GAMMON

3rd April, 2014

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

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

Dear Sir,

Sub: Outcome of the Board Meeting held on 3rd April, 2014

As required under Clause 41 of the Listing Agreement, please find enclosed herewith Audited Consolidated Financial Results of the Company for the year ended 31st December, 2013. The said results, duly reviewed by the Audit Committee, have been approved and taken on record by the Board of Directors [the "Board"] at its meeting held on 3rd April, 2014.

The Board has, at its meeting held on 3rd April, 2014, resolved to approach the CDR Lenders/Corporate Debt Restructuring Empowered Group for seeking its approval for:

(a) Issue of Zero Coupon Compulsorily Convertible Debentures for an amount not exceeding Rs. 100 Crores [Rupees One Hundred Crores Only] on preferential basis to Promoters/Entities, at a price to be decided pursuant to the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009, against their contribution made towards "Promoter Contribution" as envisaged under the Corporate Debt Restructuring (CDR) Scheme approved on 24th June, 2013 and pursuant to the Master Restructuring Agreement dated 24th September, 2013 executed by the Company with the CDR Lenders;

(b) Appointment of consultants to advise the Company on options for value optimization of the Company's business.

Kindly take note of the same.

Thanking you,

By Order of the Board
FOR GAMMON INDIA LIMITED

GITA BADE
COMPANY SECRETARY

Encl.: As above

Gammon India Limited

PART I

STATEMENT OF CONSOLIDATED FINANCIAL RESULTS FOR THE NINE MONTHS ENDED DECEMBER 31, 2013

(All amount in Rupees Crores)

Sr. No.	Particulars	Year ended 31.12.2013 Audited	Year ended 31.03.2013 Audited
		9 Months	12 Months
1	Income from operations	4,820.08	7,344.44
	Other operating income	112.34	149.78
	Total income from operations (net)	**4,932.42**	**7,494.22**
2	Expenses :		
	Cost of Material Consumed	1,669.46	3,143.46
	Purchase of Stock in Trade	146.51	292.48
	Change in Inventory - WIP & FG	395.95	(349.36)
	Subcontracting Expenses	1,021.57	1,554.48
	Employee benefits expense	577.72	968.68
	Depreciation and amortisation expense	273.01	343.67
	Other expenses	1,156.35	1,503.91
	Total expenses	**5,240.57**	**7,457.32**
3	**Profit from operations before other income, finance costs and exceptional items (1 - 2)**	**(308.15)**	**36.90**
4	Other income	46.34	91.37
5	**Profit from ordinary activities before finance costs and exceptional items (3 + 4)**	**(261.81)**	**128.27**
6	Finance costs	683.54	827.35
7	Forex Fluctuation (Gain) / Loss	(27.31)	14.81
8	**Profit from ordinary activities after finance costs but before exceptional items (5 - 6 - 7)**	**(918.04)**	**(713.89)**
9	Exceptional items	(18.50)	(190.46)
10	**Profit from ordinary activities before tax (8 + 9)**	**(936.55)**	**(904.35)**
11	Tax expense		
	Current year	(124.31)	4.09
	Previous year	1.01	1.97
12	**Net profit from ordinary activities after tax (10 - 11)**	**(813.25)**	**(910.41)**
13	Profit/(Loss) in Associates	(3.68)	(11.51)
14	Less : Share of minority interest	55.07	72.09
15	**Net profit for the period (12 + 13 + 14)**	**(761.86)**	**(849.83)**
16	Paid-up equity share capital (Face Value Rs.2/- per equity share)	27.50	27.50
17	Reserves, excluding revaluation reserve as per Balance sheet of the previous accounting year	113.11	946.85
18	**Earnings per share for the period (Rupees) :**		
	b) After extraordinary items		
	Basic	(56.11)	(62.59)
	Diluted	(56.11)	(62.59)

PART II

A)	**PARTICULARS OF SHAREHOLDING**		
1	**Public shareholding**		
	- Number of shares	88,743,324	88,368,314
	- Percentage of shareholding	65.01%	64.74%
2	**Promoters and promoter group shareholding**		
	a) Pledged / encumbered		
	- Number of shares	44,653,699	11,575,000
	- Percentage of shares (as a % of the total shareholding of promoter and promoter group)	93.50%	24.05%
	- Percentage of shares (as a % of the total paid up capital of the Company)	32.72%	8.48%
	b) Non-encumbered		
	- Number of shares	3,103,455	36,557,154
	- Percentage of shares (as a % of the total shareholding of promoter and promoter group)	6.50%	75.95%
	- Percentage of shares (as a % of the total paid up capital of the Company)	2.27%	26.78%

	Particulars	Three months ended December 31, 2013
B)	**INVESTOR COMPLAINTS**	
	Pending at the beginning of the quarter	0
	Received during the quarter	11
	Disposed of during the quarter	11
	Remaining unresolved at the end of the quarter	0

Gammon India Limited

CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES

(All amount in Rupees Crores)

	Particulars	As at Year Ended 31.12.2013	As at Year Ended 31.03.2013
A		9 Months	12 Months
1	**Shareholders' Funds**		
	a) Share capital	27.50	27.50
	b) Reserves and surplus	245.88	1,082.00
	Sub-total : Shareholders' Funds	**273.38**	**1,109.50**
2	**Minority interest**	**258.34**	**335.53**
3	**Non-current liabilities**		
	a) Long-term borrowings	8,519.36	6,206.67
	b) Deferred tax liability, Net	130.00	202.10
	c) Other long-term liabilities	636.70	542.51
	d) Long-term provisions	306.73	339.63
	Sub-total : Non-current liabilities	**9,592.79**	**7,290.91**
4	**Current Liabilities**		
	a) Short-term borrowings	2,020.66	3,378.94
	b) Trade payables	1,973.24	2,670.16
	c) Other current liabilities	2,157.81	2,346.99
	d) Short-term provisions	296.28	289.33
	Sub-total : Current liabilities	**6,447.99**	**8,685.42**
	TOTAL : EQUITY AND LIABILITIES	**16,572.50**	**17,421.36**
B	**ASSETS**		
1	**Non-current assets**		
	a) Fixed assets	6,878.24	6,870.74
	b) Tangible assets		
	c) Intangible assets		
	b) Goodwill on consolidation	138.99	579.34
	c) Non current investments	818.74	338.51
	d) Deferred tax asset	135.54	82.73
	e) Long-term loans and advances	818.80	791.95
	f) Trade receivables	867.30	789.20
	g) Other non-current assets	150.91	110.97
	Sub-total : Non-current assets	**9,808.52**	**9,563.44**
2	**Current assets**		
	a) Current investments	26.14	7.02
	b) Inventories	2,100.48	2,424.23
	c) Property Development Account	1,619.32	1,491.50
	d) Trade receivables	1,592.70	2,241.28
	e) Cash and cash equivalents	256.16	460.80
	f) Short term loans and advances	714.67	794.26
	g) Other current assets	454.51	438.83
	Sub-total : Current assets	**6,763.98**	**7,857.92**
	TOTAL : ASSETS	**16,572.50**	**17,421.36**

Notes -

1. The Audited Consolidated Financial Results of Gammon India Limited along with all its subsidiaries, Joint ventures and Associates for the nine months period ended 31st December 2013 were reviewed by the Audit Committee and taken on record by the Board of Directors of the Company at its meeting held on 3rd April 2014.

2. The Board of Directors at its meeting held on 18th February, 2014 approved closure of the Company's financial year on 31st December , 2013. The same was confirmed by the CDR lenders. Accordingly the consolidated financial statements are for a period of 9 months from 1st April , 2013 to 31st December , 2013 and are not comparable with the figures for the previous year of 12 months.

3. The above published audited consolidated results for the period ended 31st December , 2013 have been prepared in accordance with the principles of consolidation set out in AS 21 – Consolidated Financial Statements, AS 27 – Financial reporting of interests in joint ventures and AS 23 – Accounting for Investments in Associates in Consolidated Financial Statements.

4. The Auditors have qualified their audit report on the following matters-

   a. The accounts of one of the subsidiaries M/s Franco Tosi Meccanica S.p.A, Italy (FTM) are not available for the period 1st January 2013 to 31st December 2013 and accordingly have not been included in the consolidated financial statements. The consolidated financial statements include only the effect till 31st December 2012 based on un-audited management prepared accounts.

      Management Response

      The application for pre-insolvency composition agreement with creditors in the Italian court is pending and there is continuous shifting 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 financial statements.

      The Company had made full provision towards the Goodwill on consolidation amounting to Rs. 109.12 Crores in the previous year.

      Further , post Balance sheet date, one of the Company's subsidiary has entered into Memorandum Of Understanding with intended purchaser for sale of its investment in Franco Tosi Mecannica S.p.A . The sale-purchase agreement is subject to regulators, shareholders' and bankers' approval.

   b. The auditors of one of the Company's subsidiary M/s SAE Powerlines S.r.l, Italy (SAE), has expressed their inability to opine on the financial statements in view of the directors of the said SAE having highlighted liquidity crisis and its ability to operate as a going concern being at risk.

      Management Response

      The Company has exposure towards investment and guarantee against acquisition loan for which it has made provisions in the standalone financials on the basis of offer received from intended buyer. Following principle of conservatism the Company had made full provision towards the Goodwill on consolidation amounting to Rs. 17.63 Crores s in the previous year.

      Further , post balance sheet date , one of the company's subsidiary has entered into Memorandum Of Understanding with intended purchaser for sale of its investment in SAE Power Line S.r.l . The sale-purchase agreement is subject to regulators', shareholders' and bankers' approval.

   c. The financial statements of one of the material Associate Company , M/s Sofinter S.p.A, Italy, are based on un-audited management prepared financial statements and of one of the subsidiary M/s Campo Puma Oriente S.A, are based on un-audited management prepared financial statements signed by one of the Director representing Gammon India Limited.

      Management Response

      Due to the fact that the finalization of the financial statements of Sofinter and Campo Puma Oriente could not be audited due to the short period of time available for the completion of the audit, the financial statements are as per management prepared accounts.

d. The Auditors have re-iterated the qualification arising out of the audit report of M/s Sofinter S.p.A issued for the year ended 31st December 2012 on account of absence of sufficient information to assess the recoverability of net receivables of one of its associates amounting to euro 13.20 Million (Rs. 112.67 Crores) and recognition of possible claims of euro 3.00 Million (Rs. 25.60 Crores) resulting in trade receivable being overstated. The group share in Sofinter as at 31st December, 2013 is 32.50% thereof.

e. The auditors of one of the subsidiaries M/s Gammon & Billimoria LLC, Dubai have qualified their audit opinion regarding receivables of AED 2.70 Million (Rs. 4.54 Crores) (31st March 2013 AED 2.70 Million (Rs. 3.93 Crores), 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.

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

   a. Recovery of Managerial Remuneration of Rs. 2.10 Crores for year ended 31st March 2012 and 2013 for application rejected and partly allowed for which the company has gone into a review appeal.

   b. Managerial remuneration paid in excess of limits of Rs. 10.98 Crores for which no decision has been taken.

5. Exceptional items:

(Amount in Crores)

Particulars	April-Dec 2013	April-March 2013
Provision for Risks and Contingencies	27.00	-
Reversal of interest cost (net of expenses) due to implementation CDR	(8.50)	-
Provision towards operation in Oman	-	11.39
Provision for Diminution in Value of Investment	-	52.59
Provision for Impairment of Goodwill	-	126.48
Total	18.50	190.46

6. Post balance sheet date, one of the Company's subsidiary has entered into Memorandum Of Understanding with intended seller to acquire further stake in Sofinter group. The sale-purchase agreement is subject to regulators, shareholders and bankers' approval.

The group undertakes various projects on build-operate-transfer basis as per the Service Concession Agreements with the government authorities. The construction costs incurred by the operator on contracts with the group companies are considered as exchanged with the grantor against toll collection / annuity rights from such agreements and therefore the profits from such intra group contracts is considered realised by the group and not eliminated for consolidation under AS – 21 Consolidated Financial Statements . The revenue & contract profit during the period from such contracts not eliminated in the above results is Rs.134.73 Crores (Previous Year Rs. 386.44 Crores) and Rs 44.56 Crores (Previous Year Rs 119.08 Crores) respectively.

7. The Company is engaged in three segments - Construction and Engineering, Oil exploration and Realty Development including businesses acquired on account of new acquisitions. The revenue 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.

   The Group although operates on a worldwide basis across the globe, they operate in two principal geographical areas of the world in India and the other countries. The following table presents the break-up of the revenues and assets regarding the geographical segments.

Particulars	Amount (Rs. in Crores)			Percentage (%)	
	Domestic	Overseas	Total	Domestic	Overseas
Segment Revenue	3,797.58	1,134.84	4,932.42	76.99	23.01
	6,195.33	1,298.89	7,494.22	82.67	17.33
Segment Asset	13,618.37	2,954.13	16,572.50	82.17	17.83
	13,575.70	3,845.63	17,421.33	77.93	22.07
Capital Expenditure	5,970.33	907.92	6,878.25	86.80	13.20
	5,759.55	1,111.20	6,870.75	83.83	16.17

(Previous year figures are given in the non shaded portion.)

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

For GAMMON INDIA LIMITED

Rajul Bhansali
Executive Director
Mumbai, 3rd April 2014