The Subsidiary has nevertheless recognized the costs spent in excess of billing in the statement of profit and loss. Further effects pursuant to the aforesaid encashment of guarantee and the legal recourse taken by the Company would be given in the following year.

15 Inventories

(₹ in Crore)

Particulars	As at 30 Sep 2014	As at 31 Dec 2013
Raw Material	47.86	82.35
Material at Construction Site	455.49	420.23
Stores and Spares	12.08	15.81
Work In Progress	1,400.26	1,490.47
Finished Goods	51.26	91.62
TOTAL	1,966.95	2,100.48

(i) Valuation methodology :

Raw Material	Raw materials are valued at cost, net of Excise duty and Value Added Tax, wherever applicable. Stores and spares, loose tools are valued at cost except unserviceable and obsolete items that are valued at estimated realizable value thereof. Costs are determined on weighted average method.
Work In Progress	Work In Progress on construction contracts reflects value of material inputs and expenses incurred on contracts including estimated profits in evaluated jobs. Work in progress from manufacturing operation is valued at cost and Costs are determined on weighted average method.
Finished Goods	Finished Goods are valued at cost or net realizable value, whichever is lower. Costs are determined on weighted average method.
Stores and Spares Materials of Construction Site	Stores and Construction Materials are valued and stated at lower of cost or net realisable value. The weighted average method of inventory valuation is used to determine the cost.
Other Scrap Material	At realisable value

15A Property Development

(₹ in Crore)

Particulars	30 Sep 2014	31 Dec 2013
Balance at the beginning of the year	1,619.32	1,491.50
Add : expenses incurred during the year and directly charged to the project		
Cost of Material Consumed	27.57	24.00
Finance Costs	100.82	102.44
Other Expenses	5.03	1.38
TOTAL	1,752.74	1,619.32

Project Development includes expenses incurred under the following broad heads (₹ in Crore)

Particulars	30 Sep 2014	31 Dec 2013
Cost of Leasehold Land	343.56	343.56
Cost of Freehold land	763.83	763.83
Land Development Expenses	103.22	75.65
Finance Cost	513.00	412.18
Other Expenses	29.13	24.09
TOTAL	1,752.74	1,619.32

16 Trade receivables

(₹ in Crore)

Particulars	Non Current		Current	
	30 Sep 2014	31 Dec 2013	30 Sep 2014	31 Dec 2013
Long Term Trade Receivable	812.84	867.30	-	-
Trade Receivables :				
Outstanding for a period exceeding six months	-	-	936.31	942.63
Other Debts	-	-	447.82	650.07
<i>(Unsecured, considered doubtful)</i>				
Doubtful Debts	-	-	85.98	126.58
Provision for doubtful debts	-	-	(85.98)	(126.58)
TOTAL	812.84	867.30	1,384.13	1,592.70

In respect of the projects undertaken by the Company -

- (i) The Company in evaluating its jobs has considered an amount of ₹ 451.56 Crore arising out of claims for work done on account of cost overruns arising due to client delays, changes of scope, escalation claims, variation orders, deviation in design and other charges recoverable from the client which are pending acceptance or certification by the client or referred the matter to the dispute resolution board / arbitration panel.
- (ii) 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 ₹ 167.23 Crore 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.
- (iii) Trade Receivables includes ₹ 123.80 Crore in respect of two of its project based on advanced negotiation and discussion with the client and is confident of realising the same, pending the final revision in contract value.
- (iv) In case of one of the Subsidiary G & B Contracting LLC ('GBLLC') in Dubai amount is due from a Debtor of GBLLC which includes retention money aggregating to AED 2.70 Million (₹ 4.54 Crore) due to GBLLC acting as a sub-contractor. The management of the said Subsidiary is of the opinion that the amount is contractually recoverable and the Subsidiary Company is in negotiations with the principal client and in the Company's opinion no provision is required to be made towards the same.

17 Cash and Bank Balances

(₹ in Crore)

Particulars	Current	
	As at 30 Sep 2014	As at 31 Dec 2013
Cash and Cash Equivalent		
Cash Balances	7.83	11.10
Funds In Transit	0.03	4.58
Bank Balances	247.47	174.03
	255.33	189.71
Others		
Unpaid Dividend	0.71	0.73
Other Bank Balances	14.40	6.53
Fixed Deposit Account (On Margin Account)	8.18	51.84
	23.29	59.10
TOTAL	278.62	248.81

(a) Other bank balances include ₹ 5.28 Crore (Previous Period ₹ 6.53 Crore) with bank branches in foreign countries relating to certain foreign projects which are not readily available for use by the Company and are subject to exchange control regulation of the respective countries.

(b) Balances in Foreign Bank Accounts are as per ledger and in case of some of the banks are subject to reconciliation.

18 Revenue from Operations (Gross)

(₹ in Crore)

Particulars	Jan 14 - Sep 14	April 13 - Dec 13
Turnover	3,826.45	4,871.39
Less : Excise Duty	(63.20)	(51.31)
	3,763.25	4,820.08
TOTAL	3,763.25	4,820.08

(a) Disclosure in accordance with Accounting Standard ('AS-7') (Revised), in respect of contracts entered into on or after 1 April 2003 :

(₹ in Crore)

Particulars	Jan 14 - Sep 14	April 13 - Dec 13
Turnover for the year	2,409.87	2,640.99
Aggregate Expenditure (Net of inventory adjustments) for contracts existing as at the year end,	25,996.52	23,284.33
Aggregate Contract Profits / Losses recognized for contracts existing as at the year end,	2,111.91	2,285.72
Contract Advances (Net)	843.01	853.01
Gross Amount due from Customers for contract work	1,505.21	1,435.06
Gross Amount due to Customers for contract work	76.59	87.03

Disclosure under ('AS-7') has been done only for the Holding Company and the Indian Subsidiaries in the absence of similar disclosure information being available from the other component Companies in these financial statements especially the overseas Subsidiaries and Joint Ventures.

(b) The Group undertakes various projects on build-operate-transfer basis as per the service concession agreements with the government authorities. During the current 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 and contract profit during the current year from such contracts are not eliminated to the extent of ₹ 102.65 Crore (Previous Period ₹ 134.73 Crore) and ₹ 9.30 Crore (Previous Period ₹ 44.56 Crore).

(c) During the current period, one of the SPV had received bunched up annuity amounting to ₹ 67.34 Crore (Previous Period ₹ 22.31 Crore) on account of the delay caused not on account of the SPV. The SPV has amortised the intangible asset proportionately for the portion related to the bunched up annuity.

19 Other Operating Income (₹ in Crore)		
Particulars	Jan 14 - Sep 14	April 13 - Dec 13
Operating Grant Received	14.11	10.54
Export Incentive	0.67	0.43
Sale of Scrap	18.20	19.83
Freight Charges	39.07	27.34
Compensation on foreclosure of contract with Sub-contractor	-	36.00
Fees and Miscellaneous Receipts	5.25	10.30
Revenue from O and M activities	2.06	7.91
TOTAL	79.36	112.34
20 Other Income (₹ in Crore)		
Particulars	Jan 14 - Sep 14	April 13 - Dec 13
Interest Income	21.62	20.93
Miscellaneous Income	14.25	19.45
Profit on sale of Assets	20.86	2.23
Profit on sale of Investments	1.49	2.37
Dividend Received From Current Investments	0.10	0.21
Insurance Claim Received	-	1.14
TOTAL	58.32	46.34
21 Cost of Materials Consumed (₹ in Crore)		
Particulars	Jan 14 - Sep 14	April 13 - Dec 13
Opening Stock	508.56	617.99
Less : Reduction of Stake in Subsidiary	(25.13)	-
Add : Purchases (Net of Discount)	1,384.48	1,560.03
Less : Closing Stock	(506.17)	(508.56)
TOTAL	1,361.74	1,669.46
22 Purchase of Stock in Trade (₹ in Crore)		
Particulars	Jan 14 - Sep 14	April 13 - Dec 13
Brought out material	166.48	146.51
TOTAL	166.48	146.51
23 Changes in inventories of finished goods Work-In-Progress (₹ in Crore)		
Particulars	Jan 14 - Sep 14	April 13 - Dec 13
Inventory Adjustments - WIP	(23.12)	433.62
Inventory Adjustments - FG	38.29	(37.67)
TOTAL	15.17	395.95
24 Employee Benefits (₹ in Crore)		
Particulars	Jan 14 - Sep 14	April 13 - Dec 13
Salaries, Bonus, Perquisites etc.	386.47	498.22
Contribution to Employees welfare funds, gratuity and leave encashment	26.30	59.05
Staff Welfare expenses	17.08	20.45
TOTAL	429.85	577.72

- (i) 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.

- (ii) The total amount of remuneration rejected pending appeal and its effect is ₹ 6.00 Crore for the year 2013-2014 and ₹ 8.12 Crore for the year 2012-2013.
- (iii) The Company's application for payment of remuneration to Mr. Himanshu Parikh for year 2012-2013 has been approved for ₹ 1.66 Crore as against proposed remuneration of ₹ 1.71 Crore. The review of this part approval is also pending with the Central Government.
- (iv) During the period on account of inadequacy of profits, one of the Subsidiary Company has paid managerial remuneration in excess of the limits specified under Schedule XIII of the Companies Act 1956 and Schedule V of the Companies Act 2013 wherever applicable. The total amount paid in excess of the limits as computed under the respective regulations is ₹ 2.08 Crore. The Company is in the process of making an application to the Central Government for approval of the same.

25 Foreign Exchange (Gain) / Loss

(₹ in Crore)

Particulars	Jan 14 - Sep 14	April 13 - Dec 13
Exchange (Gain) / Loss	29.58	(27.31)
TOTAL	29.58	(27.31)

26 Finance Cost

(₹ in Crore)

Particulars	Jan 14 - Sep 14	April 13 - Dec 13
Interest Expense	684.27	661.15
Other Financial Charges	14.98	22.39
TOTAL	699.25	683.54

27 Depreciation and Amortisation

(₹ in Crore)

Particulars	Jan 14 - Sep 14	April 13 - Dec 13
Depreciation on Tangible Assets	96.26	105.09
Less : Depreciation on Revalued Assets	(2.36)	(2.38)
Amortisation on Intangible Assets	160.24	116.45
Amortisation on Investment Properties	21.03	53.85
TOTAL	275.17	273.01

28 Other Expenses

(₹ in Crore)

Particulars	Jan 14 - Sep 14	April 13 - Dec 13
Plant Hire Charges	40.06	43.42
Consumption of Stores and Spares	53.20	55.62
Outward Freight	46.12	67.27
Sales Tax	17.83	41.22
Service Tax	67.47	63.60
Power and Fuel	105.25	114.30
Fees and Consultations	48.38	119.24
Rent, Rates and Taxes	48.87	72.05
Travelling Expenses	28.87	40.48
Communication	8.17	11.11
Insurance	21.72	36.97
Repairs to Plant and Machinery	13.74	46.79
Bank Charges and Commission	27.96	37.46
Bad Debts Written off	2.88	9.92
Loss on sale of Assets	0.05	0.51
Provision for Doubtful Debts	11.76	103.88
Remuneration to Auditors (Note 29)	0.76	0.88
Remuneration to Tax Auditors	-	0.13
Loss on Joint Venture	4.08	1.55
Loss on sale of investments	-	0.09
Prior Period Expense	0.80	27.06
Provision towards Investments in Intangible Assets	(2.71)	40.69
Provision for diminution in value of investments	-	0.21
Sundry Expenses (None of which is more than 1% of total revenue individually)	213.89	200.19
TOTAL	759.15	1,134.62

29 Remuneration to Auditors

(₹ in Crore)

Particulars	Jan 14 - Sep 14	April 13 - Dec 13
Audit Fees including Consolidation	0.59	0.59
Limited Review	0.06	0.09
Certification	0.01	0.03
Other Services	0.09	0.15
Reimbursement of Out of Pocket Expenses	0.01	0.02
TOTAL	0.76	0.88

Remuneration to auditor of components are merged with fees and consultations.

30 Due to inherent diversities in the legal and regulatory environment governing accounting principles, the accounting policies would be better understood when referred from the individual financial Statements. However, the following are instances of diverse accounting policies followed by the Subsidiaries, which may materially vary with these Consolidated Financial Statements.

- In case of SAE the Work In Progress has been recorded on the basis of the criterion of the completion or the status of progress; the revenues and the job margin are recognized according to the progress of the productive activity as against the method of computing the percentage of work completed is determined by the expenditure incurred on the job till each review date to total expenditure of the job.
- In the absence of disclosures made in the accounts of one of the overseas Joint Venture Company regarding effect of acquisition and disposal of Subsidiaries, no such disclosure is possible to be made in the Consolidated Account.
- Disclosures relating to the employee benefits for the overseas components have not been given in the absence of data in the required format.

31 Earning Per Share

Earnings per share (EPS) = Net Profit attributable to shareholders / Weighted Number of Shares Outstanding :

Particulars	Jan 14 - Sep 14	April 13 - Dec 13
Net profit attributable to the Equity Share holders (₹ in Crore)	(728.88)	(761.86)
Outstanding equity shares at the end of the year	135,774,668	135,774,668
Weighted Number of Shares during the period – Basic	135,774,668	135,774,668
Weighted Number of Shares during the period – Diluted	136,500,468	136,515,084
Earning Per Share – Basic (₹)	(53.68)	(56.11)
Earning Per Share – Diluted (₹)	(53.68)	(56.11)

*Since the effect on the Diluted EPS is anti-dilutive, no effect for the same has been given

Reconciliation of weighted number of outstanding during the year :

Particulars	Jan 14 - Sep 14	April 13 - Dec 13
Nominal Value of Equity Shares (₹ per share)	2.00	2.00
For Basic EPS :		
Number of Equity Shares at the beginning	135,774,668	135,774,668
Add : Issue of shares under ESOP	-	-
Number of Equity Shares at the end	135,774,668	135,774,668
Weighted average of equity shares at the end	135,774,668	135,774,668
For Dilutive EPS :		
Weighted average no. of shares in calculating basic EPS	135,774,668	135,774,668
Add : Shares kept in abeyance	725,800	725,800
Add : On grant of stock option under ESOP	-	14,616
Weighted average no. of shares in calculating dilutive EPS	136,500,468	136,515,084

32 The Company's CDR package was approved by the CDR EG in its meeting held on 24 June 2013 and communicated to the Company vide its letter of approval dated 29 June 2013. The Company executed the Master Restructuring Agreement (MRA) with the CDR lenders on 24 September 2013. Substantial securities have been created in favour of the CDR Lenders.

Based on robust order in hand of ₹ 12,800.00 Crore and additional order inflow based on optimistic factors towards growth in infrastructure industry in India, 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.

After detailed evaluation of current situation, annual operating plan, expected cash flow and implementation of CDR package towards continuous support to the Company by bankers, the management is confident about continuation of operations of the Company. In view of this assessment by the management the going concern assumption is appropriate.

33 Disclosure under Accounting Standard ('AS-19') "Leases" of the Companies (Accounting Standards) Rule, 2006

The Company has taken various residential / godowns / offices premises (including Furniture and Fittings if any) under lease and license agreements for periods which generally range between 11 months to 3 years. These arrangements are renewable by mutual consent on mutually agreed terms. Under some of these arrangements the Company has given refundable security deposits. The lease payments are recognized in Profit and Loss Account under Rent, Rates and Taxes.

DIPL, one of the Subsidiary has taken 15 acres of land on lease basis for a period of 30 years renewable for each period of 30 years at a time without any additional cost to the Company. The land is to be used for development of reality facilities such as retail mall, commercial offices and hotel etc. Therefore, the cost of leased land and expenditure during development stage has been directly debited to "Project Work In Progress", which is shown under Current Assets.

One of the SPV has taken land on lease from Visakhapatnam Port Trust under non-cancellable operating lease agreements and temporary housing from others under cancellable operating lease agreements. Total rental expense under non-cancellable operating lease was ₹ 0.44 Crore (Previous Period ₹ 0.44 Crore) and under cancellable operating leases was ₹ 0.07 Crore (Previous Period ₹ 0.07 Crore) which has been disclosed as lease rentals in the statement of profit and loss.

Further, another SPV has also taken an office premises on a non-cancellable operating lease. The monthly lease rents amounts to ₹ 0.10 Crore (Previous Period ₹ 0.10 Crore).

A detailed break up of amount payable to leasing Companies is as follows -

(₹ in Crore)

Particulars	Amount payable to Leasing Companies	
	Sep-14	Dec-13
Within 1 Year	4.66	7.83
Between 1 and 5 Years	4.27	25.02
Beyond 5 Years	-	-

34 Contingent Liabilities

(₹ in Crore)

Particulars	As at 30 Sep 2014	As at 31 Dec 2013
i Liability on contracts remaining to be executed on Capital Accounts	28.03	185.64
ii The capital commitments in respect of projects where the concession agreements have been signed and does not include projects where only Letters of Intents are held.	3,652.58	7,881.82
iii Counter Guarantees given to Bankers for Guarantees given by them and Corporate Guarantees, on behalf of Subsidiary, erstwhile Subsidiary, Associate Companies	3,064.10	3,270.91
iv Corporate Guarantees and Counter Guarantees given to Bankers towards Company's share in the Joint Ventures for guarantees given by them to the Joint Venture Project clients	343.74	268.60
v Corporate Guarantees and Counter Guarantees given to Bankers by a step down Subsidiary and Joint Venture for their projects	89.81	122.22
vi Disputed Sales Tax liability for which the Company has gone into Appeal	122.36	91.47
vii Claims against the Company not acknowledged as debts	232.81	148.52
viii Disputed Excise Duty Liability	0.02	0.05
ix Disputed Service Tax Liability	23.49	31.81
x Against bill discounting	-	-
xi Disputed Stamp Duty	17.77	17.77
xii In respect of Income Tax Matters	441.35	301.97
xiii Commitment towards capital contribution in Subsidiary under contractual obligation	47.36	47.36
xiv Letter of Credit	164.77	144.16
xv Disputed stamp duty liability for assets acquired during amalgamation with erstwhile Associated Transrail Structures Limited	4.93	4.93
xvi Right to recompense in favour of CDR lenders in the terms of the MRA	504.96	504.96

xvii There is a disputed demand of UCO Bank pending since 1986, of USD 4,36,251 i.e. ₹ 1.72 Crore. Against this, UCO Bank has unilaterally adjusted the Company's Fixed Deposit of USD 30,584 i.e. ₹ 0.12 Crore, which adjustment has not been accepted by the Company.

xviii Counter claims in arbitration matters referred by the Company – liability unascertainable.

xix The disputed service Tax liability disclosed above is after considering legal advice on the probability of the liability materialising being remote.

(a) Claims against the Company 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 ₹ 1.41 Crore. The Subsidiary is disputing the said amount and has recognised ₹ 0.17 Crore payable as there are claims and counter claims by both parties. Pending the final outcome of such proceeding, the claim from the trade payable 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.

(b) Export obligation under EPCG scheme by a Subsidiary of group Company amounts to ₹ 22.90 Crore (Previous Period ₹ 22.90 Crore).

(c) In terms of the individual Contracts signed by SPV's they are required to carry major periodic maintenance of the roads they are operating as a part of commitment against receipt of Tolling Rights and / or Annuities. The said SPV's have made provisions towards the same in their respective financial statements.

(d) One of the SPV's engaged in generating power from a bagasse power plant has committed to purchase bagasse when the power plant becomes operational. The total commitment to purchase the bagasse, upto 30 September 2014, is ₹ 6.50 Crore (Previous Period ₹ 6.50 Crore).

(e) In case of one of the Subsidiary, the Company is subject to a claim for damages amounting to AED 600,000 relating to a project. The Management do not consider that any liability will arise for the Company because the damage arose from work carried out by a subcontractor who, under the terms of the subcontract agreement, would be ultimately liable.

35 Segment Reporting

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 and hence the segment-wise reporting is not disclosed in terms of Accounting Standard ('AS-17').

36 Quantitative information of Derivative instruments entered into by the Company and outstanding as at balance sheet date For Un-hedged Foreign Currency Exposures for the Holding Company:

Unhedged Foreign Currency Exposure as at 30 September 2014 is ₹ 1368.90 Crore (Previous Period ₹ 1399.97 Crore) receivables and ₹ 397.65 Crore (Previous Period ₹ 313.00 Crore) payables. Currency wise unhedged amounts are as follows -

Currency	Sep-14		Dec-13	
	Receivables	Payables	Receivables	Payables
USD - US Dollar	150,674,633	29,506,963	148,954,873	37,451,264
EUR - Euro	44,765,213	20,507,594	44,636,690	3,784,207
GBP - British Pound	95,560	-	-	3,892
AED - UAE Dirham	-	945,203	95,560	-
SEK - Swedish Krona	-	17,106	-	863,450
DZD - Algerian Dinar	174,270,203	271,770,853	128,754,639	209,576,576
NGN - Nigerian Naira	1,170,092	6,213,707	1,170,092	6,213,707
KES - Kenyan Shilling	43,455,513	5,404,297	128,784,924	4,858,971
BTN - Bhutan Ngultrum	432,226,688	175,942,428	443,763,462	221,009,610
CAD - Canadian Dollar	2,789,531	26,201	3,174,403	8,415
ETB - Ethiopian Birr	48,882,591	49,277,493	46,561,281	25,414,134
RWF - Rwandan Franc	16,491,940	52,447,226	13,928,547	85,724,313
YER - Yemeni Rial	2,596,365	-	-	-

37 Joint Venture

(a) Details of Joint Ventures entered into by the Company :

Name of Joint Venture		Description of Interest	% of involvement
1	Afghanistan ATSL AEPC Consortium	Jointly Controlled Operation	75.00%
2	BBJ Gammon	Jointly Controlled Operation	49.00%
3	CMC - Gammon JV	Jointly Controlled Operation	50.00%
4	Consortium between SAE Powerlines S.r.L and ATSL	Jointly Controlled Operation	NIL
5	Consortium SAE - GAMMON	Jointly Controlled Operation	37.03%
6	Gammon - CMC JV	Jointly Controlled Operation	60.00%
7	Gammon - FCEP - Joint Venture - Nigeria	Jointly Controlled Operation	80.13%
8	Gammon AG JV	Jointly Controlled Operation	51.00%
9	GAMMON ARCHIRODON	Jointly Controlled Operation	98.50%
10	Gammon Atlanta	Jointly Controlled Operation	50.00%
11	Gammon BBJ	Jointly Controlled Operation	50.00%
12	GAMMON LIMAK	Jointly Controlled Operation	51.00%
13	Gammon OSE	Jointly Controlled Operation	50.00%
14	Gammon Pratibha (BWSSB)	Jointly Controlled Operation	70.00%
15	Gammon Progressive	Jointly Controlled Operation	50.00%
16	GAMMON RIZZANI	Jointly Controlled Operation	50.00%
17	GAMMON SEW	Jointly Controlled Operation	90.00%
18	Gammon Srinivasa	Jointly Controlled Operation	80.00%
19	GIL JMC	Jointly Controlled Operation	70.00%
20	Hyundai Gammon	Jointly Controlled Operation	49.00%
21	JFE - Gammon Joint Venture	Jointly Controlled Operation	40.00%
22	Gammon -SINGLA JV	Jointly Controlled Operation	55.00%
23	Gammon Ozkar JV	Jointly Controlled Operation	51.00%
24	JV Siemens Limited And ATSL, Kenya	Jointly Controlled Operation	NIL
25	OSE GIL	Jointly Controlled Operation	50.00%
26	Patel Gammon	Jointly Controlled Operation	49.00%
27	SAE - Gammon Consortium - Togo Benin	Jointly Controlled Operation	85.46%
28	SAE - Gammon Consortium - Togo Benin	Jointly Controlled Operation	40.00%
29	SAE - GAMMON Consortium	Jointly Controlled Operation	51.56%
30	SAE - GIL Consortium	Jointly Controlled Operation	33.91%
31	Bhutan Consortium Jyoti Structures Limited and Gammon India Limited	Jointly Controlled Entity	50.00%
32	Gammon Enee Consortium	Jointly Controlled Entity	51.00%
33	Jaeger Gammon	Jointly Controlled Entity	90.00%
34	Gammon Cons Cidade Tensacciai Joint Venture	Jointly Controlled Entity	60.00%
35	Gammon OJSC Mosmetrostroy Joint Venture	Jointly Controlled Entity	51.00%
36	Gammon - CMC JV	Jointly Controlled Entity	50.00%
37	GIPL GIL Joint Venture	Jointly Controlled Entity	5.00%

38 Exceptional Items

(₹ in Crore)

Particulars	Jan - Sep 2014	Apr - Dec 2013
Provision for risks and contingencies	-	27.00
Reversal of interest cost due to reduction in interest rate as per CDR	-	(12.47)
Fees and costs in connection with the CDR implementation process	-	3.97
TOTAL	-	18.50

- 39** In respect of one of the Subsidiary GIPL, as at 30 September 2014, the current liabilities exceed current assets by ₹ 627.34 Crore (31 December 2013 - ₹ 608.97 Crore). The GIPL 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 capital market. 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 the consolidated financial statements are appropriate. Accordingly the consolidated financial statements do not include any adjustments that may result from these uncertainties.
- 40** Disclosure of transactions with Related Parties, as required by Accounting Standard ('AS-18') "Related Party Disclosures" has been set out in a separate statement - 1 annexed to this schedule.
- 41** The current period is from 1 January 2014 to 30 September 2014. The comparative figures for the previous period are for the period from 1 April 2013 to 31 December 2013. The figures for both these periods are therefore not strictly comparable.
- 42** Previous Period figures are regrouped and rearranged with those of the current period.

As per our report of even date
For Natvarlal Vepari & Co.
Chartered Accountants
Firm Registration No. 106971W

N Jayendran
Partner
M.No. 40441

Mumbai, Dated : 18 December 2014

For and on behalf of the Board of Directors

ABHIJIT RAJAN RAJUL A. BHANSALI
Chairman & Managing Director *Executive Director*

CHANDRAHAS C. DAYAL VARDHAN DHARKAR
Director *Chief Financial Officer*

GITA BADE
Company Secretary

Mumbai, Dated : 18 December 2014

Statement - 1**Related Party Disclosure ('AS - 18')**

(A)	Relationship
Joint Venture	
1	Gammon Atlanta
2	Gammon Archirodon
3	Gammon BBJ
4	Gammon OSE
5	Gammon Pratibha
6	Gammon Progressive
7	Gammon Rizzani
8	Gammon Srinivasa
9	GIL JMC
10	Haryana Bio Mass Power Limited
11	Hyundai Gammon
12	Jaeger Gammon
13	OSE Gammon
14	Patel Gammon
15	Gammon FECP JV Nigeria
16	Consortium of Jyoti Structure and GIL
17	Gammon SEW

Associates	
1	Eversun Sparkle Maritime Services Private Limited
2	Modern Toll Roads Limited
3	Finest S.p.A Italy
Key Managerial Personnel	
1	Mr. Abhijit Rajan
2	Mr. Rajul A Bhansali
3	Mr. D C Bagde
Relatives of Key Managerial Personnel	
1	Mr. Harshit Rajan
2	Mrs. Sandhya Bagde
3	Ms. Ruchi Bagde
Associate of Key Managerial Personnel	
1	Active Agro Farming Private Limited
2	Pacific Energy Private Limited

(B) Related Parties transactions during the period in normal course of business :

(₹ In Crore)

Nature of Transactions / Relationship / Major Parties	Current Period Jan - Sep 2014		Previous Period Apr - Dec 2013	
	Amounts	Amounts from Major Parties	Amounts	Amounts from Major Parties
Associates				
Sale of goods and services	0.34		0.25	
Sofinter S.p.A		0.34		0.25
Amount liquidated towards the finance provided	0.47		0.30	
Sofinter S.p.A		0.47		0.30
Interest Income during the year	0.04		0.04	
Finest S.p.A		0.04		0.04
Outstanding Balances Receivables	1.94		2.49	
Sofinter S.p.A		-		0.47
Finest S.p.A		1.94		2.02
Outstanding Balances Payable	30.42		31.44	
Sofinter S.p.A		30.42		31.44
Associate of Key Managerial Personnel				
Loans and Advances Received	-		17.00	
Active Agro Farming Private Limited		-		11.00
Pacific Energy Private Limited		-		6.00
Key Managerial Personnel				
Remuneration paid	6.30		5.48	
Mr. Abhijit Rajan		4.72		4.14
Mr. D C Bagde		0.96		0.78
Mr. R A Bhansali		0.62		0.56
Loans and Advances Received	-		83.00	
Mr. Abhijit Rajan		-		83.00
Relatives of Key Managerial Personnel				
Remuneration paid	0.49		0.48	
Mr. Harshit Rajan		0.49		0.46
Sale of Flat	0.94		-	
Mr. Harshit Rajan		0.94		-
Joint Venture				
Subcontracting Income	66.70		177.24	
Consortium of Jyoti Structure and GIL		19.56		40.88
Patel Gammon		38.64		119.76
Sale of Goods	32.76		23.20	
Consortium of Jyoti Structure and GIL		32.76		23.20

Nature of Transactions / Relationship / Major Parties	Current Period Jan - Sep 2014		Previous Period Apr - Dec 2013	
	Amounts	Amounts from Major Parties	Amounts	Amounts from Major Parties
Finance provided for expenses and on a/c payments	1.57		2.70	
Gammon FECP JV Nigeria		1.18		1.56
Gammon BBJ		0.30		1.00
Amount liquidated towards the finance provided	0.20		1.07	
Gammon JMC		-		0.62
Gammon BBJ		0.20		0.45
Interest paid during the year	-		0.04	
GIL Archirodon		-		-
Hyundai Gammon		-		0.04
Contract Advance received	11.18		36.03	
Patel Gammon		11.18		36.03
Refund received against Contract Advance	19.77		53.25	
Consortium of Jyoti Structure and GIL		5.19		-
Patel Gammon		14.10		48.66
Guarantees and Collaterals Outstanding	133.44		111.62	
OSE Gammon		-		4.35
Gammon Atlanta		8.95		8.95
Patel Gammon		39.70		36.93
Hyundai Gammon		13.09		13.09
Gammon Pratibha		14.22		14.22
Gammon FECP JV Nigeria		10.79		10.82
Jaeger Gammon		32.94		-
Outstanding Balances Receivables				
Trade and Other Receivable	163.71		199.56	
Consortium of Jyoti Structure and GIL		39.15		39.85
OSE Gammon		51.54		51.58
Patel Gammon		50.55		60.43
Outstanding Balances Payables				
Trade and Other Payable	10.35		22.32	
Consortium of Jyoti Structure and GIL		7.94		13.15
Hyundai Gammon		-		2.46
Gammon Sew		1.42		-
Patel Gammon		0.00		6.15



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