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GAMMON INFRASTRUCTURE PROJECTS LIMITED

14th ANNUAL REPORT  
For January 2014 to September 2014 (FYE-Sep'14)

# CORPORATE INFORMATION

## Board of Directors

Mr. Naresh Chandra  
*Chairman*

Mr. Himanshu Parikh  
*Vice Chairman*

Mr. Kishor Kumar Mohanty  
*Managing Director*

Mr. Abhijit Rajan  
*Non Executive Director*

Mr. Chandrabas Charandas Dayal  
*Independent Director*

Mr. Sushil Chandra Tripathi  
*Independent Director*

Ms. Homai A Daruwalla  
*Independent Director*

## Registrar and Share Transfer Agent

Link Intime India Private Limited,  
C-13, Pannalal Silk Mills Compound,  
L.B.S. Marg, Bhandup (West),  
Mumbai - 400 078.  
Tel. No.: 022-2596 3838  
Fax No.: 022-2594 6969

## Auditors

M/s. Natvarlal Vepari & Co.  
M/s. S.R. Batliboi & Co. LLP

## Chief Financial Officer

Mr. Monesh R. Bhansali

## Company Secretary

Mr. G. Sathis Chandran

## Registered Office

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Veer Savarkar Marg,  
Prabhadevi,  
Mumbai – 400 025.  
Telephone: +91 22 6661 4000  
Fax: +91 22 6661 4025  
Website: [www.gammoninfra.com](http://www.gammoninfra.com)

## Corporate Office

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5<sup>th</sup> Floor,  
Plot No. 952/954,  
New Prabhadevi Road,  
Prabhadevi,  
Mumbai – 400 025.  
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The worst is over. Having passed the test of adversity, we are now on a steady path upwards. We are “Ready for Tomorrow”. Our history of project execution, operational excellence and our strong domain expertise gives the lending and investing community the confidence and assurance to engage with us. Beyond project execution and delivery, we have demonstrated our mettle when it comes to optimal operations of assets to ensure healthy cash generation.

We are Future Positive. Our focus is creative survival as we continue to be fixated on our basic business principles of excellence, pragmatism and patience. This is helping us further institutionalise our business practices and making us more resilient to the ups and downs of economic cycles. Our basic business principles demand an unwavering commitment to execute and operate projects efficiently. We are not only focussed on rolling out our projects in the earliest possible time, but we also withstood all the complexities of the infrastructure sector, demonstrating our rock-solid foundation.

Steadfast to our fundamental business principles, we are primed to anticipate the future infrastructural needs in a challenging business environment. We remain committed to improving the economic value of our profitable operational projects and executing our healthy project pipeline. We are “Future Ready” to expand our asset base in a more vibrant marketplace.

# WHO WE ARE AND WHAT WE DO

Gammon Infrastructure Projects Limited (GIPL) is a pan-India BOT infrastructure project development company with 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, Ports and Power 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.

Through a focused and strategised business model, we participate in projects based on BOT, BOOT, BOO and other PPP models.



# 18

TOTAL  
PROJECTS



# 10

ROAD  
PROJECTS



# 05

POWER  
PROJECTS



# 03

PORT  
PROJECTS



Naresh Chandra  
*Chairman*

# CHAIRMAN'S STATEMENT

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## Dear Shareholder,

The year under review has been full of challenges. One that we still face is the broader economic scenario and a difficult business environment. The investment climate in India continues to be a dampener, coupled with high headline inflation and volatile currency rates. The infrastructure sector came under pressure due to rising input cost for construction, besides high interest rates on loans.

On many projects, costs have escalated due to delays in acquisition of land and slow-down in the decision-making processes. Project viability was largely affected and infrastructure players kept struggling with issues of land, environment and forest clearances. In addition to this, low operating margins in our sector added further pressure to our cash flows and the ability to service debt. No wonder, investment in greenfield infrastructure projects virtually has come to a standstill.

## On the Right Track

Now, with a progressive Government at the Centre after the Lok Sabha 2014 elections, there is considerable optimism that the bottlenecks that affected the economy and the infrastructure sector will be cleared. Fortunately, the new Government has accorded high priority to infrastructure projects and to getting the works on the ground expedited. The Government is expected to kick-start the investment cycle and restore investor confidence. It is expected to provide an environment conducive to growth, with major reforms in infrastructure sector and an all-round growth. Core infrastructure projects in roads, ports and power sectors will soon get on-stream with clear policies. There will be a revival in investment climate and sorting of infrastructure clearances too, which will positively impact increased investment.

## Catalyst for Growth

Despite an air of caution and India's GDP growth slowing down, the sector continues to retain its vast potential for further economic growth. To resuscitate growth and create large-scale opportunities, fresh and broad-based infrastructure creation is unavoidable. The sector is a catalyst for economic growth and we are in need of better infrastructure to accelerate inclusive growth. According to the 12th Five Year Plan (2012-17), estimated infrastructure spend is pegged at USD 1 trillion (equivalent to Rs.

62 lakh crore), with almost 50% of this expected to be contributed by the private sector. Of the total Plan estimate, 30% will be spent on projects related to transportation – Roads & Bridges (16.4%), Railways (9.5%), Mass Rapid Transport System (2%) and Airports (2.1%), which augurs well for your Company. Almost one-third of the total expenditure will be incurred on transportation, mainly roads & bridges and civil structures required by railways, rapid transport systems, airport & ports.

## GIPL's Core Focus

We are concentrating on our core values of efficient project execution and operation to sustain good performance and deliver stable earnings growth. Going by our long-term strategy, we are focused on strengthening our operational discipline and fuelling success over the long run. We are committed to reducing costs, realigning resources, improving margins and executing the order book. Our key priority area is to make our on-going projects operationally more efficient and monetise them to take care of our cash flows. Our operational projects provide us an on-going momentum to move ahead with determination.

## Moving Ahead

Although the financial year was a difficult one, we remain confident of our capabilities and perseverance of our project management team to meet the challenges. We are working towards running our operational projects successfully and getting more projects commissioned during the year. Our main objective is to gain value accretive projects, with an eye on economic value creation for our customers, partners, employees and shareholders.

We take this opportunity to thank our shareholders and business partners, even as we intend to create lasting value for them. We also thank our Board Members and employees for their continued support.

Thank You.  
Yours truly,

**Naresh Chandra**  
Chairman

# MANAGING DIRECTOR'S STATEMENT

## Dear Shareholder,

Since we last touched base with you, the sector conditions continued to be exceptionally dire and the state of stagnancy continued to impact the infrastructure players adversely. This weak scenario seriously challenged the Company in terms of managing its cash flow position. Due to delay in obtaining various clearances and land acquisition on part of Authorities, we were forced to exit two road projects namely, Birmitrapur-Barkote Highway Pvt. Ltd. in Orissa and Yamunanagar Panchkula Highway Pvt. Ltd. in Haryana. Our portfolio was also exposed to arbitrary action on part of Authorities in Mormugao Terminal Limited in Goa and Patna Buxar Highway Limited in Bihar, in spite of default on the part of authorities and these decisions are being contested in the court of law.

## Determined to Succeed

However, we remained undeterred, as ever, and took these setbacks as challenges. We looked upon them as opportunities for consolidation and as a chance for accelerating change. In a way, these setbacks have granted us an opportunity to recover our dues from the respective authorities.

We focused on general austerity measures such as managing our cash flows and ensuring optimal operations and faster turnaround of assets. Our objective was squarely fixed on improving our operational efficiencies, optimising our cash position and taking strategic initiatives.

In spite of cash flow challenges, and aided by our strategic actions, we are happy to announce that we are close to completing three of our key projects. These are: The Rajahmundry-Godavari Bridge Project in Andhra



K. K. Mohanty  
*Managing Director*

Pradesh; The 30 MW bagasse-based Pravara Renewable Energy Co-generation Power project in Maharashtra; and The Patna Highway Project, a 63.17-km annual annuity road project of NHAI. Once operational, these projects will improve our top line revenue earning capacity by Rs 350-400 crore, improve our cash flow and contribute positively to our bottom line.

## Encouraging Financial Performance

Flexibility and agility are perceived to be our mantras to win in an increasingly competitive environment. Even as we dealt with myriad problems plaguing the infrastructure sector, we continued to be on a sound footing. We have seven operational projects underway and three are almost nearing completion.

Our Operational road projects performed on the expected lines. Our port projects too are generating sufficient positive cash flows to support self-sustainability. Our focus continued to be on recalibrating our business strategies and securitising our assets through partial or full monetisation to further optimise our cash position. Our aim is to get "almost ready" projects commissioned at the earliest. We also aim to improve upon the performance of our self-sustaining toll projects successfully, such as The Mumbai-Nasik Expressway Toll Project and The Vijaywada-Gundugolanu Toll Road Project.





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Despite challenging circumstances and depressed economic conditions, I am pleased to tell you that our overall performance has been promising and that we have posted encouraging results during the last financial year. We reported a 20% increase in our revenue during the period under review (on a like to like basis), thanks to our steady toll collection and assured annuities from completed projects. On a consolidated basis, our EBITDA increased to Rs 31,343 lakhs, a rise of 10% from the previous like to like period. Our net profit stood at Rs (4,025) lakhs, as compared to Rs (5,644) lakhs previously on a like to like basis.

### **Maintaining Confidence with Investors**

Even in such challenging times, we are proud to have successfully raised funds from the market. With your approval, we allotted 20,41,74,286 equity shares to eligible qualified institutional buyers (QIBs) at an issue price of Rs 12.68 per equity share, aggregating approximately Rs 258.89 crores through a qualified institutional placement (QIP). We have utilised these QIP proceeds to retire high cost debt and to complete projects that require urgent funding in order to accelerate their commissioning and making them yield generating as quickly as possible. Our successful fund-raising initiative showcases the capital market's acknowledgement of GIPL's potential and intrinsic strengths. Since the QIP issue, our shares witnessed an

upward movement of approx. 22% displaying market confidence. Foreign investors too have shown rising investor confidence.

### **Going Forward**

Despite tough market conditions, we continue to feel positive for our medium-term future. We are on our way to improve our core business drivers. We mean to leverage our strengths to achieve breakthrough benchmarks in project execution. Our solid foundation has the mettle to withstand sector complexities. It is this foundation that gives us the confidence to move ahead and see us into the future.

Efficient project execution, reducing costs, realigning our resources, improving operational efficiency and recalibration of existing debt to improve margins will continue to be our prime commitment. We remain confident of India's growth story. We also remain optimistic about our business prospects and our capabilities to leverage them for the benefit of your Company. Moving forward, we remain focused on tighter project execution and enhancing operational efficiency of our existing projects to improve realisations and create the right conditions for our future success.

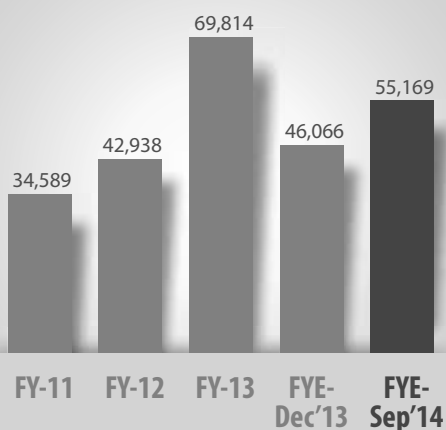
We take this opportunity to thank our shareholders, Board of Directors, bankers, contractors, business partners, employees and Government agencies, and look forward to their continuous support. We remain poised to leverage the rising opportunity in India's infrastructure development.

Thanking You.

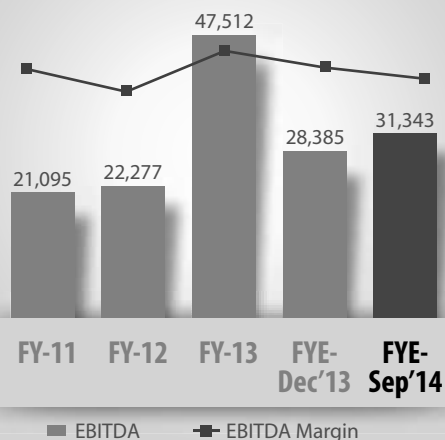
**K. K. Mohanty**  
Managing Director

# FINANCIAL HIGHLIGHTS

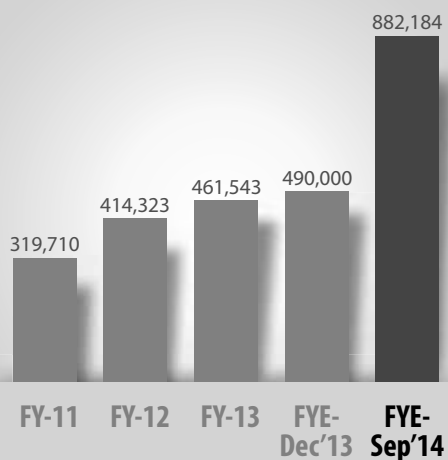
**Total Income** (₹ Lakhs)



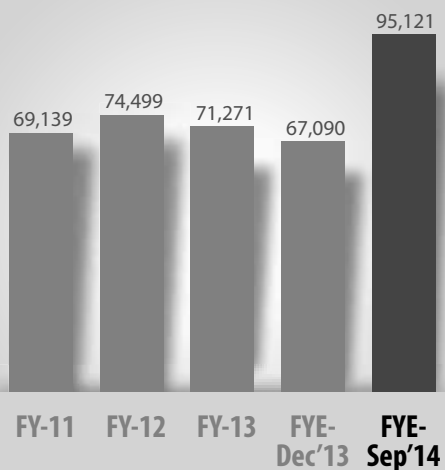
**EBITDA** (₹ Lakhs)



**Asset Capitalisation** (₹ Lakhs)



**Net Worth** (₹ Lakhs)

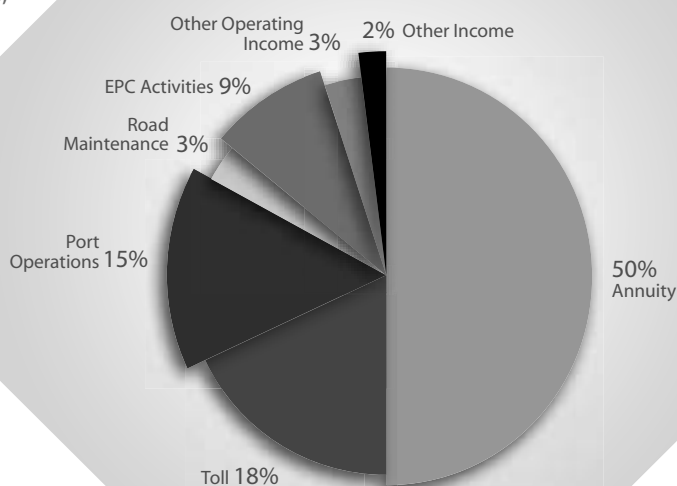


# AN INSIGHT INTO OUR OPERATIONS

FYE Sep'14 was a year of challenges and project delays, capacity under-utilisation, stress on balance sheet and no firm decision on issues of forest and land clearances. However, we continued to be on a sound footing with 7 operational projects underway and 3 projects on the verge of completion. Steadfast to our fundamental business principles, we remained committed to improving the economic value of profitable operational projects and executing a healthy project pipeline, with no cost and time over-runs. We are "Future Ready" to expand our asset base in a more vibrant marketplace. These are some of our notable highlights for the year under review.

- ▶ Achieved a topline of ₹ 55,168 lakhs on a consolidated basis
- ▶ Earned EBITDA margins of 57%
- ▶ Vijaywada-Gundugolanu Toll Road Project operationalised and running successfully
- ▶ Received shareholders' approval to raise ₹ 500 crore through Qualified Institutional Placement (QIP) and allotted 20,41,74,286 equity shares to eligible Qualified Institutional Buyers, amounting to ₹ 259 crore
- ▶ Mutually terminated agreement with National Highways Authority of India (NHAI) for two projects due to lack of land clearances – Yamunanagar Panchkula project in Haryana (NHAI grant ₹ 279 crore); and Birmiltrapur Barkote project (NHAI grant ₹ 311 crore)
- ▶ On course to commission 3 projects:
  - Bagasse-based Pravara Renewable Energy Project
  - Rajahmundry-Godavari Bridge Project
  - Patna Highway Project

**Income Break-up (FYE'13)**

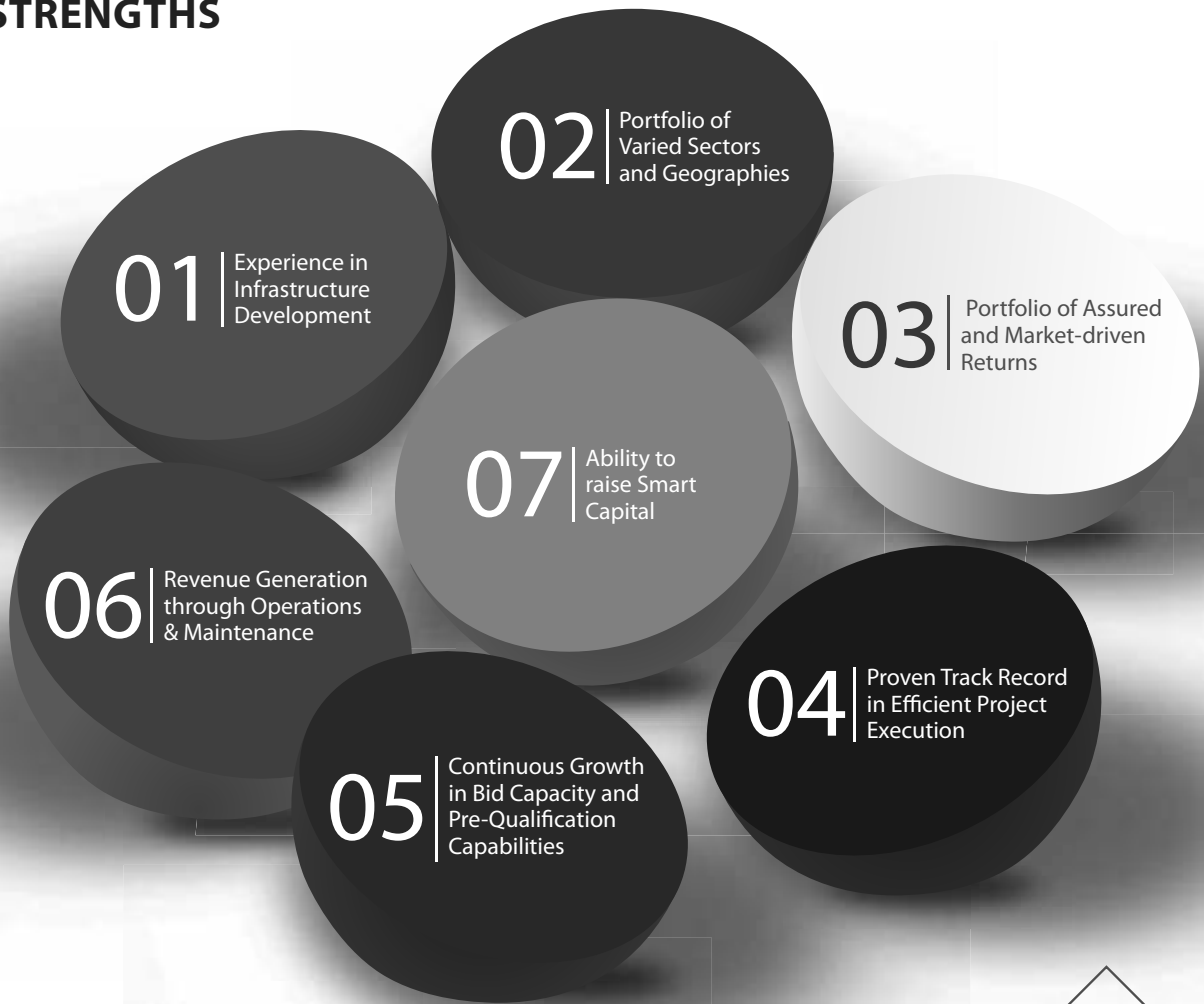


- ▶ Achieved Average Daily Toll Collection of ₹ 35 lakhs from Mumbai-Nasik Road Project
- ▶ Achieved Average Daily Toll Collection of ₹ 20 lakhs from Vijaywada Gundugolanu Toll Road Project
- ▶ Handled 4.0 million tonnes cargo at Vizag Seaport Private Limited

# WHAT DIFFERENTIATES US

*We are an infrastructure development company with end-to-end capabilities in design, construction, execution, commissioning and operations & maintenance of infrastructure projects. We are committed to execute and operate our projects efficiently. We have an established track record and domain expertise in project execution with superior project management capabilities, focused on optimal operation of our assets and economic value creation.*

## OUR PRINCIPAL STRENGTHS



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## KEY FOCUS AREAS

### LEVERAGING INDIA'S DEMAND FOR INFRASTRUCTURE PROJECTS

- Focussing on moving projects through development cycle as efficiently as possible to make them operational and contribute to revenues.
- Bidding for selective and profitable road projects with a mix of assured and market linked returns.
- Looking for opportunities in the renewable energy space, including hydro projects.

### EXPLORING OPERATIONS & MAINTENANCE FOR EXTERNAL PROJECTS

- Intending to offer fee-based O&M services for infrastructure projects developed by others.
- Exploring opportunities to enhance scope and size of O&M services, especially in roads sector.

### FOCUSING ON LIQUIDITY MANAGEMENT

- Taking steps to refinance early high cost debts with lower cost debts.
- Refinancing existing debts and making repayments to improve liquidity management.
- Reducing overhead expenses, optimally utilising available resources and improving operational efficiencies.

### MONETISING SPECIAL PURPOSE VEHICLES THROUGH DIVESTMENTS

- Focusing on maintaining optimal mix of assets with sales or strategic stakes to unlock value.
- Considering monetising investments in SPVs through divestments.
- Providing us with financial strength to bid for other projects and improve profits and cash flows.

### IDENTIFYING DIVERSE SECTORS AND GEOGRAPHIES

- Analysing potential projects in existing and new sectors to enhance and diversify revenue sources.
- Pursuing advantages existing in infrastructure sectors to achieve dominant position and realise specific advantages of higher margins.
- Aiming for geographically dispersed projects to mitigate effectively against geographical risks.
- Exploring business opportunities for developing projects outside India, mainly in developing economies.

# BOARD OF DIRECTORS



**Mr. Naresh Chandra**  
Chairman

Retired officer of the Indian Administrative Service; held important positions in the Central Government.

Served as a Senior Adviser to the Prime Minister of India, as Governor of Gujarat and as the Ambassador of India to the US.



**Mr. Himanshu Parikh**  
Vice Chairman

Rich managerial experience in diverse functional areas.

On the Board of several Gammon Group of Companies.



**Mr. Kishor Kumar Mohanty**  
Managing Director

An engineer with an MBA degree in Finance & Marketing from XIM (Bhubaneswar) and AMP from Harvard Business School, Boston.

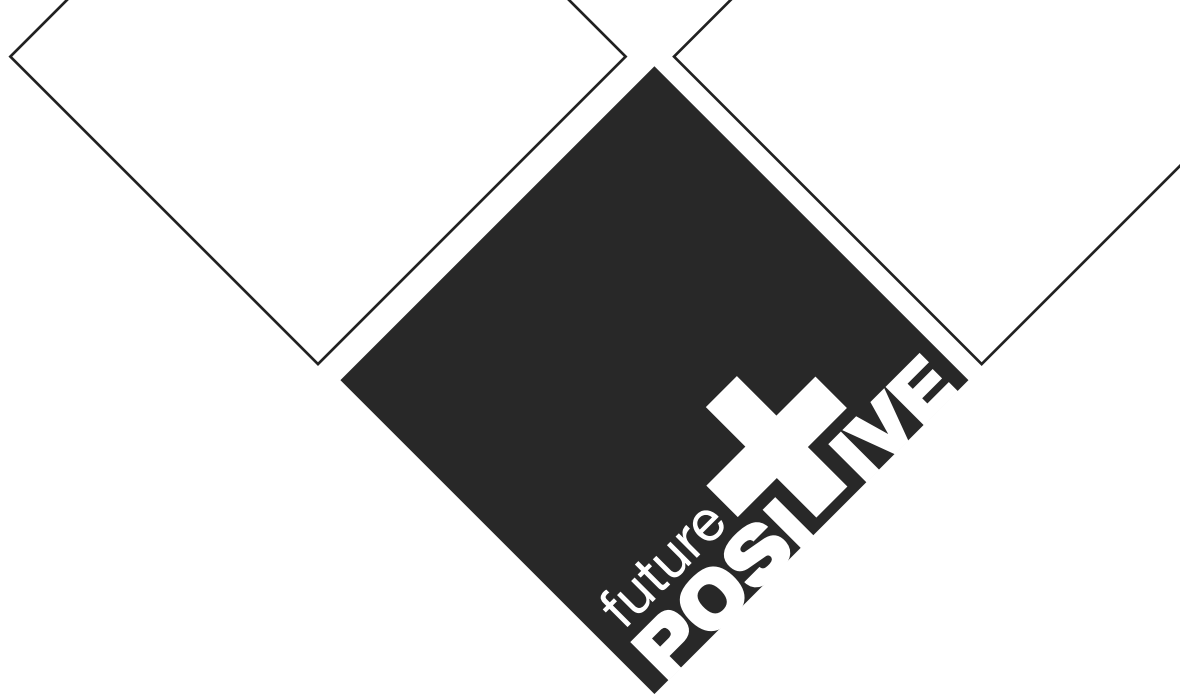
Has over three decades of managerial experience in various capacities.



**Mr. Abhijit Rajan**  
Non Executive Director

A successful industrialist with over three decades of business experience.

His zeal and vision is driving the Gammon Group of Companies.



**Mr. Sushil Chandra Tripathi**  
Independent Director

Retired officer of the Indian Administrative Service with over 38 years of experience at senior levels in the State and Central Governments.



**Mr. Chandrahas C. Dayal**  
Independent Director

A Chartered Accountant with vast experience and expertise in audit, internal audit, finance and valuation.  
  
Head of the Audit Committee of the Company.



**Ms. Homai A Daruwalla**  
Independent Director

Chartered Accountant with over three decades of experience in the banking sector.

## OUR KEY STRATEGIES IN PLAY

# FOCUSING ON OPERATIONAL CASHFLOWS

With a healthy mix of annuity and toll-based revenue, our cash flows continue to remain healthy even as our commissioned projects add to our corresponding revenue line. All our operational projects amounting to nearly ₹ 2,900 crore are generating healthy cash flows. We also have a prudent mix of assured and market-driven revenue-generating value-accretive projects, which will help prosper in the long run. This gives us future visibility with stable cash flows and provides us with significant leverage in the infrastructure space.

Three of our projects are getting operational soon – 30 MW co-generation power project Pravara

Renewable Energy Project, Rajahmundry-Godavari Bridge Project and Patna Highway Project. Once operational, these are likely to add ₹ 500-600 crore to our topline. Our annuity projects are self-sustaining with assured sources of revenue in the form of annuities. The profitable Mumbai-Nasik Expressway Toll Project recorded an average daily toll collection of ₹ 35 lakhs during the year, while the Vijaywada-Gundugolanu Toll Road Project, operationalised recently, is also running successfully with a

monthly average toll collection of ₹ 20 lakhs. Revenue from Visakhapatnam Port Project is also better than expected. The project is attractive since dredging is getting completed till 16 feet and there will be coal import coming in.

We accurately and wisely choose each project and aim to make the most of our PPP model. We are targeting to achieve faster turnaround of our projects to improve their economic value, with an unwavering commitment to operate them efficiently.

## OUR CORE STRENGTHS

Assured and market-driven revenue-generating projects

Faster turnaround in project execution

Self-sustaining annuity projects

Annuity and toll-based revenue mix

Accurate valuation of projects



## OUR KEY STRATEGIES IN PLAY

# PLUCKING LOW-HANGING FRUITS

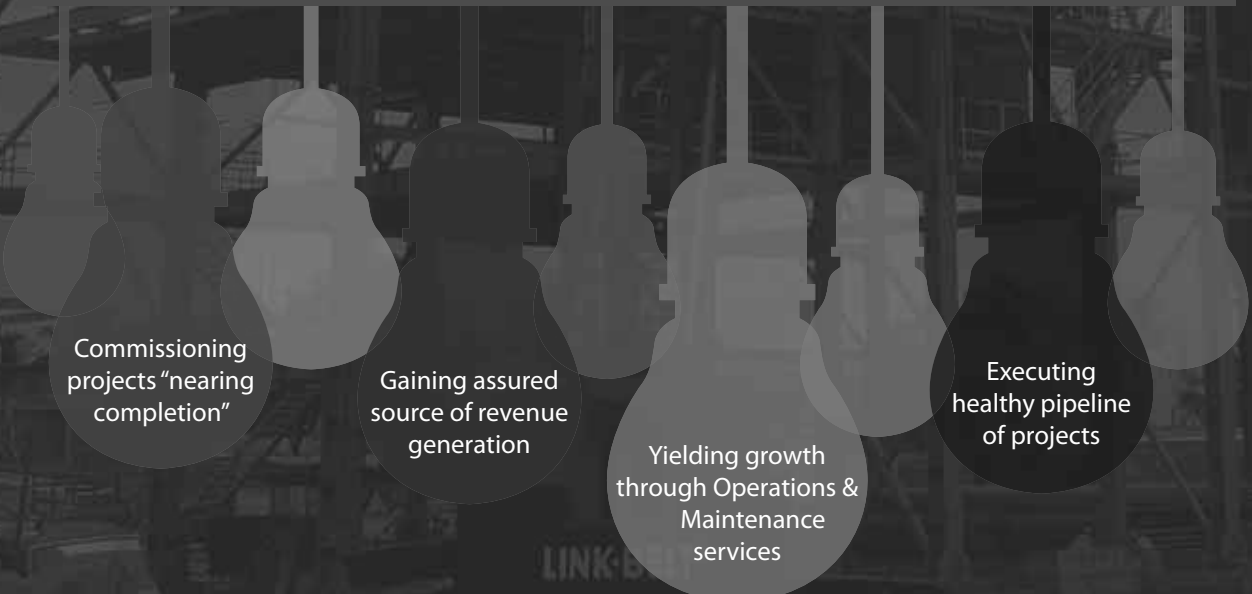
We remain focussed on executing our healthy pipeline of projects. In the ongoing financial year, we remain poised to commission projects nearing completion to build upon a synergistic position in infrastructure development. These are the Hajipur-Muzaffarpur project; Rajahmundry-Godavari Bridge in Andhra Pradesh; and Pravara Co-Generation Power Project; and the Patna Highway Project. These projects are likely to add ₹ 500-600 crore to our topline. In Sidhi Singrauli Road Project and

Vijaywada Gundugolanu Road Project which we implemented recently, we see engineering, procurement and construction (EPC) building up.

Our basic business principles demand a commitment to execute and operate projects efficiently. We are not only rolling out projects, but also withstanding all the complexities of the infrastructure sector, demonstrating our solid foundation.

We are selectively choosing our next steps to yield sustainable growth. Our Operations & Maintenance (O&M) services for Rajahmundry Expressway Annuity Road Project and Andhra Expressway Annuity Road Project provide a good source of revenue generation being a periodical maintenance activity. We are also undertaking O&M services for Mumbai-Nasik Expressway Road Project, Kosi Bridge Annuity Road Project and Gorakhpur Annuity Road Project.

## CORE STRATEGIES



Commissioning projects "nearing completion"

Gaining assured source of revenue generation

Yielding growth through Operations & Maintenance services

Executing healthy pipeline of projects

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# GETTING FINANCIALLY RE-ENGINEERED

Our ability to recalibrate existing debt helps us improve our margins. As we negotiate bilaterally and get our interest rates reduced, risk perception on operational projects lowers considerably, since we cross over the construction period risk. We leverage our strategy to bail out stuck projects and optimise our return on investor equity. In addition to this, we generate sound surplus cash flows and securitise project receivables, which will enhance our ability to fund the equity requirements of our projects.

With significant experience in raising capital (debt/equity) through efficient structures, we are suitably poised to capitalise on opportunities in the infrastructure sector. To share an example,

we achieved financial closure for Patna Highway Annuity Road Project at debt-to-equity ratio of 90:10. For Rajahmundry Godavari Toll Road Project, we achieved 18-year loan tenures.

Our competitive advantage is our ability to identify and mitigate certain development and operational risks. We have established a good track record in successful development, execution and O&M of infrastructure projects. Our experience and expertise in the infrastructure sector, coupled with our ability to understand cash flow requirements to execute projects, leads to efficient financial engineering of our projects along with better mobilisation of financial resources.



## OUR KEY STRATEGIES IN PLAY

### OUR PRIORITIES

Recalibrating existing debt

Effectively valuing new projects

Optimising return on investor equity

Improving margins through effective cost administration

Mobilising financial resources efficiently

# AN OVERVIEW OF OUR PROJECT PORTFOLIO

Details	REL	AEL	MNEL	KBICL	GICL	PHPL	
<b>Location</b>	Andhra Pradesh	Andhra Pradesh	Maharashtra	Bihar	Uttar Pradesh	Bihar	
<b>Client</b>	NHAI	NHAI	NHAI	NHAI	NHAI	NHAI	
<b>Project Length</b>	53 Kms	47 Kms	96.64 Kms	10 Kms	32.27 Kms	63.17 Kms	
<b>Annual Annuity</b>	₹ 59.24 crore	₹ 55.82 crore	NA	₹ 63.8 crore	₹ 97.2 crore	₹ 189.2 crore	
<b>Concession Period</b>	17.5 years	17.5 years	20 years	20 years	20 years	15 years	
<b>Project Cost</b>	₹ 256 crore	₹ 248 crore	₹ 813 crore	₹ 513 crore	₹ 721 crore	₹ 1,060 crore	
<b>Project Stage</b>	Operational	Operational	Operational	Operational	Operational	Under Construction	
<b>Revenue Model</b>	Annuity	Annuity	Toll	Annuity	Annuity	Annuity	

REL – Rajahmundry Expressway Limited

AEL – Andhra Expressway Limited

MNEL – Mumbai Nasik Expressway Limited

KBICL – Kosi Bridge Infrastructure Company Limited

GICL – Gorakhpur Infrastructure Company Limited

PHPL – Patna Highway Projects Limited

RGBL – Rajahmundry Godavari Bridge Limited



	<b>RGBL</b>	<b>VGRPPL</b>	<b>SSRPL</b>	<b>VSPL</b>	<b>ICTPL</b>	<b>PREL</b>	<b>SHPVL</b>
	Andhra Pradesh	Andhra Pradesh	Madhya Pradesh	Andhra Pradesh	Maharashtra	Maharashtra	Sikkim
	APRDC	NHAI	MPRDC	Vizag Port Trust	Mumbai Port Trust	Sahakari Sakhar Karkhana	SPDC
	14.49 Kms	103.59 Kms	102.6 Kms	9 MMTPA Capacity	1.2 Million TEUs Capacity	30 MW Capacity	66 MW Capacity
	NA	NA	NA	NA	NA	NA	NA
	25 years	30 years	30 years	30 years	30 years	25 years post COD	35 years post COD
	₹ 1,070 crore	₹ 2,087 crore	₹ 1,094 crore	₹ 318 crore	₹ 1,233 crore	₹ 258 crore	₹ 496 crore
	Under Construction	4 Lanes Operational; 2 Lanes Under Construction	Under Construction	Operational	Under Construction	Under Construction	Under Construction
	Toll	Toll	Toll	Rev Share 17.11%	Rev Share 35.064%	Sale of power, steam to client; surplus power to electricity board	IPP

VGRPPL – Vijaywada Gundugolanu Road Project Limited

SSRPL – Sidhi Singrauli Road Project Limited

VSPL – Vizag Seaport Limited

ICTPL – Indira Container Terminal Private Limited

PREL – Pravara Renewable Energy Limited

SHPVL – Sikkim Hydro Power Ventures Limited

## OUR ROADS PORTFOLIO

Total Number of Projects: **10**

Geographical Presence: **6** states

Operational: **6**  
Active Development: **4**

Estimated Portfolio: ₹ **7,600** crore

Annuity Projects: ₹ **2,700** crore

Toll Projects: ₹ **4,900** crore

### Revenue Mix:

Annuity Projects: **46%**

Toll Projects: **54%**

Road: **3,780** Kms

Bridge Lane: **99** Kms

Operational Road Assets Lane:

**1,275** Kms

# ROADS

Our infrastructure projects under the road sector currently comprise 10 projects. Six projects are in the operational phase – Rajahmundry Expressway Annuity Road Project, Andhra Expressway Annuity Road Project, Kosi Bridge Annuity Road Project, Gorakhpur Annuity Road Project, Mumbai Nasik Expressway Toll Road Project and Vijayawada Gundugolanu Toll Road Project. The remaining four projects are under development – Patna Highways Annuity Road Project, Rajahmundry Godavari Toll Road Project, Sidhi Singrauli Toll Road Project and Patna Buxar Toll Road Project.

During the year, we operationalised 4 lanes of our Vijaywada-Gundugolanu Toll Road Project and tolling operations at the two toll plazas of this project

are running successfully. Our immediate priority is to get Rajahmundry-Godavari Bridge Project and Patna Highway Project commissioned to add to our revenue. These will significantly add to our top line. Our key focus is to increase the number of annuity projects to gain clear future visibility and improve bottom lines.

Our existing operational projects are moving as per schedule, with Mumbai-Nasik Expressway contributing well to our top line and bottom line. It collected an average toll of ₹ 35 lakhs per day during the period under review. Our annuity road projects which commenced operations in the recent past are all doing reasonably well, granting us enhanced certainty going forward.

# BUSINESS VERTICALS

## KEY FOCUS AREAS

- ▶ Commissioning projects nearing completion
- ▶ Improving operational efficiency
- ▶ Focus on topline and bottomline growth

## GIPL's SHAREHOLDING IN SPVs

REL	100%
AEL	100%
KBICL	100%
PHPL	100%
VGRPPL	100%
SSRPL	100%
CBICL	97.6%
GICL	96.5%
MNEL	79.9%
RGBL	72%

As part of our constant review, we move out projects which are not likely to start anytime in the near future from our portfolio. We mutually terminated our concession pact with the National Highway Authority of India (NHAI) for two projects – Birmitrapur Barkote Project in Orissa and Yamunanagar Panchkula Project in Haryana owing to non-availability of land and delay in time taken for clearances. Our Cochin Bridge Project has been obstructed from collecting toll by the Greater Cochin Development Authority.

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## OUR PORTS PORTFOLIO

Estimated Portfolio:  
₹ **2,200** crore

Average Concession Period:  
**30** years

Geographical Presence:  
**3** states

Total Number of Projects: **3**

Operational: **1**

Active Development: **1**

Pre-Development: **1**

Combined Capacity:

Bulk: **9** MTPA

Container: **1.2** Mn TEU

Bulk (Coal): **2.3** MTPA

# PORTS

Our port sector currently comprise three projects. The Vizag Port Project is in its operations phase, while the Mumbai Port Project is under the construction phase. Our Vizag port on Build, Operate and Transfer basis is generating adequate surplus and performing as per expectations. It is equipped to handle any type of cargo, including outside cargo due to additional acres of land acquired close to the seaport. During the period under review, the port achieved tonnage of 4.0 million tonnes (for 9 months ended Sep'14) vis-à-vis 4.22 million tonnes in the previous year, while it clocked an average realisation of ₹ 192.07 per tonne.

Our agreement with Mormugoa Port Trust for providing mechanised handling facilities for handling coal at existing Berth no. 11 at the Mormugao Port Project in the state of Goa has been mutually terminated by the client against which the Company has initiated arbitration proceedings. The project was being developed on a DBFOT basis from Mormugao Port Trust (MPT), with an expected capacity of 2.33 million tonnes per annum.

Meanwhile, the ₹ 1,400 crore Indira Container Terminal project at Mumbai port, with 120,000 TEU capacity, continues to be under development. The port is being developed as a traffic booster and is currently under advanced stages of development.



# BUSINESS VERTICALS

## KEY FOCUS AREAS

- ▶ Leveraging cargo demand
- ▶ Achieving efficient realisation
- ▶ Focusing on project completion

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Though physical berths are ready, the terminal is yet to start operations since the tender process is on for procuring equipment, completing land-fulfilling obligations, considering cargo evacuation concerns and completing dredging work. The project is likely to get commissioned in the next couple of years.

Going forward, our focus continues to be to leverage the rising opportunities in the ports sector. Our objective is to enhance our realisation per tonne for operational projects, considering our capabilities in the ports sector, even as our domain expertise secures us against market vagaries and demand slump. We aim to participate in multiple port projects and bid for terminal projects on different coasts.

## OUR POWER PORTFOLIO

Total Number of Projects: **5**

Active Development: **4**

Development: **1**

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Geographical Presence: **3** states

Estimated Portfolio: ₹ **5,000** crore

Renewable: ₹ **200** crore

Hydro: ₹ **3,300** crore

Thermal: ₹ **1,400** crore

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Combined Capacity:

Renewable: **30** MW

Hydro: **387** MW

Thermal: **250** MW

# POWER

Our projects under the power sector include 5 projects. Of these, 2 are in the construction phase and 3 in the development phase. Pravara Co-Generation Power Project and Rangit II Hydro electric Power Project are currently under construction. Our immediate priority is to get these commissioned.

The Pravara project comprises facilities for Online Bagasse Handling System, Air Cooled Condenser, Water Intake & Storage, and Ash Handling, Storage & Disposal. Fuel requirement for this cogeneration project in Ahmednagar district, which is being

developed on BOOT basis, has been committed by a co-operative sugar factory. This grants us enough assurance on fuel supply and assuring the viability of the project.

The Rangit II Hydroelectric Power Project is also on BOOT basis. Having achieved financial closure, construction has begun. The Tidong Hydroelectric Power Project, Youngthang Khab Hydroelectric Project and Aparna Infraenergy Thermal Power Project, our other power projects, are currently in pre-development stage. Geological and ecological

# BUSINESS VERTICALS

## KEY FOCUS AREAS

- ▶ Commissioning key projects
- ▶ Strengthening capabilities
- ▶ Project management

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studies are in progress for the first two hydro-power projects. Rehabilitation and environmental clearances have also been sought. For our coal-based thermal power project which marks our foray into thermal power generation, necessary approvals and clearances have been received.

# MANAGEMENT DISCUSSION AND ANALYSIS

## INDIAN ECONOMY

The Indian economy has been witnessing a decline in its GDP growth rate over the past few years. Post global financial crisis in 2008-09, the country recovered to a healthy growth rate that averaged around 8.7% annually in 2009-10 and 2010-11. However, this recovery was short-lived and growth declined to 6.7% in 2011-12 and further to 4.5% in 2012-13 on account of domestic as well as external factors. During financial year 2013-14, a marginal improvement in growth was recorded at 4.7%. As per the Central Statistical Organisation (CSO), both the manufacturing and mining sectors shrunk in FY2013-14 with a fall in manufacturing output. Lacklustre infrastructure activity dampened construction growth. The manufacturing sector contracted (-) 0.7% in 2013-14 as against 1.1% in FY2012-13. Mining and quarrying declined (-) 1.4% as against (-) 2.2%

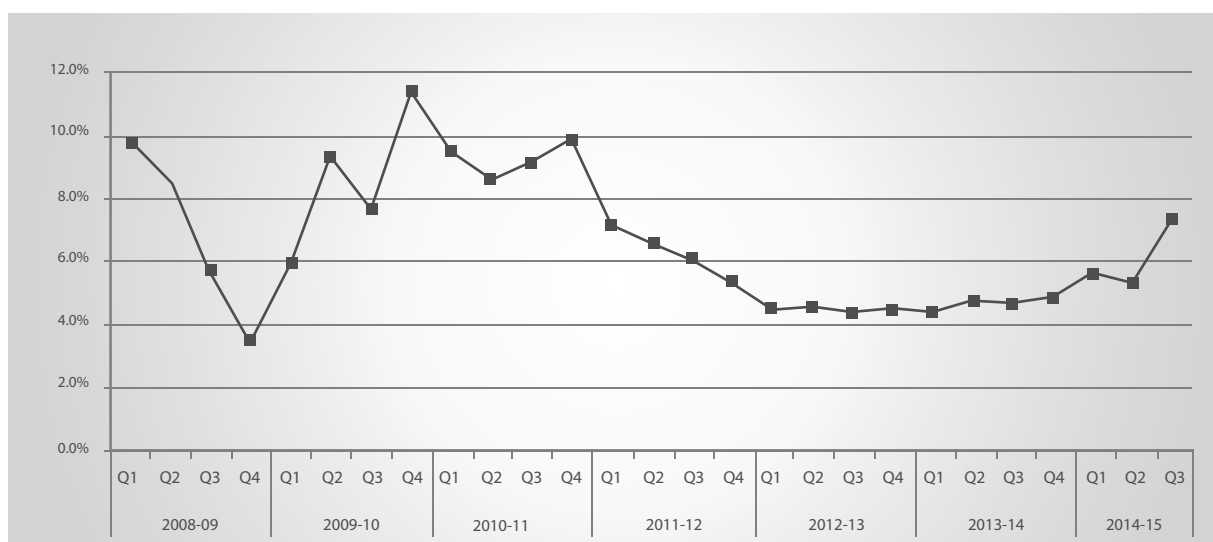
in FY2012-13. To add to our woes, investments or capital formation declined due to low movement in infrastructure and high interest rates. First half of FY2014-15 witnessed the ushering in of a stable government at the centre, which revived sentiments and lifted investor confidence paving way for growth. The Confederation of Indian Industry (CII) and various other industry associations have presented an encouraging outlook and the expectation is that the new government's growth and development focused actions will create a positive impact on the investment sentiment in the country. The Indian industry and the corporate sector is hopeful that although the growth of real GDP at 4.7% for FY2013-14 was below growth projections by the CSO in its advanced estimates, it is expected to improve in FY2014-15 as the government is undertaking significant steps to rejuvenate the fledgling economy.

Recently, the International Monetary Fund (IMF) estimated India's economy to grow at 6.3% and 6.5%, respectively, over the next two years making India the fastest growing emerging economy in the

world. From a global perspective, this is significantly higher than the IMF's World Economic Outlook (WEO) projection which estimates global economic growth at 3.5% and 3.7% in 2015 and 2016, respectively. IMF's projections represent a substantial increase from the actual growth rates of the Indian economy in 2013 and 2014, when the economy grew by 5% and 5.8%, respectively.

Global factors also hold promise for the Indian economy. The ongoing slump in world oil prices are likely to stimulate the Indian economy by freeing up capital for other uses, including investment in infrastructure and public services. However, despite positive expectations surrounding the economic reform initiatives of the new government and favorable external factors, the Indian economy continues to suffer from negative factors. The new government is aiming to fix these factors by alleviating the negative effects of unlimited liability clauses for foreign suppliers, lax patent rules, and generally, cumbersome government bureaucracy. These are the factors that continue as legacy from India's previous political structures and governments.

## GROWTH RATE IN GDP AT FACTOR COST



Source: RBI Database

## MANAGEMENT DISCUSSION AND ANALYSIS

### INDIAN INFRASTRUCTURE SECTOR

India is one of the fastest growing economies in the world. Consequently, the need for infrastructure facilities is ever growing across sectors. The development of adequate infrastructure has been identified as the most critical prerequisite for sustaining the current growth momentum of the economy and to ensure inclusiveness of the growth process. While infrastructure development is one of the top priorities of our nation, the pace of infrastructural growth is not commensurate to the growing demands and continues to pose a major bottleneck for the country. Hence, the Indian government has been undertaking various steps and introducing several incentives to encourage rapid infrastructure development in the country.

The 12<sup>th</sup> Five Year Plan (FYP) (2012-17) has accordingly allocated a total investment of \$1 trillion in the infrastructure sector, nearly double as compared with that in the 11<sup>th</sup> FYP (2007-11), which will primarily be achieved through the Public-Private Partnership (PPP) model. The share of private investment is expected to jump to 48% in the 12<sup>th</sup> FYP, as compared to 36.6% in the 11<sup>th</sup> FYP. Over a period of time, the Government of India has taken several initiatives to accommodate and accelerate private investment in the infrastructure sector. These include sector-specific policies, providing incentives and tax holidays to attract private investments, permission of 100% FDI in infrastructure, special provision of Viability Gap Funding (VGF) and the PPP approach.





## ROADS

India has the 3<sup>rd</sup> largest road network in the world, next only to United States and China, with a road length of 4.69 million kms. The country relies heavily on its robust road network which is used to transport over 65% of freight and 80% of passenger traffic. India's road density is among the highest in the world with 1.29 km of roads per sq. km. of area. The national highways and expressways, currently at 79,116 kms, constitute 1.7% of the total road length and carry 40% of the total traffic.

To promote the sector, the government has given a go-ahead for 100% foreign direct investment (FDI) under the automatic route. Development of national highways through PPP is expected to remain the key

focus area for the government. During the next five years, investments through PPP are expected to be over \$41 billion for national highways and around \$ 10 billion for state highways.

The National Highway Authority of India (NHAI) is a government agency responsible for construction, maintenance and development of highways. The Indian Government has formulated a seven-phase program, the 'National Highway Development Project (NHDP)', which is vested with the NHAI for development of national highways in the country. NHDP is the world's largest road development program based on the PPP model, spread across 55,000 kms (seven phases) through an estimated expenditure of Rs 4,719.8 billion.

# MANAGEMENT DISCUSSION AND ANALYSIS

## A LOOK AT NATIONAL HIGHWAY DEVELOPMENT PROJECTS

NHDP Phase	Project Description	Total Length (Kms)	Cost (US\$ Billion)	Development Model
Phase I	Development of Golden Quadrilateral, North South & East West (NS-EW) corridor, port connectivity and other national highways	7,522	7	Engineering, Procurement & Construction (EPC)
Phase II	Development of North South & East West (NS-EW) corridor and other national highways	6,647	7.2	EPC
Phase III	Development of four-lane national highways	12,109	18.5	PPP (Build, Operate & Transfer)
Phase IV	Upgradation of single lane to two-lane	20,000	NA	PPP
Phase V	Upgradation of four-lane highways to six-lane and port connectivity	6,500	9.3	PPP
Phase VI	Development of expressway	1,000	3.8	PPP (Design, Build, Finance & Operate)
Phase VII	Development of ring roads, bypasses and flyovers	700	4.2	PPP (Build, Operate & Transfer)

Source: Ministry of Road Transport and Highways (MoRT&H)

The Indian Government has been very pro-active in implementing new policy measures to give an impetus to road infrastructure. In order to set a pace for investments in the sector; the Government modified its policy framework to ensure developers do not have to wait for long for clearance from the forest authorities to start construction. Another positive step is that the central bank has decided to reclassify loans to road builders as secured loans rather than unsecured loans, which will offer more comfort to banks to lend to such projects.





## PORTS

India has a long coastline of about 7,517 kms along the western and eastern shelves of the mainland. With 12 major ports and 187 minor ports, India ranks 16<sup>th</sup> among maritime countries and has one of the largest merchant shipping fleets in the world. According to the Ministry of Shipping, approximately 95% of the country's trade by volume and 70% by value moves through maritime transport, highlighting the importance of ports and their contribution in sustaining the growth and development of the Indian economy. During the 12<sup>th</sup> FYP, about Rs 180,626.23 crore is expected to be invested in the ports sector, as per the revised estimates of the Government.

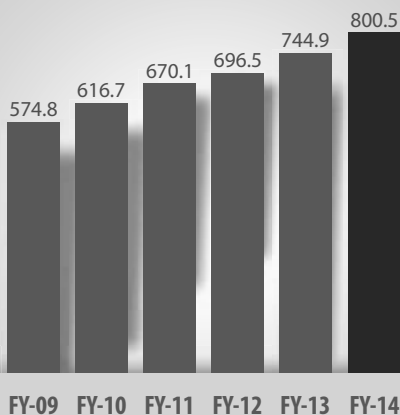
The Ministry of Shipping, the nodal agency for ports, encompasses shipping and port sectors, including ship-building and ship repair, major ports and inland water transport. As per the government policy, 100% FDI is allowed in port development projects. As way of an incentive, 100% income tax exemption is extended to companies investing in port infrastructure. Further, a 10-year tax holiday has been given to enterprises engaged in the business of developing, maintaining and operating ports, inland waterways and inland ports.



The National Maritime Agenda 2010–2020 is an initiative of the Shipping Ministry to outline the framework for development of the port sector with a target capacity of over 3 billion tonnes by 2020, largely through private sector participation. The Maritime Agenda 2010-20 estimates investments in new projects of major ports worth Rs 1,094.5 billion, of which Rs 728.8 billion are estimated to come from private sector participation. In FY2012-13, there were 29 PPP projects that were awarded at an estimated cost of Rs 135.5 billion for capacity addition of 208 Metric Tonnes (MT) in the port sector. During the first half of FY2013-14, there were 4 PPP projects awarded at an estimated cost of Rs 20.9 billion to add total capacity of 40.79 MT at major ports.

According to estimates by the Ministry of Shipping, cargo volumes in India are expected to breach the 2 billion tonnes mark by 2016-17 and 2.4 billion tonnes by 2019-20. An ICRA report on the Indian port sector states that prospects for cargo growth over the medium-to-long-term remain positive based on level of activities in key end-user industries. Future traffic at Indian ports is expected to be driven mainly by higher volumes of coal (to meet requirements of the large number of current and

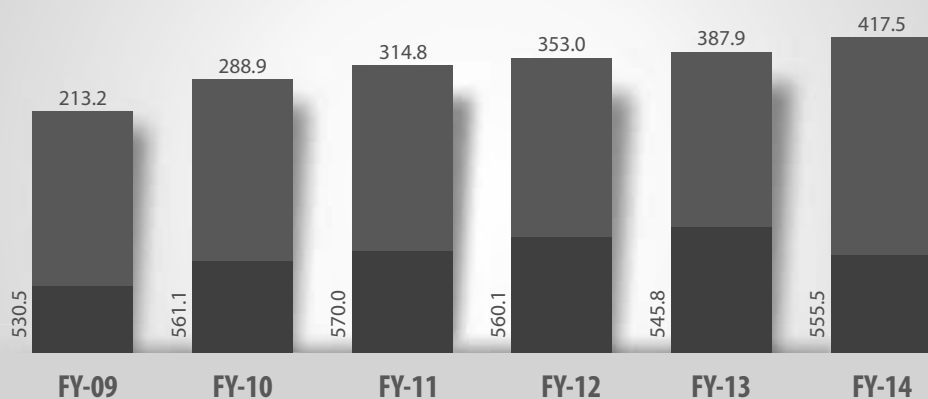
### India's Total Port Capacity in (MT)



Source: Ministry of Shipping, Government of India

## MANAGEMENT DISCUSSION AND ANALYSIS

### INDIAN PORTS: CARGO TRAFFIC IN MMT



Source: Ministry of Shipping, Government of India

proposed thermal power projects based on imported coal); containers (given market under-penetration and potential for cost savings); crude oil and POL (large upcoming refinery capacity); fertilisers (strong domestic demand and low self-sufficiency); and steel (mega projects proposed in eastern India). Most of the projected traffic growth in India is based on domestic demand drivers. These are expected to spur growth in various port-related logistics and service activities, although competitive pressures in these business lines continue to remain high. For private players investing in the ports sector, another positive trend is the increasing adoption of the landlord / asset ownership model for major ports. This model allows the private sector a dominant role in capacity additions as well as in port services and operations.

### POWER

India has the 5<sup>th</sup> largest electricity generation and consumption capacity across the world. This is next only to the United States, China, Japan and Russia, and demand is expected to surge in the coming years owing to consistent growth in the economy. Total power generation in India increased at a Compounded Annual Growth Rate (CAGR) of 4.0% over the last 5 years, generating around 882.5 TWh during April 2013 to February 2014. Total installed power generation capacity shot up by 12.2% to 237.7 GW, having recorded a CAGR growth of 9.9% over the last 5 years. Power generation majorly takes place in the form of thermal power in India, wherein coal-fired power constitutes 59.2% and gas-fired power is 9.0%. Other prominent and fast-growing sources of power are hydro power (16.9%), renewables (12.4%), and nuclear power (2.0%).

Thermal power in India accounts for roughly two-thirds of the power generated. This includes gas, liquid fuel and coal. Reserves for thermal power generation include 59 billion tonnes of mineable coal, 775 million MT of oil reserves and natural gas reserves of 1,074 billion cubic metres. Some other prominent and fast-growing sources of power are hydro, wind, solar, nuclear, and biomass.

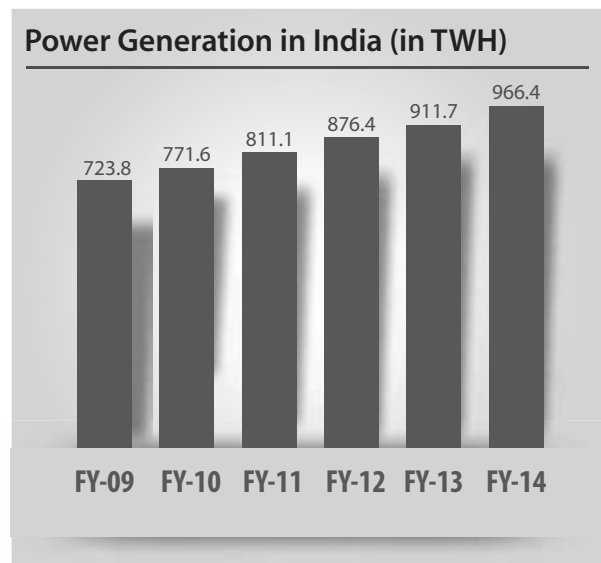
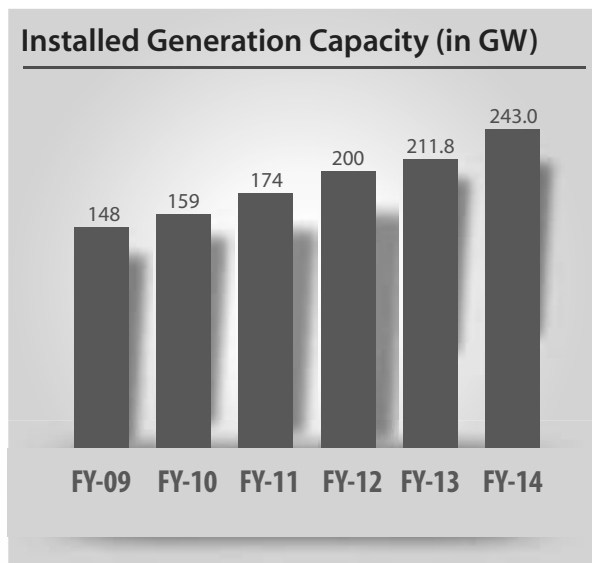
India contains one of the largest world reserves of nuclear fuel thorium. The government has targeted an installed nuclear power capacity of 20 GW by 2020 and further to 63 GW by 2032. For water-based power, India has an untapped hydro potential worth 150,000 MW, only 25% of which has been harnessed until now. Similarly, solar power, biomass and wind power also have high potential for future development.

India has the world's 4<sup>th</sup> largest number of wind energy installations. According to the Ministry of New and Renewable Energy (MNRE), wind energy is one of the fastest-growing renewable energy sectors in the country. With a cumulative deployment of over 13,000 MW, wind energy accounts for nearly 70% of the installed capacity in the renewable energy sector in the country.

According to the Ministry of Power, the scope for investments in the Indian power sector stands at over USD 300 billion. As per the government's policy, FDI up to 100% is permitted under the automatic route for:

1. Generation and transmission of electric energy produced in hydro-electric, coal/lignite-based thermal, and oil- and gas-based thermal power plants;
2. Non-conventional energy generation and distribution;
3. Distribution of electric energy to households, industrial, commercial and other users;
4. And, power trading.

The total demand for electricity is estimated to be around 950,000 MW by 2030. Huge opportunities exist in power generation, transmission, distribution and equipment servicing with capacity additions for power generation, captive power plants being set up, government promoting private sector participation in transmission and distribution, transmission projects being awarded on tariff-based bidding, privatisation of distribution franchisees, scope for rural electrification, more focus on improving efficiency and introducing advanced technology and a greater need for operational and maintenance services.



Source: Ministry of Power, Ministry of New and Renewable Energy, Government of India

# MANAGEMENT DISCUSSION AND ANALYSIS

## ADVANTAGE GIPL

We are an infrastructure development company promoted by Gammon India Limited. We undertake and develop infrastructure projects in sectors such as Roads, Bridges, Seaports and Power Generation. We also offer services in other areas of project development, besides construction, such as Project Advisory Services and Operations & Maintenance. Key points that differentiate us in the industry are enumerated below:

- a) We are among the first in India to be modelled as an infrastructure holding company.
- b) We have a diversified exposure in the infrastructure sector.
- c) We have a sound track record of successful project completion and are focused on efficient project execution.
- d) We possess the long term financial and operational capabilities to take on the biggest challenges and create opportunities through the public-private partnership model.

As a BOT major engaged in PPP projects in India, we have a presence across different elements of the infrastructure development value chain.

### Engineering and Construction:

The Company was always engaged in O&M of the projects for its Group companies. It has now also started executing construction work on contract basis for these Group companies. In terms of sectors, the focus is currently on construction of road projects. The Company has been contracted to construct and maintain a total of 600 lane kms for two of its subsidiaries.

## Routine and Periodic Maintenance

The Company continues to undertake the routine and periodic maintenance of roads and bridges for all its operational road companies.

## Advisory and Development Services

The Company continues to render the services related to development of road projects and provides advisory services to its Group companies.

₹ Lakhs

### Gammon Infrastructure Projects Limited

	FYE - Sep'14	FYE - Dec'13
Total Revenue	8,380.66	8,449.41
EBITDA	2,333.15	3,985.56
Profit After Tax	(6,933.71)	(1,396.66)
Equity Share Capital	18,845.04	14,761.55
Reserves and Surplus	62,885.20	48,454.40



## PAN INDIA PRESENCE



# MANAGEMENT DISCUSSION AND ANALYSIS

## OPERATIONAL OVERVIEW

### Operational Projects

#### 1. Rajahmundry Expressway Limited (REL)

REL is the SPV created for the project of widening and strengthening of the 53 kms stretch between Rajahmundry and Dharmavaram in Andhra Pradesh on NH 16, connecting Chennai and Kolkata. The project achieved COD on 20th September, 2004, 70 days ahead of schedule. The project was awarded a 17.5- year concession period, including a construction period of thirty months. The project has been capitalised at Rs 25,642 Lakhs.

As of 30th September, 2014, REL has received 19 annuities from NHAI (each semi-annual annuity amounting to Rs 2,961.9 Lakhs). Till date, 100% lane availability has been achieved by REL as demonstrated by receipt of full annuity from NHAI without any deduction.

Financial performance highlights of REL during the last two fiscals are as under:

	₹ Lakhs	
	FYE - Sep'14	FYE - Dec'13
Total Revenue	4,506.37	4,491.38
EBITDA	2,726.95	2,722.54
Profit After Tax	631.83	448.95
Equity Share Capital	2,900.00	2,900.00
Reserves and Surplus	4,790.57	4,158.74

#### 2. Andhra Expressway Limited (AEL)

AEL is the SPV created for the project of widening and strengthening of the 47 kms stretch between Dharmavaram and Tuni in Andhra Pradesh on NH 16, connecting Chennai and Kolkata. The project has achieved COD on 30th October, 2004, 30 days ahead of schedule. The project has a 17.5 year concession period, including a construction period of thirty months. The project has been capitalised at Rs 24,807 Lakhs.

As of 30th September 2014, AEL has received 19 annuities from NHAI (each semi-annual annuity amounting to Rs 2791.2 Lakhs). Till date, 100% lane availability has been achieved by AEL as demonstrated by its receipt of full annuity from NHAI without any deduction.





Financial performance highlights of AEL during the last two fiscals are as under:

₹ Lakhs

	FYE - Sep'14	FYE - Dec'13
Total Revenue	4,231.24	4,246.13
EBITDA	2,545.78	2,571.64
Profit After Tax	607.89	363.18
Equity Share Capital	2,900.00	2,900.00
Reserves and Surplus	4,071.58	3,463.69

### 3. Cochin Bridge infrastructure Company Limited (CBICL)

CBICL is an SPV promoted for developing the New Mattancherry Bridge at Cochin in Kerala on a BOT (Toll) basis. The 480-metre long bridge along with the 200-metre approach road on both ends connect Fort Kochi (a heritage town and famous tourist site) to Willingdon Island in Cochin Port Trust area and is operational for nearly 14 years now.

The construction was completed 10 months ahead of schedule, which resulted in the early collection of toll revenues. The project had been capitalised at Rs 2,574 Lakhs.

Financial performance highlights of CBICL during the last two fiscals are as under:

₹ Lakhs

	FYE - Sep'14	FYE - Dec'13
Total Revenue	138.72	357.08
EBITDA	80.02	190.75
Profit After Tax	(78.91)	(32.03)
Equity Share Capital	640.01	640.01
Reserves and Surplus	316.46	395.37

The original concession period of CBICL was valid till April 27, 2014 which was extended by the Government of Kerala (GOK) by six years till April 27, 2020 by its Government Order dated January 24, 2005 because CBICL has not revised the toll rates

## MANAGEMENT DISCUSSION AND ANALYSIS

based on WPI as per the terms of the Concession and other compliance deficiencies on the part of GOK with reference to the Concession Agreement. However, instead of entering into a supplementary agreement to amend the original concession agreement, as promised, GOK choose to unilaterally cancel its Government Order dated January 24, 2005 by its Government Order dated December 26, 2008. CBICL had referred the issue to arbitration and the Arbitral Tribunal had passed orders permitting CBICL to collect the toll fees till further notice. However, the Greater Cochin Development Authority (GCDA) has on April 27, 2014 (on the last day of the original concession period), without compensating CBICL and in disregard of the Arbitral Tribunal orders, chose to unilaterally seal the toll booths of CBICL at the Mattancherry Bridge at Kochi. CBICL is exploring all the options, including legal and mutual settlement with GOK.

#### 4. Mumbai Nasik Expressway Limited (MNEL)

MNEL is the SPV created for widening, strengthening and operating the 96.64 kms Vadape-Gonde section of NH-3 on BOT basis. The concession period for the project is 20 years, including construction period of three years. The project has been capitalised at Rs 92,718 Lakhs. The Company holds 79.99% stake in MNEL.

Mumbai Nasik Expressway connects one of the most important gateways - Mumbai to Northern, Central and Eastern parts of India. At a time when the BOT project was awarded, it was the largest BOT road project in India.

The Engineering, Procurement & Construction (EPC) contract of the project was awarded to Gammon India Limited (GIL). The Operation and Maintenance contract of the project is with Gammon Infrastructure







Projects Limited. MNEL commenced partial operations on May 2010, while tolling on the entire stretch started in September 2011.

Financial performance highlights of MNEL during the last two fiscals are as under:

	₹ Lakhs	
	FYE - Sep'14	FYE - Dec'13
Total Revenue	11,939.60	11,127.02
EBITDA	8,140.12	8,083.12
Profit After Tax	(127.12)	76.51
Equity Share Capital	5,200.00	5,200.00
Reserves and Surplus	9,936.89	10,064.01

#### 5. Vizag Seaport Private Limited (VSPL)

VSPL is the SPV formed to develop, construct, operate and manage two multi- purpose berths in the northern arm of the inner harbour at Visakhapatnam Port on a BOT basis. VSPL is the only private operator for handling bulk cargo in India's largest seaport at Visakhapatnam. VSPL has developed the berths and terminal as a fully mechanised integrated handling system, incorporating state-of-the-art technologies capable of handling cargo up to 9 MTPA.

The commercial operations began in July 2004 and the Company has handled 6.2 Million tonnes of cargo during Apr 2013 to September 2014. With the possession of an additional storage area of 30 acres and two more harbour mobile cranes, VSPL is expected to achieve 7 Million Tonne during the current financial year. The concession period is 30 years, including the construction period. The project has been capitalised at Rs 32,552 Lakhs.



## MANAGEMENT DISCUSSION AND ANALYSIS

The Company holds 73.76% stake in VSPL since FY2009.

Financial performance highlights of VSPL during the last two fiscals are as under:

	₹ Lakhs	
	FYE - Sep'14	FYE - Dec'13
Total Revenue	9,926.54	10,044.60
EBITDA	4,198.25	4,320.84
Profit After Tax	365.28	386.62
Equity Share Capital	8,719.13	8,719.13
Reserves and Surplus	633.20	267.91

### 6. Kosi Bridge Infrastructure Company Limited (KBICL)

KBICL is the SPV incorporated for design, construction, development, finance, operation and maintenance of a 1.8 kms long four-lane bridge across River Kosi with 8.2 kms of access roads and 21.2 kms of bunds for flood protection on NH-57 in the Supaul district of Bihar on BOT (Annuity) basis.

The project achieved Provisional COD on 8th Feb 2012. The concession period is 20 years, including a construction period of three years. KBICL's annuity receivables from NHAI semi-annually is Rs 3,190 Lakhs during the entire operations period. The project has been capitalised at Rs 51,855 Lakhs. The EPC contract for the project was awarded to Gammon India Limited.

The original scheduled project completion date was 4th April, 2010. However, the project got delayed due to reasons beyond the control of the Company and

the Company has received Rs 67 crores in February 2014 for the delay days. On 8th February, 2012, the project was inaugurated and achieved Provisional COD. KBICL has received six annuity payments from NHAI till date.

Financial performance of KBICL is as under:

	₹ Lakhs	
	FYE - Sep'14	FYE - Dec'13
Total Revenue	11,650.68	4,930.04
EBITDA	10,927.48	4,496.88
Profit After Tax	1,470.53	(885.63)
Equity Share Capital	4,830.00	4,830.00
Reserves and Surplus	(449.47)	(1,920.00)





## 7. Gorakhpur Infrastructure Company Limited (GICL)

GICL is the SPV incorporated for design, construction, finance and maintenance of a 32.27 kms long four-lane bypass to Gorakhpur town on NH-28 in the State of Uttar Pradesh on BOT (Annuity) basis.

The project achieved Provisional COD effective from 31st March 2012. The concession period is 20 years, including a construction period of 30 months.

The total project cost is Rs 72,129 Lakhs. The EPC contract for the project was awarded to Gammon India Limited.

GICL annuity receivable from NHAI semi-annually is Rs 4,860 Lakhs during the entire operations period. The COD of the project was expected to be in October 2009. However, the completion of construction work was delayed due to NHAI's failure to fulfill its obligation of enabling access to the project site by clearing encumbrances. Finally, the project got provisional COD effective 31st March, 2012. GICL received five annuity payments from NHAI till date.

Financial performance of GICL is as under:

	₹ Lakhs	
	FYE - Sep'14	FYE - Dec'13
Total Revenue	7,475.65	7,307.26
EBITDA	6,490.80	6,294.11
Profit After Tax	1,130.82	(1,780.09)
Equity Share Capital	5,428.70	5,428.70
Reserves and Surplus	(4,581.64)	(5,712.46)

## Projects Under Construction

### 1. Rajahmundry Godavari Bridge Limited (RGBL)

RGBL is the SPV incorporated for design, construction, operation and maintenance of a 4.15 kms long four-lane bridge, which will connect Kovvur and Rajahmundry in Andhra Pradesh across the Godavari River, with 10.34 kms of approach roads. The concession period for the project is 25 years, including a construction period of three years. The project is estimated to be completed by March 2015 with estimated cost of Rs 107,002 Lakhs.

The project is under its implementation phase with a total capitalisation of Rs 93,922 Lakhs as on 30th September, 2014.

## MANAGEMENT DISCUSSION AND ANALYSIS

The EPC contract for the project was awarded to Gammon India Limited.

The responsibilities for tolling (Tolling Services) and maintenance (Maintenance Services) of the project shall remain with your Company. Tolling and Maintenance Services shall commence from the Commercial Operations Date (COD) until the expiry of the concession period. Construction activity is in full swing at the project site. The project has so far been unable to get complete because of unavailability of land, this issue has been resolved and we expect to complete the project within six months.

### **2. Patna Highway Projects Limited (PHPL)**

PHPL is the SPV incorporated for design, construction, finance and maintenance of a 63.17 kms long four-lane dual carriageway on NH 77,

which includes new bypass of 16.87 kms connecting NH-28 in the State of Bihar on BOT (Annuity) basis. Your Company has an equity stake of 100% in PHPL. The concession period is 15 years, including a construction period of 30 months. PHPL will receive an annuity payment of Rs 9,460 Lakhs from NHAI, semi-annually, in the entire operations period. The total project cost is estimated to be Rs 100,345 Lakhs.

The project is under its implementation phase with a total capitalisation of Rs 94,560 Lakhs as on 30th September 2014. The EPC contract for the project has been awarded to Gammon India Limited (GIL). The responsibility of maintenance (Maintenance Services) of the project has been vested with your Company. The Maintenance Services shall commence from the COD until the expiry of the entire concession period.





The project is in an advanced stage of completion, but has not been able to get completed due to non-availability of land. However, we have proposed for a provisional COD from the client and we hope to receive the same at the earliest.

### 3. Indira Container Terminal Private Limited (ICTPL)

ICTPL (Licensee) and The Board of Trustees of the Port of Mumbai (Licensor) entered into a License Agreement dated 3rd December, 2007 (License Agreement) for the construction of offshore container berths and development of Offshore Container Terminal (OCT) on BOT basis in Mumbai Harbour and the Operation of Ballard Pier Station Container Terminal (BPS).

The License was granted for the following:

- a) BPS Project for a period of five years commencing from the date of award of License; or two years from the commissioning of the OCT Project, whichever is earlier;
- b) OCT Project for a period of 30 years commencing from the Date of Award of License during which the Licensee is authorised to implement the project in accordance with the provisions of the License Agreement.

The OCT Project consists of an offshore jetty of 700 metres with alongside committed draft of 14.5 metres by the Mumbai Port Trust in Phase I and an exclusive option to extend it by another 350 metre in Phase II. Total back-up area envisaged for Phase I is around 38 hectares and an additional 7 hectares for Phase II. Construction was scheduled to be completed in three years, with commercial operations scheduled on 3rd December, 2010. There has been a delay in the handover of Project Assets by the Mumbai Port Trust and it has granted extension for the project completion and date of commissioning of Offshore Container Terminal to the extent of delay.



## MANAGEMENT DISCUSSION AND ANALYSIS



The EPC contract along with Electrical and Firefighting Contract for the project has been awarded to Gammon India Limited. Equipment package for 6 Ship-to-Shore Cranes and 20 Rubber Tyred Gantry Cranes are being awarded.

The total envisaged project cost is Rs 122,809 Lakhs with estimated COD of March 2016. The revenue share payable by ICTPL to MbPT is 35.064% of gross revenue for the year.

The total capitalisation of the project is Rs 59,993 Lakhs as on 30th September 2014.

#### **4. Pravara Renewable Energy Limited (PREL)**

PREL is the SPV responsible for design, construction, finance and operation of a 30 MW co-generation power project on BOOT basis with Padmashri Dr. Vitthalrao Vikhe Patil Sahakari Karkhana Limited (Karkhana) in Pravara Nagar, Tal. Rahata, Dist. Ahmednagar in Maharashtra. The Karkhana is a co-operative sugar factory registered under the provisions of the Maharashtra Co-operative Societies Act, 1960. The project is estimated to be completed by March 2015 with estimated cost of Rs 24,907 Lakhs. The total capitalisation of the project is Rs 24,147 Lakhs as on 30th September 2014. As per the Project Development Agreement executed with Karkhana, PREL shall be responsible for designing, development, procurement,

installation, erection commissioning, operations and maintenance of the co-generation facility for a period of 25 years after commercial operations date.

The co-generation facility is designed as a multi-fuel power plant fired mainly by bagasse. The co-generation facility will use entire bagasse and bio-gas generated by the Karkhana and will supply the required process steam and power to support the sugar manufacturing operations of the Karkhana. The surplus power generated from the cogeneration power project, after meeting the requirement of the Karkhana, will be sold to third parties in Maharashtra State at MERC (Maharashtra Electricity Regulatory Commission) rates.

The project has received all important clearances, including the environmental clearance from Ministry of Environment and Forest (MoEF). All major contracts have been awarded and construction is in full swing at the site and expected to be commissioned shortly.

## **5. Sikkim Hydro Power Ventures Limited (SHPVL)**

SHPVL is the SPV incorporated for developing Rangit II Hydroelectric Power Project in Sikkim on BOOT basis. The project involves the development of a 66 MW run-of-the-river Hydroelectric Power Project on Rimbi River, a tributary of River Rangit. Concession period for the project is 35 years from the COD. The financial closure for the project was achieved in January 2014. The project cost is estimated to be Rs 49,644 Lakhs. The total capitalisation of the project is Rs 9,474 Lakhs as on 30th September 2014.

As per the conditions of the agreement executed between SHPVL and Government of Sikkim (GOS), SHPVL needs to provide free power to the GOS equivalent to 12% of the net energy generated for the first 15 years from COD and at 15% of the net energy generated thereafter. Apart from providing such free power, the agreement provides complete freedom to SHPVL for the sale of power within and outside the State of Sikkim with the permission of GOS and also permits captive consumption.



## MANAGEMENT DISCUSSION AND ANALYSIS

The project has received all major clearances and approvals including environmental clearances from MoEF. All major contracts for the project have been awarded and the construction of various project components such as river diversion tunnel and surge shaft is underway.

### **6. Sidhi Singrauli Road Project Limited (SSRPL)**

SSRPL is the SPV incorporated for design, construction, finance and maintenance of a 102.6 kms long four-lane dual carriageway on NH-75E, which includes the construction of new bypasses of Kauchwahi, Behri, Karthua, Bargawa and Gorbi and realignment of certain stretches.

The project is located in Madhya Pradesh and is to be developed on BOT (Toll) basis. The Concession Period is 30 years, including the construction period of 2 years. SSRPL will be entitled to collect toll in the entire operation period in lieu of its investment

for development of the Project Highway. The total project cost estimated to be Rs 1,09,416 Lakhs.

The total capitalisation for the project is Rs 17,679 lakhs as on 30th September 2014 and entire debt for the project has been tied up and financing documents have been executed for the same.

The EPC contract for the project has been awarded to your Company. The responsibilities of maintenance of the project during construction shall be in the scope of EPC contractor and thereafter SSRPL shall maintain the Project Highway.

### **7. Vijayawada Gundugolanu Road Project Private Limited (VGRPPL)**

VGRPPL is the SPV incorporated for design, construction, finance and maintenance of six-laning of the Vijayawada-Gundugolanu section of NH 16 from KM 1,076.48 to KM 1,022.48, including







6-lane Hanuman Junction bypass (length 6.72 kms) and 4-lane Vijayawada bypass (length 47.88 kms) [Total Length: 103.59 kms] in Andhra Pradesh under the NHDP Phase V. Of these, 4 lanes are already operational, while 2 are in the development phase. This will be executed on BOT (Toll) mode on Design, Build, Finance, Operate and Transfer basis. Your Company holds 100% equity in VGRPPL. The Concession Agreement was signed on 21st March, 2012.

The Concession Period is 30 years (including a construction period of 2.5 years) from the Appointed Date, which was on 1st September 2014. VGRPPL has started toll collection from the Appointed Date and it has to pay a premium of Rs 5,757 Lakhs annually to NHA from the Appointed Date until the end of the Concession Period with an annual increase of 5% per annum. The total project cost is estimated at Rs 208,750 Lakhs.

The total capitalisation of the project was Rs 3968 lakhs as on 30th September 2014 and the entire

debt for the project has been tied up and financing documents have been executed for the same.

The responsibilities for maintenance of the project during construction period have been covered in the EPC contractor scope. The responsibilities of maintenance after the construction period will be with VGRPPL. The construction activities have commenced.

## Projects under Development

### 1. **Aparna Infraenergy India Pvt. Ltd. (AIPL)**

Located in the Chandrapur District of Maharashtra, this project is currently under the pre-development stage, wherein the necessary land required for the project has already been purchased. Currently, various statutory clearances and approvals are being obtained.

### 2. **Youngthang Power Ventures Limited (YPVL)**

The project involves the development of a 261 MW run-of-the-river hydroelectric power project on the River Spiti in Himachal Pradesh on a BOOT basis at an

## MANAGEMENT DISCUSSION AND ANALYSIS

estimated cost of Rs 250,000 Lakhs. The concession period of the project is 40 years post commencement of commercial operations.

Presently, YPVL is in the process of having discussions with local farmers to be able to complete its Detailed Project Report (DPR).

### 3. Tidong Hydro Power Limited (THPL)

THPL, a Special Purpose Vehicle, has signed an agreement with the Government of Himachal Pradesh for developing a 60 MW Tidong – II hydro-electric project in Himachal Pradesh. The pre-feasibility report for the project has been prepared and submitted to GoHP, which has since been approved. The consultants been appointed for carrying out the Detailed Project Report and for preparation of Environmental Impact Assessment, these reports will be finalised soon.

### 4. Mormugao Terminal Limited (MTL)

MTL is the SPV promoted for providing mechanised handling facilities for handling coal at Berth No. 11 on Design, Build, Finance, Operation and Transfer basis at Mormugao Port Trust. The facility will be capable of handling a minimum of 2.33 MTPA with an estimated project cost of Rs 37,500 Lakhs.

The concession agreement was signed in January 2013 with a concession period of 30 years, including 2 years of construction. Certain disputes have arisen between MTL and the Mormugao Port Trust relating to non-compliance of conditions precedents and termination of concession agreement. Pursuant to this, the project has been unilaterally terminated by Mormugao Port Trust and the bank guarantee has been invoked. Arbitration proceedings have been initiated.



## RISK MANAGEMENT

Your company is in the business of infrastructure development and it undertakes projects in multiple infrastructure segments. The nature of the business is complex and your company is exposed to multiple sector specific and generic risks. PPP projects which your company undertakes are capital intensive and have gestation periods ranging between 3 to 5 years; coupled with longer ownership periods of 15 to 35 years. Given the nature of the segments in which the company operates, be it in the Road Sector, Power Sector, Ports or Urban Development, it is critical to have a robust, effective and agile Risk Management Framework to ensure that your company's operational objectives are met and continues to deliver sustainable business performance.

Over the years, several initiatives have been taken by your company to strengthen its risk management process. An enterprise-wide comprehensive risk management policy including risk appetite, tolerance and risk limits for more effective, informed and measurable risk management has been developed and it continues to evolve. Risk profile

study, internal risk rating of potential geographies, sectors and clients to improve opportunity identification and risk evaluation are conducted by the company's risk management unit. Your company consciously engages with third party EPC contractors apart from its parent company as a part of its risk diversification process.

Your company has an established process to study the risk profiles of potential vendors and contractors and an internal vendor risk rating mechanism is in place. This is to ensure smooth construction of projects and to avoid risks due to any third party dependencies. Your company is also evaluating few of the technology enabled qualitative/quantitative risk management tools which are available for better risk management decisions at various stages of its projects from bidding to construction to operation & maintenance. The review mechanism of all the projects which your company undertakes – at multiple stages from construction to implementation, is also being streamlined and strengthened.

Your Company understands the Risk environment encompassing its business and has an enterprise risk management framework in place for identification,

assessment, mitigation and monitoring of various risks. These risks are classified broadly into three major categories which are given below with some illustrations to indicate / describe the risks.

**(I) Operational Risks: Risks arising out of inefficiencies, internal failures or collusion from regular operations like:**

1. Project Opportunity Risk through erroneous omission and inadequate or inappropriate assessment of a project opportunity available for development
2. Bidding Risk on account of inadequate or erroneous assumptions made while arriving at the Financial Bid Variable
3. Financing Risk on account of not achieving a financial closure or achieving a financial closure at a cost higher than assumptions
4. Ownership & Maintenance Risk on account of several risks faced during the operations and maintenance phase of a project

**Mitigation Efforts**

Careful selection and thorough evaluation of the projects minimize the chances of getting into 'Non Bankable – Non Profitable' projects. Your company





## MANAGEMENT DISCUSSION AND ANALYSIS

follows a robust 'Two Tier' approach of Project Feasibility (Technical Review) and Project Financial Viability (Financial Review). Further, the company follows a risk specific bid / project risk assessment framework to identify key risks associated with various opportunities and projects along with their mitigation planning and continuous monitoring.

Further it has 'Zero' tolerance in any defaults in 'Debt' and 'Principle' servicing on ongoing projects. This in turn has built Lender's confidence for funding forthcoming projects at competitive rates. As a result, your company has managed to attain financial closures even during difficult times for the industry and the economy.

Your Company has laid down standard operating procedures at sector, function and department levels to ensure business process productivity, responsibility and accountability at various levels. The standard operating procedures are further being strengthened and supported by adequate checks and balances including risk based internal audit, documentation management systems and introduction of delegation of financial and non-financial powers on an integrated basis. This has helped in establishing a culture of proactive risk management which is imbibed at all levels of the organization with required support systems in place.

Your Company is constantly strengthening its internal checks and controls to identify and reduce / mitigate operational risks. It is also enhancing its system of reviews & reporting to ensure that risks are spotted early and steps are taken to control losses, if any.

Cash flow management and treasury management are two areas which your company has the highest level of focus from a seamless business continuity

perspective being an infrastructure developer. Considering this, risk review and reporting also focuses on cash flow and treasury based risks on projects, sectors and at a company level through an integrated risk assessment technique.

### (II) External Risks - Risks arising out of changes in the external environment like:

1. Regulatory Risk on account of changes in the Regulatory Framework
2. Interest Risk on account of volatility experienced in the Interest Rates in Capital Markets on the outstanding project debts
3. Competition Risk on account of strategies applied by existing and new entrants in the infrastructure development business
4. Political Risk on account of lack of stable governance and frequent changes to the Development Plans and projects with a corresponding change in the Government.
5. Natural Calamities (Act of God), civil disturbance etc.

### Mitigation Efforts

Your Company proactively identifies each significant 'change' and attempts to adapt to it with foresight. Your Company has a keen understanding of the regulatory environment enveloping its business. It continues to build strategies not only to sustain but thrive owing to its 'Early Warning Systems', and meticulous processes and business intelligence (BI) initiatives. Your Company understands its competition and keeps an update of its contemporaries to stay a notch above them. Your Company has a robust and focused strategy for client, partner, vendor and contract management to avoid various possible external risks. Though your Company cannot avoid a natural calamity, it is



adequately geared up with appropriate insurance covers and its Disaster Management and Recovery Plans to minimise losses and restore normalcy within a short time.

**(III) Strategic Risks – Risks arising out of strategic decisions taken by the Company like:**

1. Market Risk (Sector, Geography) inadequate assessment of a sector, geography
2. Secondary Acquisition Risk on account of inappropriate acquisitions made in alignment with the Growth Plans of the Company
3. Ventures and Alliances (Partnering) Risk on account of inappropriate selection of a joint ventures, offshore agents etc.
4. Capital risk on account of improper allocation or utilization of capital etc.

**Mitigation Efforts**

Before attempting a secondary acquisition or entering in to a new geographical market, infrastructure sector, your Company mandates a thorough research and analysis. These result in an

in depth understanding of the business potential and the prevailing socio-political, regulatory and economic set up. These go through several rigorous layers of discussions, reviews, sensitivity analysis etc. before decisions are taken for implementation.

The Risk Management Team reviews systems, processes and projects on a regular basis and provides an independent view to the management. Further, the Audit Committee provides separate internal audit reports on processes and SPVs to the Management. The Internal Audit function looks at each and every process within the organization from two perspectives: one, from a Risk Based Internal Audit approach (RBIA) and secondly, from a transactional control adequacy approach. Thus, the Board, Management and SPVs are regularly updated on key risks and mitigation measures. All decision making within the organization, whatever the level of importance and significance, involves the explicit consideration of risks and the application of risk management to some appropriate degree. Further, Policies approved from time to time by the Board of Directors / Committees of the Board form the



## MANAGEMENT DISCUSSION AND ANALYSIS

governing framework for each type of risk. The business activities are undertaken within this policy framework.

The Management is in constant pursuit of evolving the Risk Management framework. In this regard, your company is dedicated to review and strengthen its bid risk management framework, business continuity planning and disaster recovery planning framework, enterprise risk policy and other policies on an ongoing basis. Your company plans to strengthen the culture of risk awareness among its employees through Risk Newsletters, regular updates on risks, case studies and training programs. Your company believes that these measures will prepare your Company to take on the challenges to be confronted at the 'Next Level' of Growth.

### INTERNAL CONTROL SYSTEMS

The Company's internal control system is commensurate to the nature and size of its business. It is adequate to safeguard and protect from losses, unauthorised use or disposition of its assets. All transactions are properly authorised, recorded and reported to the management. The Company is following all the Accounting Standards for proper maintenance of its books of accounts and reporting of financial statements. In conjunction to the in-house Internal Audit team, the company has engaged external audit firms to conduct periodic audit of various areas of operations from time to time based on the annual audit plans which are duly reviewed by the Management and the Audit Committee of the Board.

### SAFETY MEASURES

Safety is a matter of continuous evaluation and utmost priority at GIPL. Assurance and management of safety is essentially aimed towards protecting our operating staff, general public and the environment. Our HR strives to provide a safe working environment not only to our corporate staff, but also the workers at each project site. We ensure that safety is maintained across all the stages of project development – design, construction, commissioning and operations & maintenance.

### CAUTIONARY STATEMENT

Statements in this Management Discussion & Analysis may be deemed to be 'forward looking statements' within the meaning applicable securities laws and regulations. As 'forward looking statements' are based on certain assumptions and expectations of future events over which the Company exercises no control, the Company cannot guarantee their accuracy nor can it warrant that the same will be realised by the Company. Actual results could differ materially from those expressed or implied. Significant factors that could make a difference to the Company's operations including domestic and international economic conditions affecting demand, supply and price conditions, changes in government regulations, tax regimes and other statutes etc.

# DIRECTORS' REPORT

To  
The Shareholders of  
**Gammon Infrastructure Projects Limited**

Your Directors have pleasure in submitting their fourteenth Annual Report together with the Audited Accounts of the Company, for the period 1st January, 2014 to 30th September, 2014 (the "Period"). This report has been prepared in accordance with the Company law prevailing prior to April 01, 2014.

## FINANCIAL HIGHLIGHTS

The financial highlights of the Company on stand-alone basis and consolidated basis for the Period are as under:

As per Consolidated Accounts:

(₹ in lacs)

<b>Particulars</b>	<b>Period ended September 30, 2014</b> (nine month period)	<b>Period ended December 31, 2013</b> (nine month period)
Income	55168.72	46065.91
Earnings before interest, tax, depreciation and amortization	31342.68	28384.58
Financial costs	20629.30	21902.87
Depreciation and amortization	16823.75	11956.02
Tax expenses	(2157.15)	94.85
Minority interest & share of profit of associates	71.93	75.24
Net profit / Loss	(4025.15)	(5644.39)

As per Standalone Accounts:

(₹ in lacs)

<b>Particulars</b>	<b>Period ended September 30, 2014</b> (nine month period)	<b>Period ended December 31, 2013</b> (nine month period)
Income	8,380.66	8,449.41
Earnings before interest, tax, depreciation and amortization	2,333.15	3,985.56
Financial costs	5,345.15	5,227.56
Depreciation and amortization	177.15	172.83
Exceptional items	3,916.16	-
Tax expenses	(171.60)	(30.17)
Net profit / Loss	(6,933.71)	(1,396.66)



# DIRECTORS' REPORT

## **DIVIDEND**

The Board regrets its inability to recommend any dividend for the Period in view of the tight cash position of the Company.

## **COMPANY'S BUSINESS**

### **ROADS SECTOR:**

Following the termination of the concession agreement for four laning of the Patna to Buxar stretch of National Highway 30 in the State of Bihar of Patna Buxar Highways Ltd. and unilateral sealing of the toll booths of Cochin Bridge Infrastructure Company Ltd. at the new Mattancherry Bridge at Kochi by the Greater Cochin Development Authority, the Company now has nine active road projects of which five are in operation.

### **The active projects in the Road Sector are:**

#### **(a) Toll based projects:**

- (1) Concession for four laning and operating the Vadape - Gonde stretch of the National Highway 3 between Mumbai and Nashik in the State of Maharashtra. The Company's subsidiary, Mumbai Nasik Expressway Ltd. has completed construction of the project and has been operating the same since May, 2010;
- (2) Concession for constructing and operating a four lane bridge across the Godavari River together with its approach roads on either side, linking Rajahmundry to Kovvur in the State of Andhra Pradesh. The Company's subsidiary, Rajahmundry Godavari Bridge Ltd. is the concessionaire for the project.
- (3) Concession for six laning and operating the Vijayawada to Gundugolanu stretch of National Highway 5, including a four lane bypass to Vijayawada town, in the State of Andhra Pradesh. The Company's subsidiary, Vijayawada Gundugolanu Road Project Pvt. Ltd., is the concessionaire for the project.
- (4) Concession for four laning and operating the Sidhi to Singrauli section of the National Highway 75E in the State of Madhya Pradesh. The Company's subsidiary, Sidhi Singrauli Road Project Ltd., is the concessionaire for the project.





**(b) Annuity based projects:**

- (1) Concession for four laning and operating the Rajahmundry - Dharmavaram stretch of National Highway 5 in the State of Andhra Pradesh. The Company's subsidiary, Rajahmundry Expressway Ltd., has completed construction of the project and has been operating the same since September, 2004.
- (2) Concession for four laning and operating the Dharmavaram to Tuni stretch of National Highway 5 in the State of Andhra Pradesh. The Company's subsidiary, Andhra Expressway Ltd., has completed construction of the project and has been operating the same since October, 2004.
- (3) Concession for constructing and operating a four lane bridge across the Kosi River on National Highway 57 in the State of Bihar. The Company's subsidiary, Kosi Bridge Infrastructure Company Ltd., has completed construction of the project and has been operating the same since February, 2012.
- (4) Concession for constructing and operating a four lane bypass to Gorakhpur Town on National Highway 28 in the State of Uttar Pradesh. The Company's subsidiary, Gorakhpur Infrastructure Company Ltd., has completed construction of the project and has been operating the same since 31st March, 2012.
- (5) Concession for four laning and operating the Patna to Muzafarpur stretch of the National Highway 77 including a bypass to the Muzafarpur town in the State of Bihar. The Company's subsidiary, Patna Highway Projects Ltd., is the concessionaire for the project.

**Developments in the Road Sector during the Period**

Patna Buxar Highways Ltd., the Company's subsidiary, applied to the National Highways Authority of India ("NHAI") for mutual termination of the concession agreement on account of NHAI's inability to provide right of way over a substantial portion of the project stretch. However, NHAI choose to terminate the concession unilaterally and forfeited the Company's bid security to the extent of 1% of the total project cost. The Company is taking legal recourse to recover the losses suffered by it from NHAI.

Cochin Bridge Infrastructure Company Ltd. ("CBICL"), the Company's subsidiary, which constructed the New Mattancherry Bridge connecting Fort Kochi with Willingdon Island in the Cochin Port Trust area in the State of Kerala was operating the same since September, 2001. However, the Greater Cochin Development Authority has on April 27, 2014 (on the last day of the original concession period), without compensating CBICL for freezing



## DIRECTORS' REPORT

the toll rates and in disregard of the Arbitral Tribunal orders, chosen to unilaterally seal the toll booths of CBICL at the Bridge. CBICL has put the arbitral proceedings on hold pending settlement talks with the Government of Kerala.

The Sidhi Singrauli Road Projects Ltd. has achieved financial closure and upon attaining 'appointed date' has started construction activities. The project has achieved about 19% completion as of 1st January, 2015. However, the progress has slowed down due to delay in disbursement of debt from the lenders.

The Vijayawada Gundugolanu Road Project Pvt. Ltd. has started tolling operations on the project stretch with effect from 1st September, 2014. The revalidation of financial closure, required on account of delay in 'appointed date', is under process.

Rajahmundry Godavari Bridge Ltd., has not been able to complete the Godavari bridge project on account of litigation involving land required for the approach. The project is expected to be completed by 7th April, 2015, within the time extended by the state government authorities.

Patna Highway Projects Ltd. has not been able to complete the entire project stretch due to non-availability of land. However, we have applied to NHAI for a provisional completion certificate based on the progress of work on land made available to us, which under active consideration of NHAI.


### **PORTS SECTOR:**

The Company has two active projects in the Port Sector of which one is in operation:

- (1) Concession for constructing and operating two multipurpose berths in the inner harbor of the Visakhapatnam Port, capable of handling upto 9 MTPA. The Company's subsidiary, Vizag Seaport Pvt. Ltd., has completed construction of both the berths, of which one became operational in July, 2004 and the other in September, 2005.
- (2) Concession for constructing and operating two offshore container berths at the Mumbai harbor. The project is under construction by Indira Container Terminal Pvt. Ltd., the special purpose vehicle promoted by the Company for the project.

### **Developments in the Port Sector during the Period**

The company is pleased to inform that the long awaited deepening of the inner harbor of Visakhapatnam Port Trust is expected to be achieved soon. The port trust has already completed dredging up to -12.5 m and the balance dredging up to -14 m is expected to be completed shortly. This will come as a significant booster to



the VSPL's business since the fully loaded panamax size vessels can directly enter the inner harbor thereafter, without being partially discharged in the outer harbor. The terminal business is expected to turn around with a sizable increase in the profit margins. Development of the additional land of 30 acres in the EXIM park area is already on, upon completion of which the terminal capacity is expected to go up to 9 MMTPA.

Indira Container Terminal Private Ltd. has been unable to complete the offshore container berth projects as the Mumbai Port Trust has not completed dredging of the berth front and its approach. The Port Trust has also not filled up and handed over the areas earmarked for stockyard purposes. Besides, the approval of Central Government for equipment suppliers is pending. The company and the port trust authorities are jointly exploring the possibility of gainfully putting to use the already constructed infrastructure pending the completion of the project.

The Company's subsidiary, Mormugao Terminal Ltd., has instituted appropriate legal proceedings challenging the unilateral termination of the concession for providing mechanized handling facilities for handling coal at one of the berths in the Mormugao Port by the Mormugao Port Trust.

#### **ENERGY SECTOR:**

The Company has five projects in the energy sector of which one project is expected to become operational in February, 2015.

- (1) Concession for setting up and operating a 30 MW co-generation power project at Pravaranagar in Ahmednagar District of Maharashtra. The Company's subsidiary, Pravara Renewable Energy Ltd., is the concessionaire for the project. The project is set to be commissioned in February, 2015.
- (2) Concession for setting up and operating a 66 MW hydro-electric power project in West Sikkim on the river Rimbhi. The Company's subsidiary, Sikkim Hydro Power Ventures Ltd., is the concessionaire for the project.
- (3) Concession for setting up and operating a 261 MW power project on the river Spiti in the State of Himachal Pradesh. The Company's subsidiary, Youngthang Power Ventures Ltd., is the concessionaire for the project.
- (4) Concession for setting up and operating a 60 MW hydro-electric project on the Tidong River (tributary of Satluj) in the Kinnaur district of Himachal Pradesh. Tidong Hydro Power Ltd., a special purpose vehicle promoted by the Company, is the concessionaire for the project.
- (5) A project for setting up and operating a 250 MW thermal power project in Chandrapur district of Maharashtra for which the Company's subsidiary, Aparna Infraenergy India Pvt. Ltd., has the coal linkage.



# DIRECTORS' REPORT

## **Developments in the Energy Sector during the Period**

During the Period, the Company decided not to pursue the amalgamation of Pravara Renewable Energy Ltd., the concessionaire for the 30 MW co-generation project at Pravara Nagar at Ahmednagar, with the Company. The Pravara project is set to be commissioned in February, 2015.

Youngthang Power Ventures Ltd. has not been able to proceed with the studies to prepare the Detailed Project Report (**DPR**) for its project due to opposition of local farmers. The Company has served a notice on the state government for refund of the upfront premium of Rs. 52 Cr with interest and costs. The state government is seeking the opinion of the local administration on action to be taken in the matter.

Tidong Hydro Power Ltd is conducting geological studies for preparation of DPR, which has been delayed due to adverse environment conditions and poor condition of roads at site. A request has been made to the state government to extend the due date till December end, 2015.

Aparna Infraenergy India Pvt. Ltd., has the requisite land and coal / water linkages as well as all statutory clearances to proceed with its thermal power project. However, the Company had to petition the Bombay High Court against cancellation of the coal linkage on the issue of alleged management change. The Honorable High court has directed Western Coalfields Ltd. not to take any coercive action against the company till further orders.

## **Other Business**


In addition to undertaking infrastructure development through SPVs, the Company undertakes operation & maintenance of the five road projects in operation.

The Company has also ventured into construction work at the Sidhi-Singrauli road project through subcontractors. The Company also plans to undertake construction work at the Vijayawada-Gundugolanu road project through subcontractors.

## **THE FUTURE**

The Company and its 100% subsidiary Gammon Road Infrastructure Ltd. ("GRIL"), have qualified to bid for all NHAI projects of an estimated cost not exceeding Rs.3820 crores approx. The Company has applied for an enhancement of the limit up to Rs.4800 crores.

The Company has also been qualified to bid for one project in the Port sector with an estimated total aggregate cost Rs.4000 crores.



The Company, as indeed most players in the infrastructure industry, has been facing a resource crunch in the last few years. There is a sizable gap between the Company's internal accruals and the requirement of funds for capital investment in existing and new projects and revenue expenditure. The ability of the Company to raise external funds has also been affected due to adverse market conditions. To ease the present situation, the Company is actively pushing for realization of its receivables from NHAI and monetization of its matured assets at the appropriate valuation.

Going forward, the Company will focus on selective opportunities which have lower risk and lower investment, which will supplement our existing portfolio. Our focus will be to get our "almost ready" projects commissioned at the earliest and run the operating projects successfully. We are confident that these projects, once completed, will contribute positively to our bottom line and improve our cash position.

#### **EMPLOYEE STOCK OPTION SCHEME**

The 'employee stock options' issued by the Company prior to the initial public offer of equity shares have either lapsed or have been exercised. However, the Company has, with the members' approval, issued a fresh tranche of 'employee stock options' to its executive directors and senior employees during previous financial year. Details of the 'employee stock options' allotted, as required to be stated in this Report in terms of the SEBI Guidelines is annexed as **Annexure 1**.

A certificate from the Auditors that the Employee Stock Options Scheme has been implemented by the Company in accordance with the SEBI Guidelines is annexed to this Report as **Annexure 2**.

#### **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO.**

The requirements of Section 217 (1) (e) of the Companies Act, 1956, read with Rule 2(A) & 2(B) of the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are not applicable to the Company.

The Company did not earn any foreign exchange during the Period. The Company expended foreign exchange equivalent to Rs. 23.45 lacs towards professional services during the period.

#### **SUBSIDIARIES**

During the Period, Company has obtained the dissolution of Dohan Renewable Energy Pvt. Ltd., Indori Renewable Energy Pvt. Ltd., Kasavati Renewable Energy Pvt. Ltd., Markanda Renewable Energy Pvt. Ltd., and Sirda Renewable Energy Pvt. Ltd., subsidiaries of the Company promoted to implement some renewable energy



## DIRECTORS' REPORT

projects in Haryana, which were later cancelled. No other changes in the list of subsidiaries of the Company during the Period.

A statement u/s 212 of the Companies Act, 1956 relating to the subsidiaries is attached to the Balance Sheet of the Company. The Company has not attached the audited accounts of the subsidiaries to the Audited Accounts of the Company. However, the effect of the same has been brought out in the consolidated Audited Accounts of the Company. The annual accounts of the subsidiaries and the related information will be made available to the Company's and subsidiaries' investors as and when required by them. These have also been kept for inspection of the investors at the Registered Office of the Company and of the concerned subsidiaries.

### **PARTICULARS OF EMPLOYEES**

Particulars of employees required under Section 217(2A) of the Companies Act, 1956 is annexed to this Report as **Annexure 3**.


### **DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to the requirements of Section 217 (2AA) of the Companies Act, 1956, the Directors hereby confirm that:

- a. the applicable accounting Standards along with proper explanation relating to material departures have been followed by the Company in preparation of the Annual Accounts for the Period;
- b. 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 at the end of the Period and of the loss of the Company for the Period;
- c. the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- d. the annual accounts are prepared on a going concern basis.

### **BOARD OF DIRECTORS**

During the Period, Mr. Naresh Chandra, Chairman, had informed the Company that due to his increased involvement with the Company as Chairman he should no longer be treated as an Independent Director of the Company. Mr. Chandra was appointed as an Independent Director as per Section 149 of the Companies Act, 2013 at the 13th Annual General Meeting of the Company held on June 30, 2014. The Company has since then treated him as a director liable to retire by rotation.



Mr. Himanshu Parikh, Vice Chairman, who is liable to retire by rotation, has intimated his desire not to be re-appointed as a director at the ensuing 14th Annual General Meeting.

Accordingly, it is proposed to seek the approval of members at the ensuing 14th Annual General Meeting for changing the designation / appointment of Mr. Naresh Chandra from independent director to a director liable to retire by rotation and for not filling up the vacancy caused by the retirement by rotation of Mr. Himanshu Parikh.

## **BOARD COMMITTEES**

The Board has presently the following committees to assist it in its work:

- (i) Audit Committee to, inter-alia, oversee and review the financial reporting system and disclosures made in its financial results;
- (ii) Stakeholders' Relationship Committee to, inter-alia, redress investor complaints;
- (iii) Nomination and Remuneration Committee to, inter-alia, approve appointments and remuneration of executive directors and lay down nomination and remuneration policies of the Company;
- (iv) Compensation Committee to administer 'employee stock option schemes';
- (v) Project Committee to, inter-alia, advice the Company on the business opportunities that arise from time to time;
- (vi) Projects Review Committee to review implementation and working of projects under development and operation;
- (vii) QIP Committee to oversee raising of financial resources from QIBs in terms of the resolution approved by the members at the Extra Ordinary General Meeting held on July 15, 2014;
- (viii) Corporate Social Responsibility Committee to formulate and implement a 'corporate social responsibility policy' for the Company; and
- (ix) Risk Management Committee to monitor and review the risk management plan for the Company.

The constitution of the various committees, its powers and duties have been elaborated in greater detail in the 'Corporate Governance Report', which is annexed to the Annual Accounts.

## **REPORT ON CORPORATE GOVERNANCE**

Attention of the members is invited to a separate section titled 'Report on Corporate Governance' which is annexed to the Annual Accounts. A certificate of compliance issued by Mr. N. Veeraraghavan, a 'practicing company secretary' on compliance with corporate governance requirements of the Listing Agreement is annexed to this Report as Annexure 4.



# DIRECTORS' REPORT

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Attention of the members is also invited to a separate section titled 'Management Discussion and Analysis Report' which is annexed to the Annual Accounts.

## AUDITORS

The Company has received the requisite consent and certificate from M/s. Natvarlal Vepari & Co. under Chapter X of the Companies Act, 2013 for their appointment as Company's auditors.

The Board recommends their reappointment.


## AUDITORS' REPORT

The Auditors have qualified their report to the members on the issues relating to the uncertainty over the outcome of the legal proceedings initiated by Patna Buxar Highways Ltd. and Mormugao Terminal Ltd. against unilateral termination of their respective concession agreements. The Company's exposure to these projects is Rs.8745.75 lacs, which has not been provided for.

Further, without qualifying their opinion, the Auditors have emphasized the following matters:

- (i) Existence of uncertainty on timing and realization of cash flows as the Company has incurred a net loss after tax of Rs. 6933.71 lacs and its current liabilities exceeded the current assets by Rs.4077.27 lacs.;
- (ii) 'going concern assumption' as regards Indira Container Terminal Pvt. Ltd. due to its net loss during the year and default in payment of debt obligations to lenders;
- (iii) not making a provision for exposure towards Cochin Bridge Infrastructure Company Ltd. including investments and loans and advances of Rs. 1,326.05 lacs and Corporate guarantee of Rs. 974.17 lacs in view of the uncertainty over the outcome of legal proceedings initiated by Cochin Bridge against unilateral termination and closure of concession; and
- (iv) not making a provision for exposure towards Youngthang Power Ventures Ltd. including investments and loans of Rs. 7,080.37 lacs which has initiated correspondence for closure of the project for reasons beyond its control.
- (v) excess remuneration to the extent of Rs. 208.55 lacs paid to managerial persons beyond the limits specified under respective regulations.





The Board is confident of a favorable outcome on the legal proceedings initiated by Patna Buxar Highways Ltd. and Mormugao Terminal Ltd.

The Board is also confident of the steps being taken by the management to ease the cash position and narrow the mismatch between current liabilities and current assets.

The Board is aware of and confident about a positive outcome on the talks and correspondence with the Kerala Government on the Cochin bridge project, and with the Mumbai Port Trust and Ministry of Shipping and project bankers on the Indira Container Terminal project; and with the Himachal Government authorities on the Youngthang Power project.

The Company is in the process of making an application to the Central Government for the approval of excess managerial remuneration.

#### **ACKNOWLEDGEMENTS**

The Board wishes to place on record their appreciation of the support received by the Company from its shareholders and employees. The Directors also wish to acknowledge the co-operation and assistance received by the Company from its business partners, bankers, financial institutions and various Government, Semi Government and Local Authorities.

For and on behalf of the Board of,  
**Gammon Infrastructure Projects Limited**

**Naresh Chandra**  
Chairman

**C.C.Dayal**  
Audit Committee Chairman

**K.K.Mohanty**  
Managing Director

Place: Mumbai  
Date: February, 14, 2015

# DIRECTORS' REPORT

## ANNEXURE 1

### EMPLOYEES STOCK OPTIONS ["OPTIONS"]

#### (A) ESOP Scheme 2013:

Financial Year	01.01.2014 to 30.09.2014	01.04.2013 to 31.12.2013	
1 Options granted/subsisting	53,20,000	61,60,000	
2 Pricing Formula/ Exercise Price (Rs.)	2/-	2/-	
3 Options vested	Nil	Nil	
4 Options exercised	Nil	Nil	
5 Total number of Equity Shares arising as a result of exercise of Options	Not Applicable	Not Applicable	
6 Options lapsed /cancelled	2,10,000	8,40,000	
7 Variation of terms of Options	None	None	
8 Money realised by exercise of Options	Not Applicable	Not Applicable	
9 Total number of options in force	51,10,000	53,20,000	
10 Weighted average exercise price (Rs.)	Rs. 2/-	Rs.2/-	
11 Weighted average fair value of Options granted during the year (₹)	4.592/- (Options to be vested on October 1, 2014) 4.745/- (Options to be vested on October 1, 2015) 4.896/- (Options to be vested on October 1, 2016) 5.041/- (Options to be vested on October 1, 2017)		
12 Option pricing model used and underlying assumptions	Black-Scholes Option Pricing Model		
Equity Share Price (Rs.)	6.40/-		
Exercise Price (Rs.)	2/-		
Assumptions	Options vesting on 01.10.2014	Options vesting on 01.10.2015	Options vesting on 01.10.2016
Expected Volatility (in %)	39.31	44.25	42.29
Weighted average of unexpired life of Options (in years)	1.02	2.02	3.02
Expected dividend	Nil	Nil	Nil
Risk Free Interest Rate (%)	9.86	9.02	8.96
9.03			
13 Employee-wise details of Options granted	<b>Senior managerial personnel (key managerial personnel)</b> Mr. Kishor Kumar Mohanty – 25,00,000 (40.58% of total options granted) *Mr. Parag Parikh – 4,00,000 (6.49% of total options granted) Mr. G. Sathis Chandran – 2,80,000 (4.54% of total options granted) <b>Other Employees</b> *Mr. Kshitiz Bhasker – 3,60,000 (5.84% of total options granted) No employee has been granted Options exceeding 1% of the issued capital of the Company.		

\* No longer in the service of the Company

#### (B) DILUTED EARNINGS PER SHARE (AT THE FACE VALUE OF RS. 2/-)

Financial Year	01.01.2014 to 30.09.2014	01.04.2013 to 31.12.2013
Diluted earnings per share pursuant to issue of Equity Shares on exercise of option calculated in accordance with Accounting Standard (AS – 20)	(0.92)	(0.19)

#### (C) DETAILS OF IMPACT ON EARNINGS PER SHARE IF THE COMPANY HAD FOLLOWED FAIR VALUE METHOD OF VALUATION FOR OPTIONS GRANTED.

	01.01.2014 to 30.09.2014	01.04.2013 to 31.12.2013
Difference between the employee compensation cost calculated by the Company at intrinsic value and fair value of Options and its impact on profits and earnings per share	Rs.520,809 Net Loss would come down from Rs.6934 lakhs to Rs.6929 lakhs. EPS Would come down from (0.9230) to (0.9223)	Rs.195,988 Net Loss would come down from Rs.1397 lakhs to Rs.1395 lakhs. EPS Would come down from (0.1893) to (0.1890)

## **ANNEXURE 2**

### **CERTIFICATE FROM THE AUDITORS REGARDING COMPLIANCE OF SEBI (ESOS AND ESPS) GUIDELINES, 1999**

The Board of Directors

**Gammon Infrastructure Projects Limited**

Gammon House

Veer Savarkar Marg

Prabhadevi

Mumbai 400 025

Dear Sirs,

We have examined management's assertion, that Gammon Infrastructure Projects Limited ('the Company') has implemented its Employee Stock Option Schemes ('the Schemes') in accordance with the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme), Guidelines, 1999 [Revised] ('the guidelines') during the period ended September 30, 2014. The implementation of the Schemes in accordance with the guidelines and the resolution is the responsibility of the Company's management. Our responsibility is to express an opinion on this implementation of the Schemes by the Company in accordance with the guidelines and the resolution.

Our examination was made in accordance with generally accepted auditing standards and, accordingly, included examining, on a test basis, evidence about the Company's implementation of the Scheme in accordance with the guidelines and the resolution and performing such other procedures as we considered necessary in the circumstances. Our examination was neither an audit nor was it conducted to express an opinion on the statement or the Scheme. Further, our examination does not provide a legal determination on the Company's implementation of the Scheme in accordance with the guidelines and the resolution.

Based on our examination, we certify that the Company has implemented the Scheme in accordance with the aforementioned guidelines and the resolution.

For **Natvarlal Vepari & Co.**

Chartered Accountants

Firm Registration No. 106971W

**N Jayendran.**

Partner

M.No.40441

Mumbai

Dated: November 18, 2014

# DIRECTORS' REPORT

## ANNEXURE 3

### STATEMENT OF PARTICULARS U/S 217 (2A) OF THE COMPANIES ACT, 1956

Information as per Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 and forming part of the Directors' Report for the year ended 30th September, 2014

Sr. No	Name of Employee	Age (Yrs/ Months)	Designation/ Nature of Duties	Gross Remuneration (in ₹)	Qualification & Experience (Yrs/ Months)	Date of Employment	Last Employment Held
1	Mr. Parag Parikh *	38/ 3	Executive Director & CFO	70,86,378	PGMBA (Fin), M.Com, B.Com. 14/5	14-Oct-99	--
2	Mr. Kshitiz R* Bhasker	39/ 4	Head – Business Development	51,45,050	MBA (Fin) , B.E. (Civil), 14/6	1-Sep-04	Self Employed
3	Mr. Kishor Kumar Mohanty	57/ 6	Managing Director	2,47,79,150	MBA, B. Tech 35	24-Mar-11	SREI Infrastructure Finance Ltd.
4	Mr. Kaushik Chaudhuri	47/ 2	Chief Internal Auditor	47,63,942	C.A, ICWA, B.Com 23/2	12-Jan-12	SREI Infrastructure Finance Ltd.

\* No longer in the employment of the company

#### Notes:

- Gross Remuneration does not include employer's contribution to provident fund, personal accident premium and unclaimed leave travel allowance
- Nature of employment of the managing director is contractual
- None of the above employees is a relative of any Director of the Company.
- No employee of the company holds 2% or more of the equity shares of the Company.



**ANNEXURE 4**  
**CERTIFICATE FROM THE PRACTISING COMPANY SECRETARY REGARDING COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE**

To,

The Members of Gammon Infrastructure Projects Limited,

I have examined the compliance of conditions of Corporate Governance by Gammon Infrastructure Projects Limited for the period 1st January 2014 to 30th September 2014 as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchanges.

The Compliance of conditions of Corporate Governance is the responsibility of the management. My examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance.

In my opinion and to the best of my information and according to the explanations given to me and the representations made by the officers and the management, I certify that the Company has complied with the conditions of Corporate Governance as stipulated in the Clause 49 of the Listing Agreement.

I state that no investor grievances are pending for a period exceeding one month against the Company as per the records maintained by the shareholders / investors grievance committee.

I 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.

**Veeraraghavan. N**  
Practising Company Secretary  
C.P.No. 4334

Place: Mumbai  
Date: 11th February 2015



# REPORT ON CORPORATE GOVERNANCE

## 1.0 COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

### Introduction

The Company's philosophy on corporate governance is to observe the highest level of ethics in all its dealings, to ensure the efficient conduct of the affairs of the Company to achieve its goal of maximizing value for all its stakeholders. The Company is committed to learn and adopt the best practices of corporate governance.

This report gives the factual position as at the end of the financial year, 1<sup>st</sup> January, 2014 to 30<sup>th</sup> September, 2014 (the "Period"). Wherever the context so requires for a better understanding of the situation, the developments post the Period have also been mentioned.

## 2.0 BOARD OF DIRECTORS

### Composition of the Board of Directors and attendance at the Board Meetings

The Board of Directors consists of seven Directors of which six are non-executive directors and one is an executive director. The Chairman is a non-executive non-independent director. Out of the six non-executive directors three are independent directors.

The executive director of the Company is Mr. Kishor Kumar Mohanty, the managing director.

The policy of the Board is to have an appropriate mix of executive and independent directors to maintain independence of the Board and to separate governance from management. Care has also been taken to ensure that the Board is broad based with various skill sets. The Board structure is in compliance with Clause 49 of the Listing Agreement as on 30<sup>th</sup> September, 2014.

During the financial year ended 30<sup>th</sup> September, 2014 the Board met seven times on 12<sup>th</sup> February, 2014, 1<sup>st</sup> March, 2014, 3<sup>rd</sup> May, 2014, 2<sup>nd</sup> June, 2014, 20<sup>th</sup> June, 2014, 12<sup>th</sup> July, 2014 and 13<sup>th</sup> August, 2014.

The composition of the Board of Directors as at 30<sup>th</sup> September, 2014 and details of directors' attendance at board meetings and annual general meeting, the other directorships and committee chairmanships/ memberships held by the directors are as follows:

Name of director	Out of seven Board Meetings held during the year the director attended	Attendance at last AGM	No. of directorships in other public companies <sup>§</sup>	No. of committee positions held in public companies including the Company*	
				Chairman	Memberships including chairmanships
Mr. Naresh Chandra, Chairman	7	No	9	-	10
Mr. Himanshu Parikh, Vice Chairman	5	Yes	4	1	1
Mr. Kishor Kumar Mohanty, Managing Director	7	Yes	9	1	4
Mr. Parag Parikh, Whole Time Director**	6	Yes	3	-	-
Mr. Abhijit Rajan, Non-Executive Director	6	No	4	-	-
Mr. C. C. Dayal, Independent Director	6	Yes	9	3	9
Mr. S. C. Tripathi, Independent Director	7	No	7	-	5
Ms. Homai A. Daruwalla, Independent Director	6	Yes	7	3	7

<sup>§</sup> excludes private, foreign, unlimited liability companies and companies registered under section 8 of the Companies Act, 2013

\*indicates membership of Audit & Stakeholders Relationship Committees across all public limited companies.

\*\*Resigned w.e.f. November 18, 2014

## Remuneration of Directors

### Executive Directors

Mr. Kishor Kumar Mohanty was re-appointed as the managing director of the Company for a period of three years with effect from 12<sup>th</sup> April, 2014. Remuneration paid to Mr. Mohanty for the Period is as follows:

## REPORT ON CORPORATE GOVERNANCE

	(In rupees)
Salary	2,42,67,900
Benefits	11,250
<b>Total</b>	<b>2,42,79,150</b>

Mr. Parag Parikh was appointed as a whole time director of the Company for a period of three years with effect from 25<sup>th</sup> August, 2011. Mr. Parikh resigned from the Board w.e.f. November 18, 2014. Mr. Parikh's remuneration payable for the Period is as follows:

	(In rupees)
Salary	66,70,128
Benefits	4,16,250
<b>Total</b>	<b>70,86,378</b>

### Non-Executive Directors

The members have approved the payment of up to 1% of the net profits of the Company as commission to non-executive directors. However, no commission was paid to the non-executive directors for the Period on account of losses.

The Board of Directors at their Meeting held on 20<sup>th</sup> June, 2014 revised the sitting fees payable to the directors for attending Board as well as committee meetings.

The non-executive directors are entitled to sitting fees for attending Board / committee meetings, as per the details given below:

<b>Meetings</b>	<b>Revised sitting fees per meeting (approved by the Board at its Meeting held on 20th June, 2014)</b>	<b>Sitting fees per meeting (upto 20th June, 2014)</b>
Board	Rs. 40,000	Rs. 20,000
Audit Committee, Stakeholders Relationship Committee, Nomination and Remuneration Committee, Compensation Committee and the Projects Review Committee.	Rs.40,000	Rs.20,000



The details of sitting fees paid for the Period is as under:

<b>Name</b>	<b>Sitting Fees (Rs.)</b>
Mr. Naresh Chandra, Chairman and non-independent director	320,000
Mr. C. C. Dayal, Independent director	300,000
Mr. S. C. Tripathi, Independent director	340,000
Mr. Himanshu Parikh, Non-executive director	120,000
Ms. Homai A. Daruwalla, Independent director	260,000
Mr. Abhijit Rajan, Non-executive director	160,000

There were no other pecuniary relationships or transactions between the Non- executive Directors and the Company.

### **Shareholdings of Directors**

The Shareholdings of the Directors as on 31<sup>st</sup> December, 2014 was as under:

<b>Name</b>	<b>No. of Equity Shares held</b>
Mr. Abhijit Rajan	6,000,000
Mr. Himanshu Parikh	3,314,517
Mr. Kishor Kumar Mohanty	103,456
Mr. C.C. Dayal	25,736
Ms. Homai A. Daruwalla	541

### **Code of Conduct**

The Company has put in place a Code of Conduct for the directors and the senior management. The Code of Conduct is posted on the website of the Company ([www.gammoninfra.com](http://www.gammoninfra.com)).

All directors and senior managerial personnel have affirmed compliance with the Code of Conduct, which has been taken on record by the Board. A certificate signed by the managing director is annexed to this report.

# REPORT ON CORPORATE GOVERNANCE

## **Insider Trading Code**

As per SEBI (Prevention of Insider Trading) Regulations, 1992, the Company has adopted a Code of Conduct for prevention of Insider Trading. This code is applicable to all the directors and designated employees. The code ensures prevention of dealing in shares by persons having access to unpublished price sensitive information.

## **MD / CFO Certificate**

The Managing Director and the Chief Financial Officer have certified to the Board about the correctness of the annual financial statements and cash flow statements as required by Clause 49 of the Listing Agreement.

## **3.0 AUDIT COMMITTEE**

### **The members of the Audit Committee are:**


Mr. C.C. Dayal (Chairman),  
Mr. Kishor Kumar Mohanty\*  
Mr. Naresh Chandra  
Mr. Sushil Chandra Tripathi and  
Ms. H.A. Daruwalla

\* Ceased to be a member of the Audit Committee w.e.f. August 13, 2014

During the Period, the Audit Committee conducted its business at five meetings held on 12<sup>th</sup> February, 2014, 1<sup>st</sup> March, 2014, 3<sup>rd</sup> May, 2014, 12<sup>th</sup> July, 2014 and 13<sup>th</sup> August, 2014. Attendance of the Audit Committee members at such meetings is as follows:

<b>Name</b>	<b>No. of Meetings attended by the current members during the year</b>
Mr. C. C. Dayal	4
Mr. Kishor Kumar Mohanty*	5
Mr. Naresh Chandra	5
Mr. Sushil C. Tripathi	5
Ms. H.A. Daruwalla	4

\* Ceased to be a member of the Audit Committee w.e.f. August 13, 2014



The terms of reference of the Committee has been amended during the Period, to make it in line with the provisions of the Companies Act, 2013 and the revised clause 49 of the Listing Agreement.

The terms of reference stipulated by the Board to the Audit Committee include:

1. Oversight 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;
2. Recommending to the Board, the appointment, remuneration and terms of appointment of statutory auditors;
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
4. Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:
  - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of section 134 of the Companies Act, 2013;
  - b. Changes, if any, in accounting policies and practices and reasons for the same;
  - c. Major accounting entries involving estimates based on the exercise of judgment by management;
  - d. Significant adjustments made in the financial statements arising out of audit findings;
  - e. Compliance with listing and other legal requirements relating to financial statements;
  - f. Disclosure of any related party transactions; and
  - g. Qualifications in the draft audit report.
5. Reviewing, with the management, the quarterly financial statements before submission to the board for approval;
6. 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 utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
7. Reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;
8. Evaluation of internal financial controls and risk management systems;




## REPORT ON CORPORATE GOVERNANCE

9. Reviewing, with the management, performance of statutory and internal auditors and adequacy of the internal control systems;
10. Reviewing the adequacy of internal audit function, if any, 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;
11. Discussion with internal auditors of any significant findings and follow up there on;
12. 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;
13. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
14. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
15. To review the functioning of the Whistle Blower mechanism;
16. 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;
17. To review the following information:
  - a. Management discussion and analysis of financial condition and results of operations;
  - b. Statement of significant related party transactions (as defined by the Audit Committee), submitted by management;
  - c. Management letters / letters of internal control weaknesses issued by the statutory auditors;
  - d. Internal audit reports relating to internal control weaknesses; and
  - e. The appointment, removal and terms of remuneration of the Chief internal auditor shall be subject to review by the Audit Committee.

#### **4.0 STAKEHOLDERS RELATIONSHIP COMMITTEE**

The members of the Stakeholders Relationship Committee are:

- Mr. Himanshu Parikh (Chairman); and
- Mr. C. C. Dayal



The terms of reference and the name of the Committee have been amended during the Period, to make it in line with the provisions of the Companies Act, 2013 and the revised clause 49 of the Listing Agreement.

The Shareholders'/Investors' Grievance Committee has been set up for the following purposes:

- redressing complaints from shareholders such as non-receipt of dividend, annual report, transfer of shares and issue of duplicate share certificates;
- monitoring transfers, transmissions, dematerialization, rematerialization, splitting and consolidation of shares issued by the Company.
- issues relating to the relationship of the Company with its Share Transfer Agents, including appointment of, termination of and agreement with Share Transfer Agents.

During the Period, the Company has received 6 complaints which were resolved on time and no complaint has remained pending at the end of the Period. The status of complaints is periodically reported to the Committee and Board of Directors in their meetings.

Mr. G. Sathis Chandran, Company Secretary, is the Compliance Officer of the Company.

The Committee has not met during the period under review.

## **5.0 NOMINATION AND REMUNERATION COMMITTEE**

The Nomination and Remuneration Committee comprises of three non-executive directors viz. Mr. C.C. Dayal (Chairman), Mr. S. C. Tripathi and Ms. H. A. Daruwalla.

The terms of reference and the name of the Committee have been amended during the Period, to make it in line with the provisions of the Companies Act, 2013 and the revised clause 49 of the Listing Agreement.

### **Terms of reference are as under:**

- a. Formulating the criteria for determining qualifications, positive attributes and independence of executive directors;
- b. Recommend to the Board a Policy relating to remuneration of the executive directors, key managerial personnel and senior management (senior management means personnel of the company who are members of its core management team comprising all members of management one level below the executive directors, including the functional heads); while ensuring that –



## REPORT ON CORPORATE GOVERNANCE

- (i) the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the company successfully;
  - (ii) relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
  - (iii) remuneration to executive directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals
- c. To identify persons who are qualified to become executive directors and who may be appointed in senior management in accordance with the criteria laid down and recommend to the Board their appointment, evaluation and removal.
  - d. Formulation of criteria for evaluation of Independent Directors and the Board; and
  - e. Devising a policy on Board diversity.

During the Period, the Committee conducted its business at the meeting held on 2<sup>nd</sup> June, 2014 where all the member directors were present and by resolution by circulation dated 12<sup>th</sup> February, 2014.

The Remuneration policy of the Company is designed to attract, motivate and retain manpower in a competitive market.

### **6.0 COMPENSATION COMMITTEE**


The Compensation Committee comprises Mr. C.C. Dayal (Chairman), Mr. Kishor Kumar Mohanty and Ms. H. A. Daruwalla. The Committee has been constituted to administer the 'Employee Stock Options Scheme' and related issues.

During the Period, the Committee conducted its business by resolution by circulation dated 20<sup>th</sup> October, 2014.

### **7.0 PROJECT COMMITTEE**

The Project Committee comprises of Mr. Abhijit Rajan, Mr. Himanshu Parikh and Mr. Kishor Kumar Mohanty. The Committee has been constituted to evaluate and decide the business opportunities that the Company might want to take up, with emphasis on infrastructure related BOT/BOOT and allied projects from the point of:

- (a) assessment and minimization of legal and business risk;
- (b) business / consortium partners;

- 
- (c) terms of engagement with consortium partners, technology providers and other service providers, including the costs thereof;
  - (d) economic benefits and business positioning of the Company.

During the Period, the Committee met only once on 18<sup>th</sup> March, 2014.

#### **8.0 PROJECTS REVIEW COMMITTEE**

The Projects Review Committee comprises of two independent Directors viz: Mr. C. C. Dayal and Mr. S.C. Tripathi to review the implementation and working of projects under development and operation.

The Committee has not met during the period under review.

#### **9.0 QIP COMMITTEE**

The Board has on 20<sup>th</sup> June, 2014 constituted a QIP Committee to facilitate the issue and allotment of equity shares or Securities to Qualified Institutional Buyers pursuant to a 'Qualified Institutions Placement', as provided under Chapter VIII of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009.

##### **The members of the Committee are:**

Mr. Kishor Kumar Mohanty

Mr. Himanshu Parikh (member w.e.f. 13<sup>th</sup> August, 2014)

Mr. Parag Parikh (ceased to be a member w.e.f. 18<sup>th</sup> November, 2014)

During the Period, the Committee conducted its business at five meetings held on 12<sup>th</sup> July, 2014, 1<sup>st</sup> September, 2014 (met twice), 4<sup>th</sup> September, 2014 and 8<sup>th</sup> September, 2014.

#### **10.0 CORPORATE SOCIAL RESPONSIBILITY COMMITTEE**

The Board has on 3rd May, 2014 constituted a Corporate Social Responsibility Committee for formulating and recommending to the Board of Directors a Corporate Social Responsibility (CSR) Policy and monitoring the same from time to time, amount of expenditure to be incurred on the activities pertaining to CSR and monitoring CSR Projects.

# REPORT ON CORPORATE GOVERNANCE

## The members of the Committee are:

Ms. H. A. Daruwalla (Chairperson)

Mr. Kishor Kumar Mohanty

Mr. Parag Parikh (ceased to be a member w.e.f. 18<sup>th</sup> November, 2014)

Mr. Himanshu Parikh (member w.e.f. 18<sup>th</sup> November, 2014)

The Committee has not met during the period under review.

## 11.0 RISK MANAGEMENT COMMITTEE

The Board has on 18<sup>th</sup> November, 2014 constituted a Risk Management Committee to monitor and review the risk management plan for the Company. The Committee comprises of Mr. C. C. Dayal, Ms. H. A. Daruwalla and Mr. Kishor Kumar Mohanty.

## 12.0 GENERAL BODY MEETING

### 12.1 Location, Date and Time of the Annual General Meetings (“AGM”) held during the last 3 years

AGM	Year	Date	Time	Venue
11 <sup>th</sup>	1 <sup>st</sup> April, 2011 to 31 <sup>st</sup> March, 2012	25 <sup>th</sup> September, 2012	11.00 a.m.	Ravindra Natya Mandir, Ground Floor, Near Siddhivinayak Temple, Sayani Road, Prabhadevi, Mumbai 400025
12 <sup>th</sup>	1 <sup>st</sup> April, 2012 to 31 <sup>st</sup> March, 2013	20 <sup>th</sup> September, 2013	11.00 a.m.	Ravindra Natya Mandir, Ground Floor, Near Siddhivinayak Temple, Sayani Road, Prabhadevi, Mumbai 400025
13 <sup>th</sup>	1 <sup>st</sup> April, 2013 to 31 <sup>st</sup> December, 2013	30 <sup>th</sup> June, 2014	3.30 p.m.	Ravindra Natya Mandir, Ground Floor, Near Siddhivinayak Temple, Sayani Road, Prabhadevi, Mumbai 400025



## 12.2 Special Resolutions passed in the previous three Annual General Meetings:

<b>AGM</b>	<b>Particulars of Special Resolutions passed</b>
11 <sup>th</sup> AGM	a) commencement of business specified in sub – clause 113 of Clause III C of the Memorandum of Association.
12 <sup>th</sup> AGM	a) commission to non-executive Directors. b) grant of stock options to eligible employees of the Company. c) grant of stock options to eligible employees of the subsidiaries of the Company.
13 <sup>th</sup> AGM	a) re-appointment of Mr. Kishor Kumar Mohanty as the 'Managing Director' of the Company for a period of three years effective from April 12, 2014. b) re-appointment of Mr. Parag Parikh as a 'Whole Time Director' of the Company for a period of three years commencing from August 25, 2014.

## 12.3 Extra-ordinary General Meeting held during the Period

<b>Date</b>	<b>Time</b>	<b>Venue</b>	<b>Particulars of Special Resolutions passed</b>
15th July, 2014	11.00 a.m.	Kohinoor Hall, 3rd Floor, Opp. Siddhivinayak Mandir, Veer Savarkar Marg, Prabhadevi, Mumbai 400025	Raising of funds through issue of securities to Qualified Institutional Buyers.

# REPORT ON CORPORATE GOVERNANCE

## 12.4 Approval by Members through Postal Ballot

The following resolutions were passed by Postal Ballot on 10<sup>th</sup> September, 2014:

Special Resolution: To authorize the Board to create charge on the property of the Company

Promoter / Public	No. of Shares held	No of votes polled	% of votes polled on Outstanding shares	Number of votes- in favour	Number of votes – against	% of votes in favour of votes polled	% of votes Against on votes polled
	(1)	(2)	(3)=[(2)/(1)]*100	(4)	(5)	(6)=[(4)/(2)]*100	(7)=[(5)/(2)]*100
Promoter	550400000	550400000	100.00%	550400000	0	100.00%	0.00%
Public- Institutional Holders	41341825	36101516	87.32%	0	36101516	0.00%	100.00%
FII	49116	49116	100.00%	49116	0	100.00%	0.00%
Public Others	9824283	9811904	99.87%	9786823	25081	99.74%	0.26%
<b>Total</b>	<b>601615224</b>	<b>596362536</b>	<b>99.13%</b>	<b>560235939</b>	<b>36126597</b>	<b>93.94%</b>	<b>6.06%</b>

Special Resolution: To authorize the Board to borrow in excess of paid up capital and free reserves of the Company

Promoter / Public	No. of Shares held	No of votes polled	% of votes polled on Outstanding shares	Number of votes- in favour	Number of votes – against	% of votes in favour of votes polled	% of votes Against on votes polled
	(1)	(2)	(3)=[(2)/(1)]*100	(4)	(5)	(6)=[(4)/(2)]*100	(7)=[(5)/(2)]*100
Promoter	550400000	550400000	100.00%	550400000	0	100.00%	0.00%
Public- Institutional Holders	41341825	41341825	100.00%	20747858	20593967	50.19%	49.81%
FII	49116	49116	100.00%	49116	0	100.00%	0.00%
Public Others	9824283	9809011	99.84%	9772552	36459	99.63%	0.37%
<b>Total</b>	<b>601615224</b>	<b>601599952</b>	<b>100.00%</b>	<b>580969526</b>	<b>20630426</b>	<b>96.57%</b>	<b>3.43%</b>

Special Resolution: To amend the Articles of Association to increase the maximum strength of the Board

Promoter / Public	No. of Shares held	No of votes polled	% of votes polled on Outstanding shares	Number of votes- in favour	Number of votes – against	% of votes in favour of votes polled	% of votes Against on votes polled
	(1)	(2)	(3)=[(2)/(1)]*100	(4)	(5)	(6)=[(4)/(2)]*100	(7)=[(5)/(2)]*100
Promoter	550400000	550400000	100.00%	550400000	0	100.00%	0.00%
Public- Institutional Holders	41341825	41341825	100.00%	41341825	0	100.00%	0.00%
FII	49116	49116	100.00%	49116	0	100.00%	0.00%
Public Others	9824283	9808850	99.84%	9780269	28581	99.71%	0.29%
<b>Total</b>	<b>601615224</b>	<b>601599791</b>	<b>100.00%</b>	<b>601571210</b>	<b>28581</b>	<b>100.00%</b>	<b>0.00%</b>

Special Resolution: To increase the maximum limit on shareholding by Foreign Institutional Investors in the Company

Promoter / Public	No. of Shares held	No of votes polled	% of votes polled on Outstanding shares	Number of votes- in favour	Number of votes – against	% of votes in favour of votes polled	% of votes Against on votes polled
	(1)	(2)	(3)=[(2)/(1)]*100	(4)	(5)	(6)=[(4)/(2)]*100	(7)=[(5)/(2)]*100
Promoter	550400000	550400000	100.00%	550400000	0	100.00%	0.00%
Public- Institutional Holders	41341825	41341825	100.00%	41341825	0	100.00%	0.00%
FII	49116	49116	100.00%	49116	0	100.00%	0.00%
Public Others	9824283	9809072	99.85%	9804426	4646	99.95%	0.05%
<b>Total</b>	<b>601615224</b>	<b>601600013</b>	<b>100.00%</b>	<b>601595367</b>	<b>4646</b>	<b>100.00%</b>	<b>0.00%</b>

# REPORT ON CORPORATE GOVERNANCE

Special Resolution: To amend the Articles of Association to provide a right to promoters to nominate director(s) on the Board

Promoter / Public	No. of Shares held	No of votes polled	% of votes polled on Outstanding shares	Number of votes- in favour	Number of votes – against	% of votes in favour of votes polled	% of votes Against on votes polled
	(1)	(2)	(3)=[(2)/(1)]*100	(4)	(5)	(6)=[(4)/(2)]*100	(7)=[(5)/(2)]*100
Promoter	550400000	550400000	100.00%	550400000	0	100.00%	0.00%
Public- Institutional Holders	41341825	41341825	100.00%	20593967	20747858	49.81%	50.19%
FII	49116	49116	100.00%	0	49116	0.00%	100.00%
Public Others	9824283	9810889	99.86%	9776651	34238	99.65%	0.35%
<b>Total</b>	<b>601615224</b>	<b>601601830</b>	<b>100.00%</b>	<b>580770618</b>	<b>20831212</b>	<b>96.54%</b>	<b>3.46%</b>

The resolutions were passed with the requisite majority.

Mr. V.V. Chakradeo, a practicing Company Secretary, was appointed as the Scrutinizer for conducting the Postal Ballot process.

## 13.0 DISCLOSURES

There are no materially significant transactions with the related parties viz. promoters, directors or the management, their subsidiaries or relatives conflicting with the Company's interest. Suitable disclosures as required by the Accounting Standard (AS18) has been made in the Annual Report.

No penalties or strictures have been imposed on the Company by Stock Exchange or SEBI or any statutory authority on any matter related to capital markets during the last three years.

The Company has adopted the Whistle Blower Policy in accordance with the provisions of clause 49 of the Listing Agreement, for reporting concerns about unethical behavior, actual or suspected fraud or violation of the Company's code of conduct. No personnel have been denied access to the Audit Committee.

## 14.0 MEANS OF COMMUNICATION

The quarterly, half yearly and annual results are published in the newspapers. During the Period, the Company had published the results in Business Standard and Free Press Journal (English) and Nav Shakti Times (Marathi). The said results are also displayed on Company's website. Press releases made by the Company are informed to the Stock Exchanges and are also uploaded on the website of the Company.

## 15.0 GENERAL SHAREHOLDER INFORMATION

### 15.1 Annual General Meeting

Day and Date	Tuesday, March 31, 2015
Time	11.00 a.m.
Venue	Kohinoor Hall, 3 <sup>rd</sup> Floor, Opp. Siddhivinayak Mandir, Veer Savarkar Marg, Prabhadevi, Mumbai 400025

### 15.2 Financial Calendar

First quarterly results	:	February 14, 2015
Second quarterly results	:	on or before May 15, 2015
Third quarterly results	:	on or before August 14, 2015
Fourth quarterly results	:	on or before November 14, 2015
Year ending December, 2015	:	on or before February 29, 2016

### 15.3 Date of Book Closure

The Company will close its share transfer books on the date of the Annual General Meeting, namely March 31, 2015.

### 15.4 Dividend Payment Date

The Company has not declared any dividend for the year.

### 15.5 Listing on the Stock Exchanges

The Equity Shares of the Company are listed at the following Stock Exchanges:

<b>Name of Stock Exchange</b>	<b>Stock Code/ Symbol</b>
1) Bombay Stock Exchange Limited	532959
2) The National Stock Exchange of India Limited	GAMMNINFRA

**ISIN: INE181G01025** (Fully Paid)

## REPORT ON CORPORATE GOVERNANCE

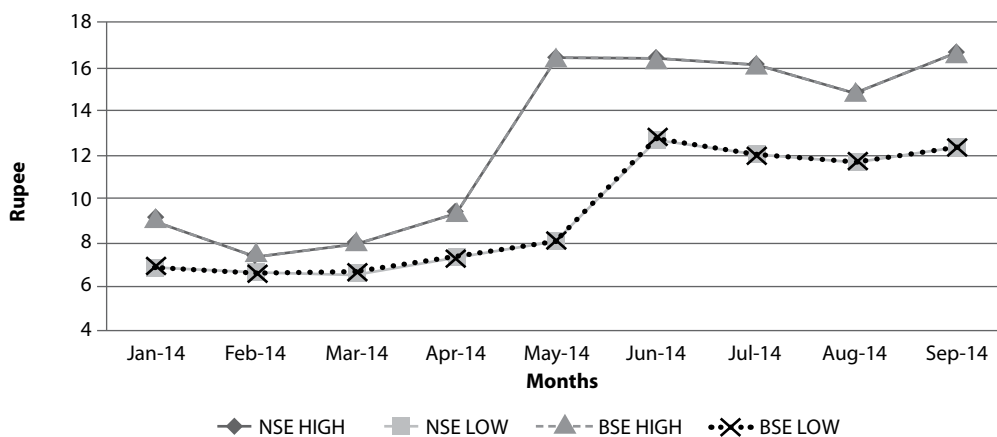
### 15.6 Listing fees for the year 2014-15

The Annual listing fees have been paid to both the Stock Exchanges.

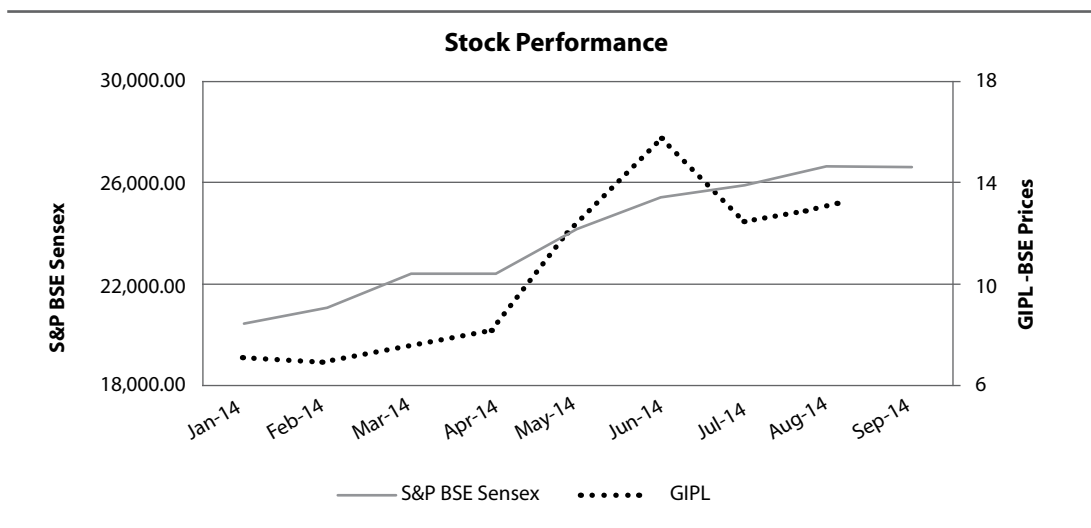
### 15.7 Stock market price data for the Period:

Month	National Stock Exchange of India Limited		BSE Limited	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
January'14	9.15	6.90	9.15	6.99
February'14	7.45	6.65	7.60	6.60
March'14	8.05	6.60	8.00	6.71
April'14	9.40	7.35	9.32	7.25
May'14	16.40	8.10	16.43	8.01
June'14	16.40	12.65	16.30	12.80
July'14	16.10	12.05	16.10	12.00
August'14	14.80	11.70	14.80	11.70
September'14	16.65	12.35	16.60	12.36

GIPL Comparative High Low price on NSE & BSE



## 15.8 Share Price Performance in comparison to S&P BSE Sensex



## 15.9 Registrar and Share Transfer Agents

Link Intime India Private Limited  
C – 13, Pannalal Silk Mills Compound,  
LBS Marg, Bhandup (west), Mumbai – 400 078  
Tel: 022- 25963838, Fax: 022- 25946969

## 15.10 Share Transfer System

The Stakeholders Relationship Committee looks after the share transfer system and other related issues in tandem with the Registrar and Share Transfer Agents.

# REPORT ON CORPORATE GOVERNANCE

## 15.11 Distribution of Shareholding as on December 31, 2014

No. of Equity Shares	Shareholders		No. of Shares	% of Total
	Number	% to Total		
1- 500	23945	58.42	4460211	0.48
501 – 1000	7595	18.53	5277553	0.56
1001 – 2000	4838	11.80	6449494	0.69
2001 – 3000	2389	5.83	5832203	0.62
3001 – 4000	536	1.31	1851299	0.20
4001 – 5000	370	0.91	1732070	0.18
5001 – 10000	727	1.77	5026891	0.54
10001 and above	587	1.43	908441003	96.73
<b>Total</b>	<b>40987</b>	<b>100.00</b>	<b>939070724</b>	<b>100.00</b>

## 15.12 Shareholding Pattern as on 31st December, 2014

Category	Number of Shares Held	% of capital
A) Promoter's Holding		
1. Indian		
Individual/HUF	Nil	Nil
Central/State Government	Nil	Nil
Bodies Corporate	528000000	56.22
Financial Institutions/Banks	Nil	Nil
Any Other		
Promoter Group	22400000	2.39
2. Foreign Promoters		
Individual	Nil	Nil
Bodies Corporate	Nil	Nil
Institutions	Nil	Nil
Any Other	Nil	Nil
Sub – Total (A) (1+2)	550400000	58.61
(B) Public Shareholding		
1. Institutions		



<b>Category</b>	<b>Number of Shares Held</b>	<b>% of capital</b>
Mutual Funds and UTI	132572487	14.12
Banks/ Financial Institutions	7143514	0.76
Insurance Companies (Central / State Government Institutions / Non – Government Institutions)	Nil	Nil
FIs	148015012	15.76
Venture Capital Funds	Nil	Nil
Sub – Total (B)(1)	287731013	30.64
<b>2. Non Institutions</b>		
Bodies Corporate	37813085	4.03
Individuals		
(i) Individual Shareholders holding nominal share capital up to Rs. 1 Lakh	34418083	3.67
(ii) Individual Shareholders holding nominal share capital in excess of Rs. 1 Lakh	5539322	0.59
Foreign Portfolio Investor (Corporate)	8843244	0.94
Any other		
(i) NRIs / OCBs /Foreign Nationals	2265358	0.24
(ii) Directors & Relatives	9444250	1.00
(iii) Clearing Member	1204787	0.13
(iv) Office Bearers	1408544	0.15
(v) Trusts	3038	0.00
Sub – Total (B) (2)	100939711	10.75
Shares held by Custodians and against which Depository Receipts have been received	Nil	Nil
<b>GRAND TOTAL</b>	<b>939070724</b>	<b>100</b>

### 15.13 Dematerialization of Shares

The break- up of Company's shares in physical / dematerialized form as on 31<sup>st</sup> December, 2014 is as under:

<b>Particulars</b>	<b>No. of Equity Shares</b>	<b>% to Share Capital</b>
Electronic	939069011	99.99982
Physical	1713	0.00018
<b>Total</b>	<b>939070724</b>	<b>100</b>

# REPORT ON CORPORATE GOVERNANCE

The free float of the Company's as on 31<sup>st</sup> December, 2014 is 41.39%.

## 15.14 Details of unclaimed shares as on financial year ended 30<sup>th</sup> September, 2014 issued pursuant to the Initial Public Offer (IPO) are as follows (Pursuant to clause 5A of the Listing Agreement):

Sr. No	Particulars	Cases	No. of Shares
1	Aggregate number of shareholders and the outstanding shares lying in the unclaimed suspense account at the beginning of the year i.e. 01.01.2014	22	19,455
2	Number of shareholders who approached for transfer of shares from unclaimed suspense account during 01.01.2014 to 30.09.2014	-	-
3	Number of shareholders to whom shares were transferred from Unclaimed suspense account during 01.01.2014 to 30.09.2014	-	-
4	Aggregate number of shareholders and the outstanding shares lying in the unclaimed suspense account at the end of the year i.e. 30.09.2014	22	19,455

## 15.15 Outstanding GDRs / ADRs / Warrants or any convertible instruments, conversion date and likely impact on the equity

None

## 15.16 Plant Location

None

## 15.17 Address for Correspondence

All inquiries, clarifications and correspondence should be addressed to the Compliance Officer at the following address:

Mr. G. Sathis Chandran

Company Secretary & Compliance Officer

Gammon Infrastructure Projects Ltd.

Orbit Plaza, 5<sup>th</sup> Floor, Plot No. 952/954,

New Prabhadevi Road, Prabhadevi, Mumbai - 400025

Telephone : 022 – 67487260 email: compliances@gammoninfra.com

Mumbai, February 14, 2015



**MANAGEMENT CERTIFICATE UNDER CLAUSE 49 (1D) OF THE LISTING AGREEMENT**

To,

The Members  
**Gammon Infrastructure Projects Limited**

This is to affirm that the Board of Directors of Gammon Infrastructure Projects Limited has adopted a Code of Conduct for its Directors and Senior Management Personnel in compliance with the provisions of Clause 49 (1D) of the Listing Agreement with the Stock Exchanges and the Board of Directors and Senior Management Personnel of the Company have confirmed the compliance of provisions of the said Code for the financial year ended 30<sup>th</sup> September, 2014.

Mumbai: 14.02.2015

**Kishor Kumar Mohanty**  
Managing Director

# Independent Auditors' Report

The Board of Directors

**Gammon Infrastructure Projects Limited**

## **Report on Consolidated Financial Statements**

We have audited the accompanying Consolidated Financial Statements of Gammon Infrastructure Projects Limited ('GIPL' or 'the Company') and its Subsidiaries, Joint Venture Companies and Associates (GIPL Group), which comprise the Consolidated Balance Sheet as at September 30, 2014, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the period then ended, 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 Consolidated Financial Statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Consolidated 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 presentation of the Consolidated Financial Statements that give a true and fair view 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 Consolidated Financial Statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## **Basis for Qualified Opinion**

*As detailed in note 36 and note 37 to the Consolidated Financial Statements, with respect to two projects where the authorities have unilaterally terminated the Concession Agreement against which these projects are taking steps to claim compensation/relief as per the Concession Agreement. The GIPL Group's exposure to these projects is ₹ 812,718,363/-. As the outcome of these matters is uncertain, we are unable to determine the recoverability of said amounts and its consequential impact on the Consolidated Financial Statements.*

## **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 matter described in the 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 GIPL Group as at September 30, 2014;
- (b) in the case of the Consolidated Statement of Profit and Loss, of the loss of the GIPL Group for the period ended on that date; and
- (c) in the case of the Consolidated Cash Flow Statement, of the cash flows of the GIPL Group for the period ended on that date.

## **Emphasis of Matter:**

Without qualifying our opinion, we report that:

- a. The GIPL Group has incurred a net loss after tax of ₹ 402,514,954/- for the nine month period ended September 30, 2014 and as of that date the GIPL Group's current liabilities exceeded current assets by ₹ 6,273,378,209/-. These conditions, along with other matters as set forth in Note 40 of the Consolidated Financial Statements, indicate the existence of an uncertainty as to timing and realisation of cash flow. This matter was also referred to our earlier reports issued for the quarter ended March 31, 2014, June 30, 2014, and for the nine months period ended December 31, 2013.
- b. We invite attention to Note 39 of the Consolidated Financial Statements, regarding 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 ₹ 178,712,578/- and a corporate

# Independent Auditors' Report

guarantee of ₹ 79,661,810/-. Pending conclusion on this legal matters, no adjustments have been made in the Consolidated Financial Statements.

- c. We invite attention to Note 35 of the Consolidated Financial Statements, in relation to intention to exit one of the hydro power projects at Himachal Pradesh and seeking a claim of an amount against the amount spent on the project. The 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 ₹ 673,145,933/-. Pending conclusion between the parties, no adjustments have been made in the Consolidated Financial Statements.
- d. We invite attention to Note 41 of the Consolidated Financial Statements, which states that the one of its joint ventures companies has incurred a net loss of ₹ 30,393,909/- during the nine month period ended September 30, 2014 and, as of that date, JV has also defaulted in repayment of its debt obligations to the lenders. These conditions, along with other matters as set forth in Note 41, indicate the existence of a material uncertainty that may cast significant doubt about JV's ability to continue as a going concern.
- e. We invite attention to Note 42 of the Financial Statements, regarding the excess remuneration to the extent of ₹ 20,855,390 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.

## Other Matter

We did not audit the financial statements of:

- a. certain subsidiaries, whose financial statements reflect total assets (net) of ₹ 16,035,539,629/- as at September 30, 2014, total revenues of ₹ 1,006,567,973/- and net cash outflows amounting to ₹ 3,316,552 for the period then ended.
- b. certain associates, whose financial statements reflect total profits (net) of ₹ 1,792,039/- for the period ended September 30, 2014, the GIPL Group's share in the profits of such associates being ₹ 546,926/-.

The above mentioned financial statements have been audited by other auditors whose reports have been furnished to us by the Management, and our opinion is based solely on the reports of the other auditors. Our opinion is not qualified in respect of this matter.

We did not audit the financial statements of:

- a. certain joint venture companies, whose financial statements reflect total assets (net) of ₹ 1,353,741/- as at September 30, 2014 and net cash outflows amounting to ₹ 50,562/- for the period then ended. The GIPL Group's share of such total assets (net) and total net cash outflows being ₹ 170,850/- and ₹ 19,214/-, respectively.
- b. One associate, whose financial statements reflect total loss of ₹ 36,982/- for the period ended September 30, 2014, the GIPL Group's share in the losses of such associate being ₹ 18,121/-.

The above mentioned financial statements are based on unaudited financial statements certified as approved by the respective Boards of Directors of these companies have been furnished to us by the Management and our report in so far as it relates to the amounts included in respect of the joint venture companies and associate is based solely on such approved unaudited financial statements. Our opinion is not qualified in respect of this matter.

In respect of the other subsidiaries and joint venture companies, the audit has been conducted by either of us and the audit of GIPL has been conducted by us jointly.

## For Natvarlal Vepari & Co.

Firm Registration Number:106971W  
Chartered Accountants

## N Jayendran

Partner

M. No. 40441

Mumbai, Dated : November 18, 2014

## For S.R. Batliboi & Co. LLP

ICAI Firm Registration Number : 301003E  
Chartered Accountants

## per Jayesh Gandhi

Partner

M. No. 37924

Mumbai, Dated: November 18, 2014

# Consolidated Balance Sheet

## as at September 30, 2014

(All amounts in Indian Rupees unless otherwise stated)

Particulars	Notes	As at	
		September 30, 2014	December 31, 2013
<b>Equity and liabilities</b>			
<b>Shareholders' funds</b>			
Share capital	4	1,884,503,948	1,476,155,376
Reserves and surplus	5	7,627,618,981	5,232,918,005
		<b>9,512,122,929</b>	<b>6,709,073,381</b>
<b>Minority interest</b>			
	6	<b>1,577,795,696</b>	<b>1,577,253,098</b>
<b>Non-current liabilities</b>			
Long-term borrowings	7	35,012,475,175	36,101,647,526
Deferred tax liabilities (net)	8	23,405,506	24,920,735
Other long-term liabilities	9	39,666,851,685	1,208,850,000
Long-term provisions	10	329,577,459	558,245,702
		<b>75,032,309,825</b>	<b>37,893,663,963</b>
<b>Current liabilities</b>			
Short-term borrowings	11	644,658,803	779,812,313
Trade payables, current	12	201,014,414	197,452,236
Other current liabilities	12	7,268,990,750	7,158,086,195
Short-term provisions	10	1,335,914,175	758,362,123
		<b>9,450,578,142</b>	<b>8,893,712,867</b>
<b>TOTAL</b>		<b>95,572,806,592</b>	<b>55,073,703,309</b>
<b>Assets</b>			
<b>Non-current assets</b>			
Fixed assets :			
Tangible assets (net)	13	1,141,901,437	1,186,718,455
Intangible assets (net)	14	60,550,429,992	23,228,498,822
Capital work in progress	15	2,188,696,129	1,805,976,013
Intangible assets under development	16	24,337,401,961	22,764,653,454
Goodwill on consolidation	17	600,679,336	533,649,910
Deferred tax asset (net)	8	723,387,487	340,603,137
Non-current investments	18	7,352,067	7,974,865
Long-term loans and advances	19	1,820,927,529	2,118,318,833
Long-term trade receivables	20	190,978,042	163,066,739
Other non-current assets	21	833,852,680	120,243,733
		<b>92,395,606,660</b>	<b>52,269,703,961</b>
<b>Current assets</b>			
Current investments	22	332,291,939	236,478,084
Inventories	23	121,153,059	115,386,547
Trade receivables	20	190,876,334	179,722,911
Cash and bank balances	24	508,873,186	876,887,120
Short-term loans and advances	19	600,973,818	556,713,070
Other current assets	21	1,423,031,596	838,811,616
		<b>3,177,199,932</b>	<b>2,803,999,348</b>
<b>TOTAL</b>		<b>95,572,806,592</b>	<b>55,073,703,309</b>
Summary of significant accounting policies	2.1		
The accompanying notes are an integral part of the financial statements.			

As per our report of even date

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

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

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

**Kishor Kumar Mohanty**  
Managing Director  
DIN: 00080498

**C. C. Dayal**  
Director  
DIN: 00178583

**N Jayendran**  
Partner  
Membership No. : 40441

**per Jayesh Gandhi**  
Partner  
Membership No. : 37924

**Monesh Bhansali**  
CFO

**G. Sathis Chandran**  
Company Secretary  
Membership No. : ACS 11848

Place : Mumbai  
Date : November 18, 2014

Place : Mumbai  
Date : November 18, 2014

# Consolidated Statement of Profit and Loss

## for the Nine months period ended September 30, 2014

(All amounts in Indian Rupees unless otherwise stated)

Particulars	Notes	Nine months period ended September 30, 2014	Nine months period ended December 31, 2013
<b>Income</b>			
Revenue from operations:			
Revenue from projects	25	5,242,661,356	4,413,236,853
Other operating revenues	26	177,392,919	128,543,158
Other income	27	96,817,802	64,810,510
<b>Total income</b>		<b>5,516,872,077</b>	<b>4,606,590,521</b>
<b>Expenses</b>			
Project expenses	28	1,504,008,441	1,241,443,146
Employee benefits expenses	29	208,566,986	243,530,013
Other expenses	30	290,292,155	283,158,780
Exceptional items (refer note 34 below)		379,736,848	-
<b>Total expenses</b>		<b>2,382,604,430</b>	<b>1,768,131,939</b>
<b>Earnings before interest, tax, depreciation and amortisation (EBITDA)</b>		<b>3,134,267,647</b>	<b>2,838,458,582</b>
Finance costs	31	2,062,929,609	2,190,286,876
Depreciation/amortisation	13,14	1,682,375,460	1,195,601,954
Share of (profit)/loss from investment in associates		622,798	1,178,038
<b>Profit/(loss) before tax</b>		<b>(611,660,220)</b>	<b>(548,608,286)</b>
Less: Tax expenses			
Current tax		55,854,743	33,813,740
Deferred tax (credit)/charge		(384,299,580)	(11,136,776)
MAT credit written off		126,389,515	-
MAT credit entitlement		(11,760,000)	(22,924,650)
Short provision for earlier years		(1,900,000)	9,732,255
Net tax expense		(215,715,322)	9,484,569
<b>Profit/(loss) after tax</b>		<b>(395,944,898)</b>	<b>(558,092,855)</b>
Less : Profit after tax attributable to minority interest		6,570,056	6,345,771
<b>Profit/(loss) attributable to group shareholders</b>		<b>(402,514,954)</b>	<b>(564,438,626)</b>
<b>Earnings per share ('EPS')</b>	32		
Basic		(0.54)	(0.77)
Diluted		(0.54)	(0.77)
Nominal value of equity share		2.00	2.00
Summary of significant accounting policies	2.1		
The accompanying notes are an integral part of the financial statements.			

As per our report of even date

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

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

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

**Kishor Kumar Mohanty**  
Managing Director  
DIN: 00080498

**C. C. Dayal**  
Director  
DIN: 00178583

**N Jayendran**  
Partner  
Membership No. : 40441

**per Jayesh Gandhi**  
Partner  
Membership No. : 37924

**Monesh Bhansali**  
CFO

**G. Sathis Chandran**  
Company Secretary  
Membership No. : ACS 11848

Place : Mumbai  
Date : November 18, 2014

Place : Mumbai  
Date : November 18, 2014

# Consolidated Cash Flow Statement

## for the Nine months period ended September 30, 2014

(All amounts in Indian Rupees unless otherwise stated)

Particulars	Nine months period ended September 30, 2014	Nine months period ended December 31, 2013
<b>A. Cash flow from operating activities:</b>		
Profit before tax	(611,660,220)	(548,608,286)
Adjustments for :		
Employees stock options	14,439,264	2,456,974
Cash alternative settlement for ESOP scheme	-	(1,741,294)
Depreciation and amortisation	1,682,375,460	1,195,601,954
Gratuity and leave encashment	(65,765)	9,126,098
Interest income	(28,190,178)	(33,263,051)
Interest paid	2,062,929,609	2,190,286,876
(Profit)/loss on sale of investments	(14,858,157)	(21,766,577)
Share of (profit) / loss from investment in associates	622,798	1,178,038
Loss on sale of assets	-	2,547,796
Exceptional item	379,736,848	-
Assets written off	51,080,955	3,271,896
Write back of provision for liabilities	(52,388,480)	(6,936,526)
Provision for periodic maintenance expenses	351,680,826	375,313,000
Provision for loans and advances, debts and other assets	1,625,090	20,007,812
	<u>4,448,988,270</u>	<u>3,736,082,996</u>
<b>Operating profit before working capital changes</b>	<b>3,837,328,050</b>	<b>3,187,474,710</b>
Adjustments for :		
Trade and other receivables, loans and advances and other assets	(449,669,047)	937,695,500
Inventories	(5,766,512)	(52,262,259)
Trade and other payables, provisions and other liabilities	889,155,884	197,313,769
	<u>433,720,325</u>	<u>1,082,747,010</u>
<b>Cash generated from the operations</b>	<b>4,271,048,375</b>	<b>4,270,221,720</b>
Direct taxes paid	(76,318,354)	(190,292,763)
<b>Net cash from operating activities</b>	<b>4,194,730,021</b>	<b>4,079,928,957</b>
<b>B. Cash flow from investment activities :</b>		
Capital purchases after adjusting capital creditors	(3,616,699,751)	(3,531,230,259)
Proceeds from sale of fixed assets	-	12,282,294
Purchase of current investments - Mutual funds	(2,253,737,739)	(5,023,850,000)
Proceeds from sale of current investments - Mutual funds	2,172,782,041	4,876,138,490
Intercompany deposits :		
Granted during the period	(130,337,263)	22,077,511
Refund of intercompany deposit	32,550,000	(230,462,394)
Other deposits and bank balances	109,224,605	(73,500,001)
Amount received from/(paid) to minority shareholders	(215,492,086)	(168,133,126)
Interest received	81,006,433	24,647,438
<b>Net cash used in investment activities</b>	<b>(3,820,703,760)</b>	<b>(4,092,030,047)</b>



# Consolidated Cash Flow Statement

## for the Nine months period ended September 30, 2014

(All amounts in Indian Rupees unless otherwise stated)

Particulars	Nine months period ended September 30, 2014	Nine months period ended December 31, 2013
<b>C. Cash flow from financing activities :</b>		
Proceeds from issuance of equity share capital	2,588,929,946	-
Capital grant received	803,200,000	-
Proceeds from borrowings	1,849,060,458	5,095,719,408
Repayment of loans	(4,184,334,301)	(2,814,367,969)
Interest paid	(1,740,326,792)	(2,047,163,927)
Share issue expenses	(58,569,506)	-
Dividend paid (including Dividend distribution tax)	-	(37,695,572)
<b>Net cash from financing activities</b>	(742,040,195)	196,491,940
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>(368,013,934)</b>	<b>184,390,850</b>
<b>Cash and cash equivalents, end of the period</b>	<b>508,873,186</b>	<b>876,887,120</b>
Cash and cash equivalents, beginning of the period	876,887,120	692,496,270
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>(368,013,934)</b>	<b>184,390,850</b>
<b>Components of cash and cash equivalents :</b>		
<b>Cash and cheques on hand</b>	8,032,444	10,798,361
Funds in transit	-	-
With banks :		
On current accounts	499,590,742	801,088,759
On deposit accounts	1,250,000	65,000,000
<b>Cash and cash equivalents, end of the period</b>	<b>508,873,186</b>	<b>876,887,120</b>
Note: Figures in brackets denotes outflows		
The accompanying notes are an integral part of the financial statements.		

As per our report of even date

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

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

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

**Kishor Kumar Mohanty**  
Managing Director  
DIN: 00080498

**C. C. Dayal**  
Director  
DIN: 00178583

**N Jayendran**  
Partner  
Membership No. : 40441

**per Jayesh Gandhi**  
Partner  
Membership No. : 37924

**Monesh Bhansali**  
CFO

**G. Sathis Chandran**  
Company Secretary  
Membership No. : ACS 11848

Place : Mumbai  
Date : November 18, 2014

Place : Mumbai  
Date : November 18, 2014

# Notes

## to the Consolidated financial statements for the Nine months period ended September 30, 2014

(All amounts in Indian Rupees unless otherwise stated)

### 1 Background

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

### 2 Accounting policies

#### a. Basis of preparation

The consolidated financial statements of the Company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The Company has prepared these financial statements to comply in all material respects with the notified accounting standards by Companies (Accounting Standards) Rules, 2006, (as amended), and the relevant provisions of the Companies Act, 1956 read with the General Circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013 and General Circular 8/2014 dated April 4, 2014 with respect to the said financial statements. The consolidated financial statements have been prepared on an accrual basis of accounting and under the historical cost convention. The accounting policies are consistent with those used in the previous period.

#### b. Principles of consolidation

##### i) Holding company and subsidiaries :

The consolidated financial statements comprise of the financial statements of GAMMON INFRASTRUCTURE PROJECTS LIMITED ("the Company") and its Subsidiary companies (the Company and its subsidiaries are hereinafter referred to as 'the Group'). The consolidated financial statements has been prepared on the following basis:

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, intra-group transactions and unrealized profits or losses as per Accounting Standard - 21 ('AS-21') "Consolidated Financial Statements" notified under the Companies (Accounting Standards) Rules, 2006.

The 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 financial statements of the entities used for consolidation are drawn upto the same reporting date as that of the Company i.e. September 30, 2014.

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

##### ii) Interest in joint venture companies :

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

##### iii) Investments in associate companies :

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

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

# Notes

## to the Consolidated financial statements for the Nine months period ended September 30, 2014

(All amounts in Indian Rupees unless otherwise stated)

The excess of the Group's cost of investment over its share of net assets in the associate on the date of acquisition of investment is disclosed as goodwill. The excess of the Group's share of net assets in the associate over the cost of its investment is disclosed as capital reserve. Goodwill / Capital Reserve is included/adjusted in the carrying amount of the investment.

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

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

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

### 2.1 Summary of other significant accounting policies

#### a. Use of estimates

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

#### b. Revenue recognition

Revenue is recognised to the extent, that it is probable that the economics benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised.

##### i) Infrastructure development business :

Toll revenue from operations of tollable roads is recognised on usage and recovery of the usage charge thereon.

The cash compensation due 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 Group 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.

# Notes

## to the Consolidated financial statements for the Nine months period ended September 30, 2014

(All amounts in Indian Rupees unless otherwise stated)

Revenue by way of berth hire charges, dust suppression charges, cargo handling charges, plot rent, wharfage, 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.

**ii) Operations and maintenance revenues :**

Revenue on Operations & Maintenance (O & M) contracts are recognised over the period of the contract as per the terms of the contract.

**iii) Construction contract revenues :**

Revenue from construction contracts is recognised on the basis of percentage completion method. The percentage of work completed is determined by the expenditure incurred on the job till date to the total expected expenditure of the contract.

Construction contracts 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. Foreseeable losses on contract are fully provided for in the respective accounting period.

**iv) Interest income :**

Interest Income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

**v) Dividend income :**

Dividend is recognised when the shareholders' right to receive payment is established by the balance sheet date.

**c. Tangible assets**

Tangible assets are stated at cost net of accumulated depreciation and accumulated impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition of its intended use. The costs comprises of the purchase price, borrowings costs if capitalisation criteria are met and directly attributable costs of bringing the asset to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the cost of the tangible asset. Any subsequent expenses related to a tangible asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other day to day repairs and maintenance expenditure and the cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred.

Depreciation on tangible fixed assets is provided on the Straight Line Method ('SLM') at the rates and in the manner laid down in Schedule XIV of the Companies Act, 1956 or the rates based on the estimated useful lives of the fixed assets, whichever is higher. Depreciation on tangible fixed assets purchased / installed during the year/ period is calculated on a pro-rata basis from the date of such purchase / installation.

Gains or losses arising from derecognition of tangible fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit and loss when the asset is derecognised.

**d. Intangible assets and Intangible assets under development**

Intangible assets are stated at cost of construction less accumulated amortised amount and accumulated impairment losses, if any. Costs include direct costs of construction of the project and costs incidental and related to the construction activity. Costs incidental to the construction activity, including financing costs on borrowings attributable to construction of the project road, have been capitalised to the project road till the date of completion of construction. Such assets include self constructed assets under the BOT (Annuity) scheme, concession rights in respect of tollable roads, etc.

# Notes

## to the Consolidated financial statements for the Nine months period ended September 30, 2014

(All amounts in Indian Rupees unless otherwise stated)

Intangible assets comprising project road, project port and project bridge are amortised on a straight line basis, from the date they are put to use, over the balance period of the Contract. The amortisation period and the amortisation method are reviewed at each financial year end. Concession rights are amortised on the pro-rata basis of actual tollable traffic volume for the period over the total projected tollable traffic volume over the toll periods granted for the project. The projections for the total traffic volume are based on the report of independent professionals for this purpose. The volume of the traffic is reviewed on periodic intervals for its consistency and appropriateness. If the right to collect toll being amortised is revised on account of the material change in the projected traffic volume arising out of the periodic review, the amortisation would be revised accordingly.

Intangible assets also comprise of rights of Operations and Maintenance ('O&M') and an amount paid to Mumbai Port Trust towards upfront fees for construction and operation of an offshore terminal (License Fees Intangible). The O&M intangible results in income stream for the Group for a period of 14 years. The rights are therefore amortised over the period of 14 years on straight line basis. The license fees intangible asset being rights of O&M are amortised over the period of the subsistence of its rights commencing from the date the project becomes operational.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit and loss when the asset is derecognised.

Intangible asset under development is stated at cost of development less accumulated impairment losses, if any. Costs include direct costs of development of the project road and costs incidental and related to the development activity. Costs incidental to the development activity, including financing costs on borrowings attributable to development of the project road, are capitalised to the project road till the date of completion of development.

### e. Impairment

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) net selling price and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

The Group comprises of companies which are each engaged in developing a project facility. On creating these facilities the said companies establish a right to charge the users of the project development facility. The project development costs are recovered by these companies from the users of the project facilities through toll or are compensated by the grantor through annuities. For testing the impairment of the project facility developed, these companies conduct impairment tests based on detailed discounted cash flows annually. The period of the cash flow are from the date, the project was awarded to the date, the project has to be handed over to the grantor.

Impairment losses of operations, including impairment on inventories, are recognised in the statement of profit and loss, except for previously revalued tangible fixed assets, where the revaluation was taken to revaluation reserve. In this case, the impairment is also recognised in the revaluation reserve up to the amount of any previous revaluation.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

### f. 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.

On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties.

# Notes

## to the Consolidated financial statements for the Nine months period ended September 30, 2014

(All amounts in Indian Rupees unless otherwise stated)

Current investments are carried in the financial statements 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.

On disposal of an investment, the difference between the carrying amount and the net disposal proceeds is charged to the statement of profit and loss.

### g. Inventories

Stores and consumables are valued at lower of cost and net realisable value and is determined using the weighted average method. Net realisable value is the estimated selling price less estimated cost necessary to make the sale.

Work in progress on construction contracts reflects value of material inputs and expenses incurred on contracts including estimated profits in evaluated contracts.

### h. Borrowing costs

Borrowing cost includes interest, amortisation of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that takes a substantial period of time to get ready for its intended use are capitalised. Other borrowing costs are recognised as expenditure in the period in which they are incurred.

### i. Provision for taxes

Tax expense comprises current and deferred tax. Current income-tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India and tax laws prevailing in the respective tax jurisdictions where the Group operates. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of profit and loss.

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 and to the same taxable entity. 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 Group 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.

In the situations where any company within the Group is entitled to a tax holiday under the Income-tax Act, 1961 enacted in India or tax laws prevailing in the respective tax jurisdictions where it operates, no deferred tax (asset or liability) is recognised in respect of timing differences which reverse during the tax holiday period, to the extent the said company's gross total income is subject to the deduction during the tax holiday period. Deferred tax in respect of timing differences which reverse after the tax holiday period is recognised in the year in which the timing differences originate. However, the said company restricts recognition of 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. For recognition of deferred taxes, the timing differences which originate first are considered to reverse first.

Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax. The Group recognises MAT credit available as an asset only to the extent that there is convincing evidence that the Group will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried

# Notes

## to the Consolidated financial statements for the Nine months period ended September 30, 2014

(All amounts in Indian Rupees unless otherwise stated)

forward. In the year in which the Group recognizes MAT credit as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternative Tax under the Income-tax Act, 1961, the said asset is created by way of credit to the statement of profit and loss and shown as "MAT Credit Entitlement." The Group reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent the Group does not have convincing evidence that it will pay normal tax during the specified period.

### **j. Foreign currency translation**

#### **Initial recognition :**

Foreign currency transactions are recorded in the reporting currency by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

#### **Conversion :**

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction; non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

#### **Exchange differences :**

Exchange differences arising on the settlement of monetary items or on reporting the Group's monetary items at rates different from those at which they were initially recorded during the period, or reported in previous financial statements, are recognised as income or as expenses in the year in which they arise except those arising from investments in non-integral operations.

### **k. Preliminary and share issue expenses**

Preliminary and share issue expenses (net of taxes) incurred are charged to the security premium account, if available, or to the statement of profit and loss.

### **l. 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 recognised as an expense in the statement of profit and loss on a straight line basis over the lease term.

### **m. Earnings per share**

Basic and diluted earnings per share are 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. Partly paid shares are treated as a fraction of an equity share to the extent that they are entitled to participate in dividends relative to a fully paid equity share during the reporting period. The weighted number of equity shares are adjusted for events such as bonus issue, bonus element in the rights issue, share split and reverse share split (consolidation of shares) that have changed the number of equity shares outstanding, without corresponding change in resources.

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

### **n. Employee benefits**

Retirement benefits in the form of Provident Fund is a defined contribution scheme. The contributions are charged to the statement of profit and loss for the year when the contributions are due. The Group has no obligation, other than the contribution payable to the provident fund.

The Group operates only one defined benefit plan for its employees i.e. gratuity liability. The costs of providing this benefit are determined on the basis of actuarial valuation at the each year end. Actuarial valuation is carried out using the projected unit credit method. Actuarial gains and losses of the defined benefit plan are recognised in full in the period in which they occur in the statement of profit and loss.

# Notes

## to the Consolidated financial statements for the Nine months period ended September 30, 2014

(All amounts in Indian Rupees unless otherwise stated)

Accumulated leave, which is expected to be utilised within the next twelve months, is treated as short-term employee benefit. The Group measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The Group treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year end. Actuarial gains and losses of the defined benefit plan are recognised in full in the period in which they occur in the statement of profit and loss and are not deferred.

**o. Employee share based payments ('ESOP')**

The Group uses the intrinsic value (excess of the share price on the date of grant over the exercise price) method of accounting prescribed by the Guidance Note ('GN') on 'Accounting for employee share-based payments' issued by the Institute of Chartered Accountants of India ('ICAI') ('the guidance note') to account for its Employee Stock Option Scheme (the 'ESOP' Scheme) read with SEBI (Employees stock option scheme or Employees Stock Purchase) Guidelines, 1999. Compensation expense is amortised over the vesting period of the option on SLM basis.

**p. Grants received**

The Group on receipt of construction grant, received as equity support from grantors, accounts the same as capital reserves. The grant related to operations not forming part of equity support is credited to the statement of the Profit and Loss on a pro-rata basis in the year when the same is due and receivable and when the related costs are incurred.

**q. Deferred payment liability**

The deferred payment liability represents the cash payout (Negative grant) payable to the grantor as per the terms of the Contract at the end of the concession period is added to the cost of respective asset. The said deferred payment liability does not carry any interest thereon.

**r. Minority interest**

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

**s. Segment reporting**

**Identification of segments :**

Business segments have been identified on the basis of the nature of services, the risk return profile of individual business, the organisational structure and the internal reporting system of the Group.

**t. Provisions**

A provision is recognised when the Group 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 of the amount of obligation. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the reporting date. These are reviewed at each reporting date and adjusted to reflect the current best estimates.

**u. Cash and cash equivalents**

Cash and cash equivalents comprise of cash at bank and in hand and short-term investments with an original maturity of three months or less.

**v. Contingent liability**

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain events beyond the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle an



## Notes

### to the Consolidated financial statements for the Nine months period ended September 30, 2014

(All amounts in Indian Rupees unless otherwise stated)

obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Group does not recognise a contingent liability but discloses its existence in the financial statements.

#### w. Measurement of EBITDA

The Group measures EBITDA on the basis of profit/(loss) from continuing operations. In the measurement, the Company does not include depreciation and amortization expense, finance costs and tax expense.

- 3 The consolidated financial statements comprise the financial statements of Gammon Infrastructure Projects Limited ('GIPL') (the holding company), its subsidiary companies, joint ventures and associates consolidated on the basis of the relevant accounting standards as discussed in note 2b above.

#### a. Subsidiaries :

Following subsidiary companies (incorporated in India) have been consolidated in these financial statement as per AS-21 as on September 30, 2014.

Particulars	Voting power & beneficial interest	
	As at September 30, 2014	As at December 31, 2013
Andhra Expressway Limited ('AEL')	100.00%	100.00%
Aparna Infraenergy India Private Limited ('AIPL')	100.00%	100.00%
Birmitrapur Barkote Highway Private Limited ('BBHPL')	100.00%	100.00%
Cochin Bridge Infrastructure Company Limited ('CBICL')	97.66%	97.66%
Chitoor Infrastructure Company Private Limited ('CICPL')	100.00%	100.00%
Dohan Renewable Energy Private Limited ('DREPL') (refer note 3a(ii) below)	100.00%	100.00%
Earthlink Infrastructure Projects Private Limited ('EIPPL')	100.00%	100.00%
Gammon Logistics Limited ('GLL')	100.00%	100.00%
Gammon Projects Developers Limited (GPDL')	100.00%	100.00%
Gammon Renewable Energy Infrastructure Projects Limited ('GREIPL')	100.00%	100.00%
Gammon Road Infrastructure Limited ('GRIL')	100.00%	100.00%
Gammon Seaport Infrastructure Limited ('GSIL')	100.00%	100.00%
Ghaggar Renewable Energy Private Limited ('GREPL')	100.00%	100.00%
Gorakhpur Infrastructure Company Limited ('GICL')	96.53%	96.53%
Haryana Biomass Power Limited ('HBPL')	100.00%	100.00%
Indori Renewable Energy Private Limited ('IREPL') (refer note 3a(ii) below)	100.00%	100.00%
Jaguar Projects Developers Limited ('JPDL')	100.00%	100.00%
Kasavati Renewable Energy Private Limited ('KREPL') (refer note 3a(ii) below)	100.00%	100.00%
Kosi Bridge Infrastructure Company Limited ('KBICL')	100.00%	100.00%
Lilac Infraprojects Developers Limited ('LIDL')	100.00%	100.00%
Markanda Renewable Energy Private Limited ('MREPL') (refer note 3a(ii) below)	100.00%	100.00%
Marine Project Services Limited ('MPSL')	100.00%	100.00%
Mormugao Terminal Limited ('MTL')	100.00%	100.00%
Mumbai Nasik Expressway Limited ('MNEL')	79.99%	79.99%
Patna Buxar Highways Limited ('PBHL')	100.00%	100.00%
Pataliputra Highways Limited ('PHL')	100.00%	100.00%
Patna Highway Projects Limited ('PHPL')	100.00%	100.00%
Pravara Renewable Energy Limited ('PREL')	100.00%	100.00%

## Notes

### to the Consolidated financial statements for the Nine months period ended September 30, 2014

(All amounts in Indian Rupees unless otherwise stated)

Particulars	Voting power & beneficial interest	
	As at September 30, 2014	As at December 31, 2013
Ras Cities and Townships Private Limited ('RCTPL')	100.00%	100.00%
Rajahmundry Expressway Limited ('REL')	100.00%	100.00%
Rajahmundry Godavari Bridge Limited ('RGBL')	71.43%	63.00%
Satluj Renewable Energy Private Limited ('SREPL')	100.00%	100.00%
Sidhi Singrauli Road Project Limited ('SSRPL')	100.00%	100.00%
Sikkim Hydro Power Ventures Limited ('SHPVL')	100.00%	100.00%
Segue Infrastructure Projects Private Limited ('SIPPL')	100.00%	100.00%
Sirsa Renewable Energy Private Limited ('Sirsa REPL')	100.00%	100.00%
Tada Infrastructure Development Company Limited ('TIDCL')	100.00%	100.00%
Tangri Renewable Energy Private Limited ('TREPL')	100.00%	100.00%
Tidong Hydro Power Limited ('THPL')	51.00%	51.00%
Vijaywada Gundugolanu Road Project Private Limited ('VGRPPL')	100.00%	100.00%
Vizag Seaport Private Limited ('VSPL')	73.76%	73.76%
Yamuna Minor Minerals Private Limited ('YMMPL')	100.00%	100.00%
Yamunanagar Panchkula Highway Private Limited ('YPHPL')	100.00%	100.00%
Youngthang Power Ventures Limited ('YPVL')	100.00%	100.00%

- i) As part of its overall business plans, the Group has been acquiring beneficial interest and voting rights. This beneficial interest along with the Group's legal shareholdings has resulted in the Group having control over 51% in various SPVs as listed above. The details of the amounts paid and resultant beneficial interest and voting rights acquired are as follows:

Particulars	As at September 30, 2014			As at December 31, 2013		
	Equity shares Nos.	Amount Paid ₹	Beneficial interest %	Equity shares Nos.	Amount Paid ₹	Beneficial interest %
AEL	7,540,050	126,651,866	26.00%	7,540,050	126,651,866	26.00%
CICPL	10,000	100,000	100.00%	10,000	100,000	100.00%
EIPPL	10,000	100,000	100.00%	10,000	100,000	100.00%
GICL	14,947,238	149,472,380	27.53%	14,947,238	149,472,380	27.53%
KBICL	12,562,831	125,628,310	26.01%	12,562,831	125,628,310	26.01%
REL	7,540,050	119,575,780	26.00%	7,540,050	119,575,780	26.00%
SIPPL	10,000	100,000	100.00%	10,000	100,000	100.00%
THPL	25,500	255,000	51.00%	25,500	255,000	51.00%

- ii) During the current period five subsidiaries of the Company have been wound up.

#### b. Joint venture entities :

The following jointly controlled entities have been considered applying AS-27 on the basis of audited accounts (except stated otherwise) for the period ended September 30, 2014.

## Notes

### to the Consolidated financial statements for the Nine months period ended September 30, 2014

(All amounts in Indian Rupees unless otherwise stated)

i) **Details of joint ventures entered into by the Group :**

Particulars	% of Interest As at September 30, 2014	% of Interest As at December 31, 2013
<b>Joint venture companies</b>		
Blue Water Iron Ore Terminal Private Limited ('BWIOTPL')*	10.12%	10.12%
Indira Container Terminal Private Limited ('ICTPL')	50.00%	50.00%
GIPL - GIL JV	95.00%	95.00%
SEZ Adityapur Limited ('SEZAL')*	38.00%	38.00%

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

ii) **The proportionate share of assets, liabilities, income and expenditure of the joint ventures consolidated in the accounts is tabulated hereunder:**

Particulars	As at September 30, 2014	As at December 31, 2013
<b>Assets</b>		
<b>Non-current assets</b>		
Fixed assets :		
Tangible assets (net)	10,756,446	12,690,951
Intangible assets (net)	125,000,000	125,000,000
Intangible assets under development	2,852,552,244	2,502,325,036
Long-term loans and advances	68,294,955	72,218,197
Other non-current assets	5,594,889	-
<b>Current assets</b>		
Inventories	56,335,000	-
Trade receivables	3,108,386	6,547,837
Cash and cash equivalents	3,385,608	22,024,398
Short-term loans and advances	5,920,784	13,686,956
Other current assets	1,421,377	186,454
<b>Total Assets</b>	<b>3,132,369,689</b>	<b>2,754,679,828</b>
<b>Liabilities</b>		
<b>Non-current liabilities</b>		
Long-term borrowings	1,995,987,944	2,086,184,386
Long-term provisions	325,187	-
<b>Current liabilities</b>		
Trade payables, current	693,249	176,566
Other current liabilities	727,458,043	337,636,290
Short-term provisions	105,824	13,657
<b>Total liabilities</b>	<b>2,724,570,246</b>	<b>2,424,010,899</b>
<b>Reserves and surplus</b>		
Deficit in the statement of profit and loss :		
Opening balance	(268,337,259)	(249,595,907)
Loss during the current period	(15,239,559)	(18,741,356)
Total reserves and surplus	(283,576,819)	(268,337,263)
<b>Total reserves, surplus and liabilities</b>	<b>2,440,993,428</b>	<b>2,155,673,636</b>

## Notes

### to the Consolidated financial statements for the Nine months period ended September 30, 2014

(All amounts in Indian Rupees unless otherwise stated)

Particulars	Nine months period ended September 30, 2014	Nine months Year ended December 31, 2013
<b>Income</b>		
Revenue from projects	1,088,410	25,394,902
Other income	-	94,652
<b>Total income</b>	<b>1,088,410</b>	<b>25,489,554</b>
<b>Expenses</b>		
Project expenses	17,076,733	17,490,906
Employee benefit expenses	4,560,141	3,394,512
Other expenses	2,665,508	20,159,649
Exceptional items	-	-
Finance cost	6,400,000	2,800,000
Depreciation and amortisation	790,611	449,103
<b>Total expenses</b>	<b>31,492,993</b>	<b>44,294,170</b>
<b>Profit before tax</b>	<b>(30,404,583)</b>	<b>(18,804,616)</b>
Provision for tax	-	(63,260)
<b>Profit after tax</b>	<b>(30,404,583)</b>	<b>(18,741,356)</b>
<b>Capital commitments</b>	<b>3,139,880,000</b>	<b>3,497,250,000</b>

The above figures pertaining to the joint venture companies are based on the audited accounts of GIPL-GIL JV and ICTPL and unaudited management accounts of BWIOTPL and SEZAL for the period ended September 30, 2014. All the joint venture companies were incorporated in India.

#### c. Associates :

The following associates have been accounted by applying the equity method in accordance with the Accounting Standard (AS) – 23 “Accounting for Investment in Associates in Consolidated Financial Statements”.

Particulars	% of Interest As at September 30, 2014	% of Interest As at December 31, 2013
ATSL Infrastructure Projects Limited ('ATSL Infra')	49.00%	49.00%
Eversun Sparkle Maritime Services Private Limited ('ESMSPL')	30.90%	30.90%
Modern Tollroads Limited (MTRL)*	49.00%	49.00%

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

## Notes

### to the Consolidated financial statements for the Nine months period ended September 30, 2014

(All amounts in Indian Rupees unless otherwise stated)

#### 4 Share capital

Particulars	As at	
	September 30, 2014	December 31, 2013
<b>i) Authorised equity share capital :</b>		
1,000,000,000 (Previous period: 1,000,000,000) equity shares of ₹ 2 each	2,000,000,000	2,000,000,000
<b>Total authorised equity share capital</b>	<b>2,000,000,000</b>	<b>2,000,000,000</b>
<b>ii) Issued and subscribed equity share capital :</b>		
939,010,974 (Previous period : 734,836,688 ) equity shares of ₹ 2 each	1,878,021,948	1,469,673,376
<b>Total issued and subscribed equity share capital</b>	<b>1,878,021,948</b>	<b>1,469,673,376</b>
<b>iii) Paid-up equity shares :</b>		
938,200,724 (Previous period : 734,026,438 ) equity shares of ₹ 2 each fully paid-up	1,876,401,448	1,468,052,876
<b>Total paid-up equity shares</b>	<b>1,876,401,448</b>	<b>1,468,052,876</b>
<b>iv) Forfeiture of equity shares :</b>		
Money received (including securities premium) in respect of 162,050 (Previous period :162,050) equity shares forfeited of ₹ 10 each	8,102,500	8,102,500
<b>Total money received of forfeited equity shares</b>	<b>8,102,500</b>	<b>8,102,500</b>
<b>Total net paid-up equity share capital (iii + iv)</b>	<b>1,884,503,948</b>	<b>1,476,155,376</b>

#### a. Reconciliation of the number of equity shares outstanding at the beginning and at the end of the period :

Particulars	As at		As at	
	September 30, 2014		December 31, 2013	
	Numbers	Amount	Numbers	Amount
Equity shares of ₹ 2 each fully paid-up Balance, beginning of the period	734,026,438	1,468,052,876	734,026,438	1,468,052,876
Issued through the Qualified Institutional Placement ('QIP') (note 4d)	204,174,286	408,348,572	-	-
<b>Balance, end of the period</b>	<b>938,200,724</b>	<b>1,876,401,448</b>	<b>734,026,438</b>	<b>1,468,052,876</b>

#### b. Terms / rights attached to equity shares :

The Company has only one class of shares referred to as equity shares having a par value of ₹ 2 per share. Each holder of equity shares is entitled to one vote per share.

In the event of liquidation of the Company, the equity share holders will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

#### c. Bonus equity shares :

The Company had issued bonus shares in the year ended March 2013 to the shareholders other than the promoter group in the ratio of 1:34 (with the fractions being rounded-off to the next higher whole number) aggregating to 5,262,820 equity shares of ₹ 2 each as fully paid by utilising securities premium account aggregating to ₹ 10,525,640 /-

#### d. Qualified Institutional Placement :

The Company has issued 204,174,286 equity shares in the current period under the Qualified Institutional Placement (QIP) issue. The face value of these shares are ₹ 2 each and these were issued at a premium of ₹ 10.68 per share.

## Notes

### to the Consolidated financial statements for the Nine months period ended September 30, 2014

(All amounts in Indian Rupees unless otherwise stated)

**e. Shares held by the ultimate holding / holding company and /or their subsidiaries / associates :**

Out of equity shares issued by the Company, shares held by its holding and /or their subsidiaries / associates are as follows:

Registered shareholders	As at September 30, 2014		As at December 31, 2013	
	Numbers	Amount	Numbers	Amount
Equity shares of ₹ 2/- each fully paid-up Gammon India Limited ('GIL'), ultimate holding company*	-	-	528,000,000	1,056,000,000
Gammon Power Limited ('GPL'), holding company*	528,000,000	1,056,000,000	-	-
Gactel Turnkey Projects Limited ('GTPL'), fellow subsidiary	22,400,000	44,800,000	22,400,000	44,800,000
<b>Total</b>	<b>550,400,000</b>	<b>1,100,800,000</b>	<b>550,400,000</b>	<b>1,100,800,000</b>

\* w.e.f. September 29, 2014

**f. Details of registered shareholders holding more than 5% shares :**

Registered shareholders holding more than 5%	As at September 30, 2014		As at December 31, 2013	
	Numbers	% of holding	Numbers	% of holding
Equity shares of ₹ 2 each fully paid-up GIL	-	0.00%	528,000,000	71.93%
GPL	528,000,000	56.28%	-	-
HDFC Trustee Company Limited - HDFC Infrastructure Fund	78,864,353	8.41%	-	-
DB International (Asia) Limited	57,227,129	6.10%	-	-
<b>Total</b>	<b>664,091,482</b>	<b>70.78%</b>	<b>528,000,000</b>	<b>71.93%</b>

As per the records of the Company, including its register of shareholders/members and other declarations received from shareholders, the above shareholding represents legal ownership of the shares.

**g. Shares reserved under options to be given :**

5,110,000 (Previous period : 5,320,000) equity shares of ₹ 2 each of the Company has been reserved for issue as ESOPs [note 5(b)].

## 5 Reserves and surplus

Particulars	As at September 30, 2014	As at December 31, 2013
<b>Capital reserve :</b>		
<b>Capital grant :</b>		
Balance, beginning of the period	1,065,801,476	946,279,496
Add : Capital grant received during the period	803,200,000	-
Add : Capital grant transferred from minority share holders	88,985,045	119,521,980
Less : Capital grant transferred to minority share holders	229,452,397	-
<b>Balance, end of the period (A)</b>	<b>1,728,534,125</b>	<b>1,065,801,476</b>

## Notes

### to the Consolidated financial statements for the Nine months period ended September 30, 2014

(All amounts in Indian Rupees unless otherwise stated)

Particulars	As at September 30, 2014	As at December 31, 2013
<b>Securities premium account :</b>		
Balance, beginning of the period	3,497,510,764	3,497,510,764
Add : On issue of equity shares through a Qualified Institutions Placement (note 4d)	2,180,581,374	-
Less : Share issue expenses during the period	(58,569,506)	-
<b>Balance, end of the period (B)</b>	<b>5,619,522,632</b>	<b>3,497,510,764</b>
<b>Employee stock options outstanding:</b>		
Employee stock compensation for options		
Gross Employee stock compensation for options granted in earlier years	25,536,000	3,059,000
Less : Employee stock options lapsed	-	3,059,000
Add : Gross Employee stock compensation for options granted during the period	-	29,568,000
Less : Employee stock options forfeited	1,008,000	4,032,000
	24,528,000	25,536,000
Less: Deferred Employee stock options:		
Opening balance	20,020,026	-
Add: Deferred employee stock compensation on options granted during the period	-	29,568,000
Less: Charge for the period	15,447,264	9,547,974
	4,572,762	20,020,026
<b>Net Employee stock options outstanding (C)</b>	<b>19,955,238</b>	<b>5,515,974</b>
<b>General Reserve</b>		
Balance, beginning of the period	313,248,076	313,248,076
Add: Amounts transferred from surplus balance in the statement of profit and loss	-	-
<b>Balance, end of the period (D)</b>	<b>313,248,076</b>	<b>313,248,076</b>
<b>Surplus / (deficit) in the statement of profit and loss</b>		
Balance, beginning of the period	350,841,715	890,895,904
Add : Profit /(Loss) for the period	(402,514,954)	(564,438,626)
Add : Losses from Joint Venture reversed on termination of JV agreement	-	334,312
Add: Losses of Previous period attributable to Minority Interest	-	26,765,434
Add: Minority interest in profits/(losses) of subsidiaries for the earlier years	(1,967,851)	(2,715,309)
<b>Balance, end of the period (E)</b>	<b>(53,641,090)</b>	<b>350,841,715</b>
<b>Total reserves and surplus (A+B+C+D+E)</b>	<b>7,627,618,981</b>	<b>5,232,918,005</b>

**a. Capital grant :**

Capital grant includes group's share of grant received by two SPVs of the Group, from NHAI and the Government of Andhra Pradesh in the nature of equity support of the grantor.

**b. Employees stock options ('ESOP') :**

During the previous financial period the Company has instituted an ESOP Scheme "GIPL ESOP 2013", approved by the shareholders vide their resolution dated September 20, 2013, as per which the Board of Directors of the Company granted 6,160,000 equity-settled stock options to the eligible employees. Pursuant to the ESOP Scheme each options entitles an employee to subscribe to 1 equity share of ₹ 2 each of the Company at an exercise price of ₹ 2 per share upon expiry of the respective vesting period which ranges from one to four years commencing from October 1, 2014. Upto September 30, 2014, 1,050,000 options were forfeited / lapsed and balance 5,110,000 options are outstanding.

## Notes

### to the Consolidated financial statements for the Nine months period ended September 30, 2014

(All amounts in Indian Rupees unless otherwise stated)

The details of the ESOP granted under the aforesaid ESOPs Schemes are summarized herein under :

#### ESOP scheme 2013:

Particulars	Period ended	Period ended
	September 30, 2014	December 31, 2013
ESOP grant date	September 23, 2013	September 23, 2013
Market Price as on grant date of equity shares granted (Indian Rupees)	6.80	6.80
Exercise price of options granted during the period (Indian Rupees)	2.00	2.00
Options outstanding at the beginning of the period (Nos)	5,320,000	-
Options granted during the period (Nos)	-	6,160,000
Options lapsed /forfeited during the period (Nos)	210,000	840,000
Options exercised during the period (Nos)	-	-
<b>Options granted and outstanding at the end of the period</b>	<b>5,110,000</b>	<b>5,320,000</b>

The Company has used intrinsic value method for valuation of options by reducing the exercise price from the market value. However if the compensation cost would have been determined using the alternative approach to value options at fair value, the Company's net profit /loss for the period ended September 30, 2014 as reported would have been changed to amounts indicated below:

Particulars	Period ended	Period ended
	September 30, 2014	December 31, 2013
Net loss as reported	(402,514,954)	(564,438,626)
Add: Stock based compensation expense included in the reported income	14,439,264	5,515,974
Less: Stock based compensation expenses determined using fair value of options	13,918,455	5,319,986
<b>Net profit / (loss) (adjusted)</b>	<b>(401,994,145)</b>	<b>(564,242,638)</b>
Basic earnings per share as reported (₹)	(0.54)	(0.77)
Basic earnings per share (adjusted) (₹)	(0.54)	(0.77)
Diluted earnings per share as reported (₹)	*(0.54)	*(0.77)
Diluted earnings per share (adjusted) (₹)	*(0.54)	*(0.77)
Weighted average number of equity shares at the end of the period (Nos)	751,227,935	734,026,438
Weighted average number of shares considered for diluted earnings per share (adjusted) (Nos)	754,834,994	737,781,732

\* The EPS on dilutive basis is anti-dilutive and therefore it is same as basic EPS.

The fair value has been calculated using Black-Scholes Option Pricing Model and the significant assumptions & inputs to estimate fair value of options are as follows:

Particulars	Period ended September 30, 2014			
	First vesting	Second vesting	Third vesting	Fourth vesting
Dividend yield (%)	0.00%	0.00%	0.00%	0.00%
Expected volatility (%)	39.31%	44.25%	42.29%	41.78%
Risk-free interest rate (%)	9.86%	9.02%	8.96%	9.03%
Grant date	23-Sep-13	23-Sep-13	23-Sep-13	23-Sep-13
Vesting date	01-Oct-14	01-Oct-15	01-Oct-16	01-Oct-17
Fair value of share price (₹)	6.40	6.40	6.40	6.40
Exercise price (₹)	2.00	2.00	2.00	2.00



## Notes

### to the Consolidated financial statements for the Nine months period ended September 30, 2014

(All amounts in Indian Rupees unless otherwise stated)

#### 6 Minority interest

Particulars	As at	
	September 30, 2014	December 31, 2013
Balance, beginning of the period	1,577,253,098	1,801,958,234
Add: Minority interest in equity :		
(Decrease) / Increase in minority's share in equity capital of subsidiaries in the current period	(148,800,000)	(129,720,000)
Profit / (loss) balance transferred to / (from) minority share holders	-	(26,765,434)
Capital grant transferred to / (from) minority share holders during the current period	140,804,691	(77,280,782)
	<b>(7,995,309)</b>	<b>(233,766,216)</b>
Add: Minority interest in profits/(losses) of subsidiaries :		
Minority interest in profits/(losses) of subsidiaries for the current period	6,570,055	6,345,771
Minority interest in profits/(losses) of subsidiaries for the earlier years	1,967,851	2,715,309
	<b>8,537,906</b>	<b>9,061,080</b>
<b>Balance, end of the period</b>	<b>1,577,795,696</b>	<b>1,577,253,098</b>

#### 7 Long-term borrowings

Particulars	Non-current		Current Maturities	
	As at September 30, 2014	As at December 31, 2013	As at September 30, 2014	As at December 31, 2013
<b>I Term loans</b>				
[refer below for details of security]				
Indian rupee loans from banks	25,935,653,965	26,831,127,896	1,930,085,903	1,000,005,372
From financial institutions	8,949,071,210	9,133,364,630	1,294,214,413	3,134,492,925
From others	127,750,000	-	49,250,000	250,000,000
	<b>35,012,475,175</b>	<b>35,964,492,526</b>	<b>3,273,550,315</b>	<b>4,384,498,297</b>
<b>II 10.30% intercorporate loan, unsecured</b>				
From a minority shareholder (refer note f below)	-	137,155,000	137,155,000	-
Amount disclosed under 'Other current liabilities' (refer note 12)	-	-	(3,410,705,315)	(4,384,498,297)
<b>Total long term borrowings</b>	<b>35,012,475,175</b>	<b>36,101,647,526</b>	<b>-</b>	<b>-</b>

- The above term loans from banks and financial institutions are primarily taken by various project executing entities of the 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.
- As on September 30, 2014, the Group has defaulted in principal repayment of term loan to its lenders amounting to ₹ 642,148,470 and towards payment of interest amounting to ₹ 231,353,450. Post the balance sheet date the Group has paid ₹ 274,500,000 towards the principal repayment and ₹ 10,300,000 towards interest.

## Notes

### to the Consolidated financial statements for the Nine months period ended September 30, 2014

(All amounts in Indian Rupees unless otherwise stated)

d. Interest rates :

The above mentioned long-term loans from banks and financial institution 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.

e. Schedule of repayments of the term loans :

Particulars	As at	As at
	September 30, 2014	December 31, 2013
Installments payable within next one year	3,273,550,315	4,384,498,297
Installments payable between 2 to 5 years	14,829,782,983	14,323,081,693
Installments payable beyond 5 years	20,182,692,192	21,641,410,833
<b>Total</b>	<b>38,286,025,490</b>	<b>40,348,990,823</b>

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.

f. Unsecured intercorporate loan from minority shareholder :

The repayment of the same is due on March 31, 2015 and hence has been shown under 'Other current liabilities' in Schedule 12.

g. 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.

Particulars	Face value of equity shares ₹	Number of equity shares pledged	
		September 30, 2014	December 31, 2013
AEL	10.00	13,175,970	13,175,970
BBHPL	10.00	2,600	2,600
CBICL	10.00	1,664,019	1,664,019
GICL	10.00	27,686,396	27,686,396
KBICL	10.00	20,767,040	20,767,040
ICTPL	10.00	16,500,000	16,500,000
MNEL	10.00	38,942,800	38,942,800
PBHL	10.00	14,589,823	14,589,823
PBPL*	1.00	22,500,000	22,500,000
PHL	100.00	7,350	7,350
PHPL	10.00	750,000	750,000
REL	10.00	14,744,579	14,744,579
RGBL	10.00	118,967,215	89,573,750
SHPVL	10.00	31,995,331	-
SSRPL	10.00	98,820,560	26,236,600
VSPL	10.00	63,770,015	63,770,015
<b>Total</b>		<b>484,883,698</b>	<b>350,910,942</b>

\* GIPL holds the legal ownership of shares in Punjab Biomass Power Limited (PBPL), however the beneficial interest was transferred in earlier years.

## Notes

### to the Consolidated financial statements for the Nine months period ended September 30, 2014

(All amounts in Indian Rupees unless otherwise stated)

The change in the balances between September 30, 2014 and December 31, 2013 represent addition /reduction of pledge during the current period.

- h. An undertaking has been given to a financial institution by few of the subsidiaries of the Group as a support for the Rupee Term Loan (RTL) of ₹ 3,100,000,000 (Previous period ₹ 3,100,000,000) extended to GIPL that these subsidiaries shall not raise any further funds till the loan is outstanding. The balance outstanding as at September 30, 2014 is ₹ 542,500,000.

#### 8 Deferred tax

Particulars	As at September 30, 2014	As at December 31, 2013
Deferred tax asset	723,387,487	340,603,137
Deferred tax liability	23,405,506	24,920,735
<b>Net deferred tax asset/(liability)</b>	<b>699,981,981</b>	<b>315,682,402</b>
<b>Deferred tax asset :</b>		
- On unabsorbed and timing difference of depreciation / amortisation	1,680,730,829	603,409,151
- On account of employee benefits	4,429,058	20,557,677
<b>Deferred tax liability :</b>		
- On difference between written down value as per books of account and Income Tax Act	985,177,906	308,284,426
<b>Net deferred tax asset/(liability)</b>	<b>699,981,981</b>	<b>315,682,402</b>

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 ₹ 1,680,730,829 (Previous period : ₹ 603,409,151) on the unabsorbed depreciation as per the tax returns available for set off from future taxable income.

The Central Board of Direct Taxes (CBDT), vide circular no. 09/2014 dated 23rd April 2014, has clarified that the cost of construction on development of infrastructure facility of roads/ highways under BOT projects is allowable as a deduction by amortizing and claiming the same as allowable business expenditure under the 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.

#### 9 Other long-term liabilities

Particulars	As at September 30, 2014	As at December 31, 2013
Deferred payment liability (refer note a and b below)	39,658,001,685	1,200,000,000
Margin money deposit *	5,000,000	5,000,000
Performance deposit from vendor	3,850,000	3,850,000
<b>Total other long-term liabilities</b>	<b>39,666,851,685</b>	<b>1,208,850,000</b>

\* Received from a joint venture against bank guarantee issued from GIPL's limits.

- a. As per the terms of the concession agreement between MNEL and NHAI, MNEL is required to make a cash payout ('Negative Grant') of ₹ 1,200,000,000 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.

## Notes

### to the Consolidated financial statements for the Nine months period ended September 30, 2014

(All amounts in Indian Rupees unless otherwise stated)

- b. VGRPPL has commenced toll operations from September 1, 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 ₹ 575,700,000 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.

#### 10 Provisions

Particulars	As at September 30, 2014		As at December 31, 2013	
	Long-term	Short-term	Long-term	Short-term
<b>Provision for employee benefits</b>				
Provision for gratuity (refer note (a) below)	8,607,293	841,832	8,279,214	663,764
Provision for leave encashment	7,729,438	13,592,057	18,180,635	5,305,269
	<b>16,336,731</b>	<b>14,433,889</b>	<b>26,459,849</b>	<b>5,969,033</b>
<b>Other provisions</b>				
Provision for taxation (net of advance tax)	-	183,754,461	-	184,893,215
Provision for periodic maintenance (refer note (b) below)	313,240,728	1,137,725,826	531,785,853	567,499,875
	<b>313,240,728</b>	<b>1,321,480,287</b>	<b>531,785,853</b>	<b>752,393,090</b>
<b>Total provisions</b>	<b>329,577,459</b>	<b>1,335,914,175</b>	<b>558,245,702</b>	<b>758,362,123</b>

#### a. Gratuity :

Under the gratuity plan, every employee who has completed atleast five years of service gets a gratuity on departure @ 15 days of last drawn salary for each completed year of service. The schemes of all the Group companies except for the one joint venture SPV is unfunded.

The following table summarises the components of net benefit expense recognised in the statement of profit and loss and amounts recognised in the balance sheet.

Particulars	Nine months ended September 30, 2014	Nine months ended December 31, 2013
Current service cost	3,799,935	1,734,833
Interest cost on benefit obligation	698,119	539,257
Expected return on plan asset	(73,732)	-
Actuarial (gain)/loss	(3,317,991)	(905,468)
	<b>1,106,331</b>	<b>1,368,623</b>
Less : Gratuity capitalised	(298,705)	389,896
<b>Net benefit expense</b>	<b>1,405,035</b>	<b>978,727</b>

The changes in the present value of the defined benefit obligation are as follows :

Particulars	As at September 30, 2014	As at December 31, 2013
<b>Opening defined benefit obligation</b>	<b>8,942,978</b>	<b>8,485,148</b>
Current service cost	3,664,345	1,612,418
Interest cost on benefit obligation	643,492	497,007
Actuarial (gain)/loss	(3,162,702)	(1,003,418)
Past service cost	-	-
Less : Benefit paid	638,988	648,177
<b>Closing defined benefit obligation</b>	<b>9,449,125</b>	<b>8,942,978</b>

## Notes

### to the Consolidated financial statements for the Nine months period ended September 30, 2014

(All amounts in Indian Rupees unless otherwise stated)

The gratuity scheme of a joint venture SPV is funded with an insurance company in the form of a qualifying insurance policy. The details of fair value of the plan assets is as follows :

Particulars	As at	As at
	September 30, 2014	December 31, 2013
Fair value of plan assets at the beginning of the period	186,454	921,648
Expected return on plan assets	73,732	57,027
Contributions	(297,290)	(648,965)
Actuarial (gain)/loss on plan assets	200,256	(296,481)
Prior year value of plan assets	124,365	153,225
<b>Fair value of plan assets at the end of the period</b>	<b>287,517</b>	<b>186,454</b>

The actual return on plan assets of the SPVs is presently not available.

Particulars	Period ended	Period ended	Year ended	Year ended	Year ended
	September 30, 2014	December 31, 2013	March 31, 2013	March 31, 2012	March 31, 2011
Actuarial (gain)/loss	(3,317,991)	(1,016,016)	(1,175,419)	264,881	(1,076,164)
Experience adjustment	1,522,919	(175,392)	(1,718,246)	392,746	(747,235)
Changes in actuarial assumptions	(1,795,072)	(840,624)	542,827	(127,865)	(328,929)

The principal assumptions used in determining the gratuity obligations are as follows:

Particulars	Period ended	Period ended
	September 30, 2014	December 31, 2013
Discount rate	8.70%	9.50%
Expected rate of return on planned assets	8.00%	8.00%
Attrition rate	2%	2%
Salary escalation	5%	5%
Retirement age	60 years	60 years

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.

#### b Periodic maintenance expenses:

The movement of provisions during the year as required by Accounting Standard 29 "Provisions, Contingent Liabilities and Contingent Assets" notified under the Companies (Accounting Standards) Rules, 2006, (as amended) is as under:

Particulars	As at	As at
	September 30, 2014	December 31, 2013
Balance, beginning of the period	1,099,285,728	723,972,728
Add : Additions during the period	351,680,826	375,313,000
Balance, end of the period	<b>1,450,966,554</b>	<b>1,099,285,728</b>

#### 11 Short-term borrowings

Particulars	As at	As at
	September 30, 2014	December 31, 2013
<b>Loans from banks</b>		
Bank overdraft	644,658,803	779,812,313
(Unsecured except to the extent of ₹58,831,520 (Previous period ₹50,000,000) which is against pledge of fixed deposits)		
(Interest rate on this overdraft facility is currently 13.25% p.a.)		
<b>Total short-term borrowings</b>	<b>644,658,803</b>	<b>779,812,313</b>

## Notes

### to the Consolidated financial statements for the Nine months period ended September 30, 2014

(All amounts in Indian Rupees unless otherwise stated)

#### 12 Other current liabilities

Particulars	As at	
	September 30, 2014	December 31, 2013
<b>Trade payables</b>		
to micro and small enterprises	-	-
to others	201,014,414	197,452,236
<b>Total trade payables</b>	<b>(A) 201,014,414</b>	<b>197,452,236</b>
<b>Other liabilities</b>		
Current maturities of long-term borrowings payable (refer note 7)		
to banks, financial institutions and others	3,273,550,315	4,384,498,297
to minority shareholder	137,155,000	-
Interest accrued and due		
to banks	246,460,582	1,137,163
to financial institution	27,864,242	30,120,199
to others	6,468,986	-
Interest accrued but not due		
to related party - ICTPL	1,421,377	1,226,992
to banks	72,733,811	-
to financial institution	4,280,544	13,295,870
to minority shareholders	32,511,371	23,357,872
Advances received from clients		
from related party - GIL	96,022,753	86,123,970
from others	159,930,712	65,009,817
Advance received from sub contractors	100,000,000	-
Deferred payment liability (additional concession fees)	587,693,750	-
Dues against capital expenditure payable		
to related party - GIL	1,473,670,096	1,412,667,677
to others	241,074,335	237,624,758
Dues to related parties (refer note 12a)	242,397,222	276,209,070
Amount of share application money received in subsidiaries (refer note 12 b)	219,001,000	219,001,000
Duties and taxes payable	35,518,853	19,117,336
Book overdraft*	-	2,805
Others	304,185,740	388,693,369
<b>Total other liabilities</b>	<b>(B) 7,268,990,750</b>	<b>7,158,086,195</b>
<b>Total other current liabilities</b>	<b>(A + B) 7,470,005,164</b>	<b>7,355,538,431</b>

\*Book overdraft represents cheques issued in excess of balance in current account with bank.

a. Details of dues to related parties :

Particulars	As at	
	September 30, 2014	December 31, 2013
to related parties :		
GIL - ultimate holding company	60,154,276	97,077,762
GIPL - GIL JV	135,983	180,979
BWIOTPL	74,034	74,034
ICTPL	5,512,929	2,356,295
MTRL	26,520,000	26,520,000
Ansaldocaldaie Boilers India Private Limited, ('ABIPL') a subsidiary of the ultimate holding company	150,000,000	150,000,000
<b>Total dues to related parties</b>	<b>242,397,222</b>	<b>276,209,070</b>

b. Amount due to minority share holders includes share application money received from minority shareholders of VGRPPL ₹ 49,000,000 (Previous period : ₹ 49,000,000), RCTPL ₹ 170,000,000 (Previous period : ₹ 170,000,000) and SREPL ₹ 1,000 (Previous period : ₹ 1,000).

# Notes

## to the Consolidated financial statements for the Nine months period ended September 30, 2014

(All amounts in Indian Rupees unless otherwise stated)

### 13 Tangible assets

Particulars	Freehold Land	Leasehold Land	Buildings	Plant and Machinery	Earth Moving Machinery	Furniture and Fixtures	Electrical Equipments	Office Equipments	Computers	Motor Vehicles	Total
<b>Cost or valuation</b>											
As at April 01, 2013	237,647,966	185,335,877	27,042,263	972,287,560	120,797	26,767,277	-	20,419,298	43,918,396	34,996,234	1,548,535,668
Additions	-	3,022,830	-	1,771,080	-	11,548,889	-	3,945,335	1,683,404	25,796,191	47,767,729
Sales/disposals/adjustments	-	-	-	6,779	-	16,810,779	-	3,178,267	1,564,495	357,375	21,917,695
As at December 31, 2013	237,647,966	188,358,707	27,042,263	974,051,861	120,797	21,505,387	-	21,186,366	44,037,305	60,435,050	1,574,385,702
Additions	18,950,000	-	-	94,500	-	720,699	-	1,090,041	2,144,218	1,375,000	24,374,458
Sales/disposals/adjustments	18,754,628	-	-	-	-	310,120	-	174,725	337,280	-	19,576,753
<b>As at September 30, 2014</b>	<b>237,843,338</b>	<b>188,358,707</b>	<b>27,042,263</b>	<b>974,146,361</b>	<b>120,797</b>	<b>21,915,966</b>	<b>-</b>	<b>22,101,682</b>	<b>45,844,243</b>	<b>61,810,050</b>	<b>1,579,183,407</b>
<b>Accumulated Depreciation</b>											
As at April 01, 2013	-	-	16,372,737	285,145,340	64,905	8,004,136	-	3,345,012	21,620,444	11,070,860	345,623,434
Charge for the year	-	-	1,890,252	34,980,403	10,293	3,177,744	-	1,234,428	4,964,850	2,873,456	49,131,426
On sale/disposals/adjustments	-	-	-	16,900	-	5,826,897	-	421,914	540,403	281,499	7,087,613
As at December 31, 2013	-	-	18,262,989	320,108,843	75,198	5,354,983	-	4,157,526	26,044,891	13,662,817	387,667,247
Charge for the period	-	-	1,805,529	36,906,848	10,219	3,159,935	-	814,079	4,527,428	2,518,888	49,742,926
<b>On sale/disposals/adjustments</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>27,818</b>	<b>-</b>	<b>20,397</b>	<b>79,988</b>	<b>-</b>	<b>128,203</b>
<b>As at September 30, 2014</b>	<b>-</b>	<b>-</b>	<b>20,068,518</b>	<b>357,015,691</b>	<b>85,417</b>	<b>8,487,100</b>	<b>-</b>	<b>4,951,208</b>	<b>30,492,331</b>	<b>16,181,705</b>	<b>437,281,970</b>
<b>Net Block</b>											
As at December 31, 2013	237,647,966	188,358,707	8,779,274	653,943,018	45,599	16,150,404	-	17,028,840	17,992,414	46,772,233	1,186,718,455
As at September 30, 2014	237,843,338	188,358,707	6,973,745	617,130,670	35,380	13,428,866	-	17,150,474	15,351,912	45,628,345	1,141,901,437

Depreciation charge for the period includes an amount of ₹ 2,269,919 (December 31, 2013 : ₹ 826,358) capitalised to intangible asset under development.

# Notes

## to the Consolidated financial statements for the Nine months period ended September 30, 2014

(All amounts in Indian Rupees unless otherwise stated)

### 14 Intangible assets

Particulars	Project roads	Project bridges	Project berths	Toll concession rights	Operations and maintenance rights	License fees	Total
	(refer note 14a below)	(refer note 14b below)	(refer note 14c below)	(refer note 14d below)	(refer note 14e below)	(note 14f)	
<b>Cost or valuation</b>							
As at April 01, 2013	12,257,860,799	5,442,900,445	2,259,064,267	9,271,761,955	250,000,000	125,000,000	29,606,587,466
Additions	-	-	-	-	-	-	-
Sales/disposals/adjustments	-	-	-	-	-	-	-
As at December 31, 2013	12,257,860,799	5,442,900,445	2,259,064,267	9,271,761,955	250,000,000	125,000,000	29,606,587,466
Additions	-	-	-	39,045,695,435	-	-	39,045,695,435
Sales/disposals/adjustments	-	257,438,683	-	-	-	-	257,438,683
<b>As at September 30, 2014</b>	<b>12,257,860,799</b>	<b>5,185,461,762</b>	<b>2,259,064,267</b>	<b>48,317,457,390</b>	<b>250,000,000</b>	<b>125,000,000</b>	<b>68,394,844,218</b>
<b>Amortisation</b>							
As at April 01, 2013	3,237,181,663	609,384,316	638,162,140	616,305,158	128,080,545	-	5,229,113,822
Charge for the year	569,801,926	243,844,954	65,436,769	256,116,378	13,774,796	-	1,148,974,823
On sale/disposals/adjustments	-	-	-	-	-	-	-
As at December 31, 2013	3,806,983,589	853,229,270	703,598,909	872,421,536	141,855,340	-	6,378,088,644
Charge for the period	560,806,414	686,651,642	65,154,887	313,214,897	13,674,615	-	1,639,502,455
On sale/disposals/adjustments	-	173,176,873	-	-	-	-	173,176,873
<b>As at September 30, 2014</b>	<b>4,367,790,003</b>	<b>1,366,704,039</b>	<b>768,753,796</b>	<b>1,185,636,433</b>	<b>155,529,955</b>	<b>-</b>	<b>7,844,414,226</b>
<b>Net Block</b>							
As at December 31, 2013	8,450,877,210	4,589,671,175	1,555,465,358	8,399,340,419	108,144,660	125,000,000	23,228,498,822
As at September 30, 2014	7,890,070,796	3,818,757,723	1,490,310,471	47,131,820,957	94,470,045	125,000,000	60,550,429,992

Notes:

- Project roads pertain to the all the costs incurred by three SPVs of the Company, AEL, REL and GICL for the construction of two separate road highways under separate concession agreements entered into between the said companies and the NHAI. These agreements encompass the construction, operation and maintenance of the highway on a Build, Operate, Transfer (Annuity) basis. The ownership of the said highway roads is with the Government of India and the said companies have an intangible right to receive half yearly annuities from NHAI upto November 29, 2019 from the date of commencement of the commercial operations. The respective highway roads developed by AEL and REL on certification by NHAI, began commercial operations from October, 2004 and September, 2004 respectively.
- Project bridges pertain to the costs for construction of separate bridge projects by the two SPVs of the Company, CBICL and KBICL. The details are as under :
  - 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 April 27, 2020. Necessary legal recourse has been initiated. The unamortised project costs of ₹ 84,26,181.00 alongwith the unrealised profit of the Group amounting to ₹ 4,600,000.00 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.
  - It includes costs incurred by KBICL for construction of a road bridge across the Koor river in the state of Bihar as the concession agreement entered into between the said SPV and NHAI. This agreement encompasses the construction, operation and maintenance of the said bridge on a Build, Operate and Transfer (Annuity) basis. The ownership of the bridge is with the Government of India and the SPV has an intangible right to receive half yearly annuities from NHAI upto April 4, 2027 from the date of commencement of the commercial operations. The SPV on certification from NHAI commenced the commercial operations from February 8, 2012.
- Project berths pertain to all the cost incurred by the SPV of the Company, VSP, for the construction of two berths at Vishakapatnam port, as per the concession agreement signed by the SPV with Vizag Port Trust (VPT) a statutory body governing the entire Vishakapatnam port. These agreements encompass the construction, operation and maintenance of the two berths on a Build, Operate, Transfer basis. The SPV is allowed to levy charges from the users of the berth and other facilities of the VSP from the date of commencement of the commercial operations upto November 2031. The commercial operations on certification by VPT commenced in two phases, Phase 1 from July 2004 and the second phase from September, 2005.
- Toll concession rights pertain to the costs incurred by a SPV of the Company, MNEL for construction of a highway road as per the concession agreement signed between MNEL and NHAI. This agreement encompasses the construction, operation and maintenance of highway on a Build, Operate and Maintenance (Toll) basis. The ownership of the said highway road is with the Government of India and the said SPV has an intangible right to collect toll from the users of the road upto the year 2028 from the date of the commercial operations. As the construction of the road highway was completed in two phases, Phase 1 in May 2010 and Phase 2 in August, 2011, the SPV began commercial operations of the road highway in two phases from the said dates.
- VGPPL had achieved financial closure for the project on April 10, 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 VGPPL, considering normal traffic beyond September 17, 2014 and September 30, 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.
- Operations & maintenance rights include amount paid by the company to its holding company, GIL, for revision of the terms of the sub-contract agreement signed between them for Operations and Maintenance of the road project in the state of Andhra Pradesh. The said upfront fees has been capitalised as an intangible asset which will be amortised over the life of the said agreement upto November 2019.
- License fees pertain to the fees paid by a SPV of the Company, ICTPL to Mumbai Port Trust (MBPT) as per the concession agreement signed between them for providing the license to construct, operate and maintain an 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 commence.



# Notes

## to the Consolidated financial statements for the Nine months period ended September 30, 2014

(All amounts in Indian Rupees unless otherwise stated)

### 15 Capital work-in-progress

Particulars	As at September 30, 2014	As at December 31, 2013
Expenses incurred on construction, acquisition of self owned asset	1,804,807,296	1,595,689,883
Developer fees	13,596,000	-
Borrowing costs	301,983,964	148,349,942
Employee benefit expenses	22,178,262	17,799,441
Other expenses	46,577,160	44,685,729
Depreciation	627,959	525,531
	<b>2,189,770,642</b>	<b>1,807,050,526</b>
Less : Capital work-in-progress written off	1,074,513	1,074,513
<b>Total capital work-in-progress</b>	<b>2,188,696,129</b>	<b>1,805,976,013</b>

One of subsidiaries which 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.

### 16 Intangible assets under development

Particulars	As at September 30, 2014	As at December 31, 2013
Contract expenditure (refer note 35, 36 and 37)	16,820,595,044	15,799,791,334
Developer fees	1,649,687,693	1,644,768,175
Concession fees	98,205,298	97,837,335
Borrowing costs	6,024,344,223	4,486,281,883
Employee benefit expenses	191,148,746	151,355,747
Other expenses	693,419,568	593,806,753
Depreciation	7,744,015	5,576,524
	25,485,144,587	22,779,417,750
Less : Miscellaneous income	12,409,238	7,647,756
	<b>25,472,735,349</b>	<b>22,771,769,993</b>
Less : Capitalised during the period	-	7,116,539
Less : Written off as exceptional items (refer note 34)	379,736,848	-
Less : Transferred to Project expenses pending settlement (refer note 21 and 37 below)	755,596,540	-
<b>Total intangible assets under development</b>	<b>24,337,401,961</b>	<b>22,764,653,454</b>

### 17 Goodwill on consolidation

Particulars	As at September 30, 2014	As at December 31, 2013
<b>Goodwill on consolidation</b>	734,915,007	701,275,173
Less : Capital reserve on consolidation	130,506,196	163,895,788
Net of goodwill over capital reserve	<b>604,408,811</b>	<b>537,379,385</b>
Goodwill amortised upto September 30, 2007	3,729,475	3,729,475
<b>Total goodwill on consolidation</b>	<b>600,679,336</b>	<b>533,649,910</b>

Goodwill was amortised upto September 30, 2007, since then it is tested for impairment at the end of every reporting period.

## Notes

### to the Consolidated financial statements for the Nine months period ended September 30, 2014

(All amounts in Indian Rupees unless otherwise stated)

#### 18 Non-current investments

Particulars	Face value	As at September 30, 2014 Nos	As at December 31, 2013 Nos.	As at September 30, 2014 Amount	As at December 31, 2013 Amount
<b>Trade investments in associates</b> (Unquoted ordinary equity shares, unless otherwise stated)					
ESMSPL	10	2,143,950	2,143,950	12,528,462	13,114,517
MTRL	10	24,470	24,470	165,941	184,113
ATSL Infra	10	24,450	24,450	160,029	178,601
				12,854,433	13,477,231
Less : Provision for diminution in value of investment				5,552,366	5,552,366
<b>Total trade investments in associates</b>				<b>7,302,067</b>	<b>7,924,865</b>
<b>Trade investments in others</b> (Unquoted ordinary equity shares, unless otherwise stated)					
Indian Highways Management Company Limited	10	5,000	5,000	50,000	50,000
				50,000	50,000
<b>Total non-current investments</b>				<b>7,352,067</b>	<b>7,974,865</b>

Carrying amount of investments in associate companies :

Particulars	ESMSPL		Modern Tollroads Limited		AIPL	
	September 30, 2014	December 31, 2013	September 30, 2014	December 31, 2013	September 30, 2014	December 31, 2013
<b>Original cost of investment</b>	<b>21,439,500</b>	<b>21,439,500</b>	<b>244,700</b>	<b>244,700</b>	<b>244,500</b>	<b>244,500</b>
Add :						
Opening balance of accumulated losses	(8,324,983)	(7,155,080)	(60,587)	(52,452)	(65,899)	(65,899)
Add : Profit/(Losses) during the period	565,373	177,403	(18,121)	(8,135)	(18,447)	-
Add : Adjustments during the period	(1,151,428)	(1,347,306)	(50)	-	(125)	-
Closing balance of accumulated losses	<b>(8,911,038)</b>	<b>(8,324,983)</b>	<b>(78,759)</b>	<b>(60,587)</b>	<b>(84,471)</b>	<b>(65,899)</b>
<b>Carrying amount of investment</b>	<b>12,528,462</b>	<b>13,114,517</b>	<b>165,941</b>	<b>184,113</b>	<b>160,029</b>	<b>178,601</b>

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

# Notes

## to the Consolidated financial statements for the Nine months period ended September 30, 2014

(All amounts in Indian Rupees unless otherwise stated)

### 19 Loans and advances :

Unsecured, considered good unless stated otherwise

Particulars	As at September 30, 2014		As at December 31, 2013	
	Non-current	Current	Non-current	Current
<b>Capital advances</b>				
to related parties				
GIL	413,883,731	-	305,928,858	-
GPL	20,000,000	-	20,000,000	-
to Others (note 19a)	506,407,793	-	795,956,356	-
<b>(A)</b>	<b>940,291,524</b>	<b>-</b>	<b>1,121,885,214</b>	<b>-</b>
<b>Deposits</b>				
Security deposits	33,783,178	111,705	19,993,772	213,537
Other deposits	5,896,000	257,493	5,999,100	473,060
<b>(B)</b>	<b>39,679,178</b>	<b>369,198</b>	<b>25,992,872</b>	<b>686,597</b>
<b>Advance recoverable in cash or in kind</b>				
from related parties (note 19b)	871,632	54,068,052	46,827,118	84,293,601
from others	60,576,569	304,411,916	96,385,819	188,498,286
Considered doubtful	1,164,952	2,112,009	3,871,308	-
	62,613,153	360,591,978	147,084,245	272,791,887
Less : Provision made towards doubtful advances	(1,164,952)	(2,112,009)	(3,871,308)	-
<b>(C)</b>	<b>61,448,201</b>	<b>358,479,969</b>	<b>143,212,937</b>	<b>272,791,887</b>
<b>Intercompany loans given</b>				
to related parties				
ICTPL	149,629,142	-	60,975,643	-
GIL	1,073,466	-	1,073,466	-
to others	50,133,751	200,000,000	40,999,987	200,000,000
Considered doubtful	3,892,000	-	3,892,000	-
	204,728,359	200,000,000	106,941,096	200,000,000
Provision for doubtful deposits	(3,892,000)	-	(3,892,000)	-
<b>(D)</b>	<b>200,836,359</b>	<b>200,000,000</b>	<b>103,049,096</b>	<b>200,000,000</b>
<b>Advance income-tax (net of provision)</b>	<b>(E)</b>	<b>-</b>	<b>398,041,469</b>	<b>-</b>
<b>MAT credit entitlement (note 19c)</b>	<b>(F)</b>	<b>-</b>	<b>218,638,006</b>	<b>-</b>
<b>Advance towards equity commitment</b>				
to related party				
MTRL	12,994,800	-	12,994,800	-
to others	-	-	88,859,787	-
<b>(G)</b>	<b>12,994,800</b>	<b>-</b>	<b>101,854,587</b>	<b>-</b>
<b>Other loans and advances</b>				
Cenvat/VAT/Service tax recoverable	37,449,540	15,045,433	25,000	46,156,944
Prepaid expenses	4,953,109	27,079,219	5,619,652	37,077,642
<b>(H)</b>	<b>42,402,649</b>	<b>42,124,652</b>	<b>5,644,652</b>	<b>83,234,586</b>
<b>Total Loans and Advances (A + B + C + D + E + F + G + H)</b>	<b>1,820,927,529</b>	<b>600,973,818</b>	<b>2,118,318,833</b>	<b>556,713,070</b>

- a. During the previous period, some of the Group companies have entered into an agreement for cancellation of purchase of land. An amount of ₹ 479,248,000 (Previous period ₹ 750,000,000) is receivable towards this cancellation by these Group companies over a period of 6 months.

## Notes

### to the Consolidated financial statements for the Nine months period ended September 30, 2014

(All amounts in Indian Rupees unless otherwise stated)

#### b. Advance recoverable in cash or in kind from related parties

Particulars	As at September 30, 2014		As at December 31, 2013	
	Non-current	Current	Non-current	Current
to related parties :				
GIL	871,632	43,725,774	46,827,118	84,227,325
ICTPL	-	10,216,191	-	-
GIPL - GIL JV	-	77,817	-	18,005
MTRL	-	48,271	-	48,271
	<b>871,632</b>	<b>54,068,052</b>	<b>46,827,118</b>	<b>84,293,601</b>

- c. 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.

#### 20 Trade receivables

Unsecured, considered good unless stated otherwise

Particulars	As at September 30, 2014		As at December 31, 2013	
	Non-current	Current	Non-current	Current
<b>Outstanding for a period exceeding six months from the date they are due for payment</b>				
From related party - GIL	-	8,261,111	-	8,261,111
From others				
- considered good (refer note 39 below)	190,978,042	34,735,076	163,066,739	13,761,284
- considered doubtful	21,622,804	4,781,177	-	3,306,087
	212,600,846	47,777,364	163,066,739	25,328,482
Less : Provision for doubtful debts	(21,622,804)	(4,781,177)	-	(3,306,087)
	<b>190,978,042</b>	<b>42,996,187</b>	<b>163,066,739</b>	<b>22,022,395</b>
<b>Other receivables</b>	-	147,880,147	-	157,700,516
	-	<b>147,880,147</b>	-	<b>157,700,516</b>
<b>Total trade receivables</b>	<b>190,978,042</b>	<b>190,876,334</b>	<b>163,066,739</b>	<b>179,722,911</b>

## Notes

### to the Consolidated financial statements for the Nine months period ended September 30, 2014

(All amounts in Indian Rupees unless otherwise stated)

#### 21 Other assets

Unsecured, considered good unless stated otherwise

Particulars	As at September 30, 2014		As at December 31, 2013	
	Non-current	Current	Non-current	Current
Accrued income (refer note a below)	-	1,237,603,899	-	622,192,461
Project expenses pending settlement (note 14b, 16, 37 and 39)	755,596,540	88,861,810	-	-
Other bank balances (refer note b below and note 24)	59,739,800	91,643,400	55,059,203	205,548,601
<b>(A)</b>	<b>815,336,339</b>	<b>1,418,109,108</b>	<b>55,059,203</b>	<b>827,741,062</b>
<b>Interest accrued receivable</b>				
Considered good :				
Related parties				
GIL	594,889	238,342	743,290	-
ICTPL	12,393,888		11,251,625	
Others	5,527,564	4,684,146	53,189,615	11,070,554
Considered doubtful	-	692,183	-	692,183
	18,516,341	5,614,671	65,184,530	11,762,737
Less : Provision made	-	(692,183)	-	(692,183)
<b>(B)</b>	<b>18,516,341</b>	<b>4,922,488</b>	<b>65,184,530</b>	<b>11,070,554</b>
<b>Total other assets (A + B)</b>	<b>833,852,680</b>	<b>1,423,031,596</b>	<b>120,243,733</b>	<b>838,811,616</b>

- Accrued income includes amounts of ₹ 1,169,567,920 (Previous period : ₹ 493,358,653) receivable from NHAI against the annuities, ₹ 60,124,085 (Previous period : ₹ 123,374,488) towards grant from NHAI, ₹ 7,911,894 (Previous period : ₹ 5,459,320) from a client and others. These are unbilled revenues accrued as on September 30, 2014.
- Balances in escrow bank accounts includes an amount of ₹ 33,505 (Previous year : ₹ 33,505) of the Initial Public Offer, made by the company, pertains to the refund orders not encashed by the investors. This amount is transferrable to Investors Protection Fund in the year 2015.

#### 22 Current investments

Particulars	As at September 30, 2014 Nos	As at December 31, 2013 Nos.	As at September 30, 2014 ₹	As at December 31, 2013 ₹
	<b>Non-trade investments (valued at cost unless otherwise stated )</b>			
Investment in mutual fund				
Birla Mutual Fund - Growth schemes	654,571	558,708	135,819,394	111,647,497
HDFC Liquid Fund - Growth scheme	158,917	-	4,128,051	-
ICICI Prudential Liquid - Regular Plan - Growth	732,788	414,339	143,344,494	75,830,587
<b>Total non-trade investments (current)</b>	<b>1,546,277</b>	<b>973,047</b>	<b>283,291,939</b>	<b>187,478,084</b>
<b>Trade investments (valued at cost unless otherwise stated)</b>				
Investment in equity shares of ₹ 10 each :				
MDEPL	4,900,000	4,900,000	49,000,000	49,000,000
<b>Total trade investments (current)</b>	<b>4,900,000</b>	<b>4,900,000</b>	<b>49,000,000</b>	<b>49,000,000</b>
<b>Total current investments</b>	<b>6,446,277</b>	<b>5,873,047</b>	<b>332,291,939</b>	<b>236,478,084</b>
Market value of investment in mutual funds			<b>290,399,795</b>	<b>189,281,797</b>

## Notes

### to the Consolidated financial statements for the Nine months period ended September 30, 2014

(All amounts in Indian Rupees unless otherwise stated)

#### 23 Inventories

Particulars	As at	
	September 30, 2014	December 31, 2013
Raw material	26,158,502	17,845,487
Stores and consumables (at lower of cost and net realisable value computed on weighted average method)	35,306,959	35,290,326
Construction work in progress (EPC)	59,687,598	62,250,734
<b>Total inventories</b>	<b>121,153,059</b>	<b>115,386,547</b>

The disclosures as per provisions of Clauses 38, 39 and 41 of Accounting Standard - 7 'Construction Contracts' notified by the Companies (Accounting Standards) Rules' 2006, (as amended) are as under:

Particulars	September 30, 2014	December 31, 2013
Contract revenue recognised for the period	493,478,629	103,882,507
Aggregate amount of cost incurred as at the end for the financial period for all contracts in progress	470,630,703	107,235,105
Aggregate amount of income recognized as at the end of the financial period for all contracts in progress	126,730,433	-
Contract advances outstanding as at the end of the financial period	-	-
Gross amount due from customers for contract work	-	-
Gross amount due to customers for contract work	-	-

#### 24 Cash and bank balances

Particulars	As at September 30, 2014		As at December 31, 2013	
	Non-current	Current	Non-current	Current
<b>Cash and cash equivalents</b>				
Balances with Scheduled Banks : in Current Accounts	-	499,590,742	-	801,088,759
Cash on hand	-	7,957,444	-	6,352,453
Cheques on hand	-	75,000	-	4,445,908
Fixed Deposit with banks for a period less than three months	-	1,250,000	-	65,000,000
	-	508,873,186	-	876,887,120
<b>Other bank balances</b>				
Balances in escrow account	8,280	1,661,286	43,045	-
Debt service reserve account	-	9,134,111	-	73,500,001
Fixed Deposit with banks for a period exceeding three months	900,000	80,848,003	-	132,048,600
Fixed Deposit under lien (refer note 11 above)	58,831,520	-	55,016,158	-
	59,739,800	91,643,400	55,059,203	205,548,601
Amounts disclosed under Other assets (note 21)	(59,739,800)	(91,643,400)	(55,059,203)	(205,548,601)
<b>Total cash and bank balances</b>	-	<b>508,873,186</b>	-	<b>876,887,120</b>

## Notes

### to the Consolidated financial statements for the Nine months period ended September 30, 2014

(All amounts in Indian Rupees unless otherwise stated)

#### 25 Revenue from projects

Particulars	Nine months ended September 30, 2014	Nine months ended December 31, 2013
Annuity income (refer note below b below)	2,745,574,513	2,084,199,931
Toll revenue	1,019,307,059	962,711,059
Revenue from port operations	814,671,428	863,049,782
Revenue from road maintenance	159,570,076	152,306,852
Revenue from developer activities	10,059,652	221,691,820
Revenue from Contract income (note 23)	493,478,629	129,277,409
<b>Total revenue from projects</b>	<b>5,242,661,356</b>	<b>4,413,236,853</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 during the current year from such contracts are not eliminated to the extent of ₹ 503,538,281 (Previous period : ₹ 350,969,229).
- During the current period, one of the SPV had received bunched up annuity amounting to ₹ 673,444,444 (Previous period : ₹ 223,125,683) 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.
- During the current period, one of the road project SPV has started generating revenue from September 1, 2014. The project is under implementation however, the SPV as per the License Agreement signed with NHAI has a right to collect the user fees from the vehicles using the road. The total revenue collected during the current period was ₹ 60,653,810 (Previous period ₹ Nil).

#### 26 Other operating revenue

Particulars	Nine months ended September 30, 2014	Nine months ended December 31, 2013
Income from operating grant	141,053,410	105,384,852
Income from change of scope	-	2,804,190
Others	36,339,509	20,354,116
<b>Total other operating revenue</b>	<b>177,392,919</b>	<b>128,543,158</b>

#### 27 Other income

Particulars	Nine months ended September 30, 2014	Nine months ended December 31, 2013
<b>Interest income from :</b>		
Intercompany deposits		
from related parties		
- GIL	116,421	148,403
- ICTPL	7,348,899	4,004,030
from others	1,951,523	2,437,500
Bank deposits	16,120,117	26,375,710
Others	2,653,218	297,408
	<b>28,190,178</b>	<b>33,263,051</b>

## Notes

### to the Consolidated financial statements for the Nine months period ended September 30, 2014

(All amounts in Indian Rupees unless otherwise stated)

Particulars	Nine months ended September 30, 2014	Nine months ended December 31, 2013
<b>Miscellaneous income :</b>		
Profit on sale of current investments	14,858,157	21,766,577
Provision no longer required written back	52,388,480	6,936,526
Others	1,380,986	2,844,356
	<b>68,627,624</b>	<b>31,547,459</b>
Total other income	<b>96,817,802</b>	<b>64,810,510</b>

#### 28 Project expenses

Particulars	Nine months ended September 30, 2014	Nine months ended December 31, 2013
<b>Changes in inventory of materials used in maintenance activities :</b>		
Opening stock of materials	2,563,136	1,597,008
Less : Closing stock of materials	1,798,539	2,563,136
	<b>764,597</b>	<b>(966,128)</b>
Sub-contracting expenses	554,490,408	499,835,472
Construction contract expenditure	365,659,786	103,882,507
Repairs and maintenance of equipment	103,728,017	149,066,733
Revenue share and royalty on revenue	56,848,713	48,696,984
Other project expenses	70,836,095	65,614,578
Periodic maintenance expenses	351,680,826	375,313,000
Total project expenses	<b>1,504,008,441</b>	<b>1,241,443,146</b>

#### 29 Employee benefits expense

Particulars	Nine months ended September 30, 2014	Nine months ended December 31, 2013
Salaries, wages and bonus	176,718,699	184,536,529
Contributions to provident fund	5,210,083	6,517,847
Directors' remuneration including contributions to provident fund (refer note 42)	7,200,000	35,886,014
Staff welfare expenses	5,064,706	6,747,845
Provision for leave encashment	(873,391)	8,147,371
Provision for gratuity (refer note 10(a))	807,626	978,727
Employees 'ESOP' compensation cost	14,439,264	2,456,974
Cash alternative settlement of ESOP scheme	-	(1,741,294)
<b>Total employee benefits expense</b>	<b>208,566,986</b>	<b>243,530,013</b>



## Notes

### to the Consolidated financial statements for the Nine months period ended September 30, 2014

(All amounts in Indian Rupees unless otherwise stated)

#### 30 Other expenses

Particulars	Nine months ended September 30, 2014	Nine months ended December 31, 2013
Professional, legal and consultancy fees (refer note 51)	30,143,039	55,862,225
Insurance charges	18,153,770	25,410,172
Power and fuel	68,567,441	61,634,983
Travelling, Motor Car and conveyance expenses	15,573,794	15,038,970
Rent paid	18,616,917	16,426,893
Communication expenses	3,433,117	-
Payment to auditors*	8,632,885	8,912,987
Directors' fees and commission	1,530,000	1,971,236
Guarantee bond commission	4,392,331	2,423,281
Bank charges	2,273,940	-
Tender document expenses	178,232	992,865
Miscellaneous expenses	50,893,690	50,009,700
Provision for doubtful debts, advances & bad debts	1,625,090	20,007,812
Assets written off	51,080,955	3,271,896
Loss on sale of fixed assets	-	2,547,796
Loss from joint venture**	15,196,954	18,647,964
<b>Total other expenses</b>	<b>290,292,155</b>	<b>283,158,780</b>

\* Payment to auditors does not include ₹ 6,160,470 paid for QIP related work which is charged to Securities Premium.

\*\* Pursuant to supplementary agreement dated December 23, 2011 with Noatum Ports S.L., co-venturer in ICTPL, the group is liable to bear and discharge all financial obligation and contribution in relation to ICTPL. Hence the entire loss of ICTPL has been absorbed by the Group.

#### 31 Finance costs

Particulars	Nine months ended September 30, 2014	Nine months ended December 31, 2013
Interest expense		
- to banks, financial institution and others	2,028,772,596	2,133,231,440
- to related parties		
ICTPL on margin money	224,383	452,055
Other finance costs	33,932,630	56,603,381
<b>Total finance cost</b>	<b>2,062,929,609</b>	<b>2,190,286,876</b>

#### 32 Earnings per share (EPS)

Particulars	Nine months ended September 30, 2014	Nine months ended December 31, 2013
<b>Profit/(loss) after tax</b>	<b>(402,514,954)</b>	<b>(564,438,626)</b>
Outstanding equity shares at the end of the period	938,200,724	734,026,438
Weighted average number of equity shares outstanding during the period - Basic	751,227,935	734,026,438
Weighted average number of equity shares outstanding during the period - Diluted	754,834,994	737,781,732
Earnings Per Share - Basic (₹)	(0.54)	(0.77)
Earnings Per Share - Diluted (₹) *	(0.54)	(0.77)

\* The EPS on dilutive basis is anti-dilutive and therefore it is same as basic EPS.

## Notes

### to the Consolidated financial statements for the Nine months period ended September 30, 2014

(All amounts in Indian Rupees unless otherwise stated)

#### Reconciliation of weighted number of share outstanding during the period :

Particulars	Nine months ended September 30, 2014	Nine months ended December 31, 2013
Nominal value of equity shares (₹ per share)	2	2
<b>For Basic EPS :</b>		
Total number of equity shares outstanding at the beginning of the period	734,026,438	734,026,438
Add : Issue of equity share through the qualified institutions placement	204,174,286	-
Total number of equity shares outstanding at the end of period	938,200,724	734,026,438
Weighted average number of equity shares at the end of the period	<b>751,227,935</b>	<b>734,026,438</b>
<b>For Dilutive EPS :</b>		
Weighted average number of shares used in calculating basic EPS	751,227,935	734,026,438
Add : Equity shares for no consideration arising on grant of stock options under ESOP	4,348,235	4,348,235
Less : Equity shares for no consideration arising on grant of stock options under ESOP forfeited / lapsed (included above)	741,176	592,941
Weighted average number of equity shares used in calculating diluted EPS	<b>754,834,994</b>	<b>737,781,732</b>

- 33** Significant accounting policies and notes to this consolidated financial statement are intended to serve as a means of informative disclosure and a guide to better understanding of the consolidated position of the companies. Recognising this purpose, the Group has disclosed only such policies and notes from the individual financial statements, which fairly presents the needed disclosures.
- 34** During the period, two wholly owned subsidiaries namely Birmitrapur Barkote Highway Private Limited and Yamunanagar Panchkula Highway Private Limited have terminated the contracts with NHAI on mutually acceptable terms primarily due to non-availability of Right of Way to the site and Environment and Forest clearances and on cessation of the operations, accounts of these two subsidiaries were not prepared on the going concern basis. The exceptional item represents the write off of the expenditure incurred on these two projects amounting to ₹ 379,736,848 (Previous period : ₹ Nil).
- 35** 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 ₹ 528,525,000 to the State Government and the Group's exposure towards the project excluding the upfront premium is ₹ 144,620,933. 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.
- 36** During the period, the Mormugao Port Trust ('MPT') 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 ₹ 20,000,000. The subsidiary has taken legal action in the matter including filing of arbitration. The Group's exposure towards the project is ₹ 57,121,823 (including guarantees of ₹20,000,000). 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.
- 37** During the period, one of the wholly owned subsidiary of the Group 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 29th August 2014, the NHAI unilaterally terminated the concession agreement and also invoked the bank guarantee of ₹ 112,911,000. The subsidiary has since, on October 22, 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

## Notes

### to the Consolidated financial statements for the Nine months period ended September 30, 2014

(All amounts in Indian Rupees unless otherwise stated)

is ₹ 755,596,540 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.

- 38** Pravara Renewable Energy Limited (PREL - a wholly owned subsidiary of the Company) had filed a petition in the Hon. Bombay High Court for approval of the Scheme for its merger with the Company which has since been withdrawn.
- 39** 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 April 27, 2020. Further necessary legal recourse is being initiated. The Group's total exposure towards the project includes ₹ 84,261,810 towards the unamortised project costs and ₹ 178,712,578 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.
- 40** As at September 30, 2014, the current liabilities exceed current assets by ₹ 6,273,378,210 (December 31, 2013 - ₹ 6,089,713,519). The Group is taking various steps to meet its commitments, both, short term and long term in nature. The Group intends to monetise some of its mature assets, securitise some of its future receivables and raise funds through 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.
- 41** One of the joint venture SPV of the Company namely Indira 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 ₹ 376,008,859. Further, the SPV has incurred a loss of ₹ 30,393,909 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.
- 42** During the period on account of inadequacy of profits, the 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 ₹ 20,855,390. The Company is in the process of making an application to the Central Government for approval of the same. Pending the approval, no adjustments have been made to the consolidated financial statements.
- 43** One of the subsidiary namely Aparna Infraenergy India Private Limited has 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 company amounts to "Assignment" which is prohibited as per LOA. The subsidiary has represented the matter to standing linkage committee, which has upheld the contention of WCL. However, the company has 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 management believes that it has a strong case in this matter and expects a favorable response on the same.
- 44 Lease**  
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 ₹ 4,368,423 (Previous period: ₹ 4,407,974) and under cancellable operating leases was ₹ 715,405 (Previous period: ₹ 698,774) which has been disclosed as lease rentals in the statement of profit and loss.

## Notes

### to the Consolidated financial statements for the Nine months period ended September 30, 2014

(All amounts in Indian Rupees unless otherwise stated)

Further, another SPV has also taken an office premises on a non-cancellable operating lease. The monthly lease rents amounts to ₹1,092,500 (Previous period : ₹ 950,000). The disclosures as per Accounting Standard 19 'Leases' notified under the Companies (Accounting Standards) Rules, 2006 are as under:

Particulars	Nine months ended September 30, 2014	Nine months ended December 31, 2013
Minimum lease payments :		
Payable not later than 1 year	13,110,000	13,110,000
Payable later than 1 year and not later than 5 years	3,277,500	13,110,000
Payable later than 5 years	-	-
Lease payment recognised in the statement of profit and loss	1,208,743	905,026

#### 45 Related party transactions

a. Names of the related parties and related party relationships

**i) Entities where control exists :**

GIL	Ultimate holding company (w.e.f September 29, 2014)
GPL	Holding company (w.e.f September 29, 2014)

**ii) ABIPL** a subsidiary of the ultimate holding company

**iii) Associates :**

A IPL
ESMSPL
MTRL

**iv) Key management personnel :**

Abhijit Rajan
Kishor Kumar Mohanty
Parag Parikh

b. Related party transactions

Transactions	Entities where control exists	Associates	Subsidiary of the ultimate holding company	Key management personnel	Total
<b>Operations and maintenance income from :</b>					
GIL	158,472,646 (152,306,852)				158,472,646 (152,306,852)
<b>Operations &amp; maintenance expenses :</b>					
GIL	158,079,449 (152,307,391)				158,079,449 (152,307,391)
<b>Intangible asset under development (materials supply) :</b>					
GIL	- (9,409,768)				- (9,409,768)

# Notes

## to the Consolidated financial statements for the Nine months period ended September 30, 2014

(All amounts in Indian Rupees unless otherwise stated)

Transactions	Entities where control exists	Associates	Subsidiary of the ultimate holding company	Key management personnel	Total
<b>Intangible asset under development (contract expenditure) :</b>					
GIL	652,054,883 (1,969,933,581)				652,054,883 (1,969,933,581)
<b>Advances given against EPC contracts to:</b>					
GIL	164,168,000 (95,885,982)				164,168,000 (95,885,982)
<b>Managerial remuneration :</b>					
Mr. Kishor Kumar Mohanty				17,319,150 (19,037,738)	17,319,150 (19,037,738)
Mr. Parag Parikh				6,557,025 (7,943,859)	6,557,025 (7,943,859)
Mr. R.K. Malhotra				- (804,417)	- (804,417)
<b>ESOP's granted (no. of options) :</b>					
Mr. Kishor Kumar Mohanty				- (2,500,000)	- (2,500,000)
Mr. Parag Parikh				- (400,000)	- (400,000)
<b>Finance provided for expenses and on account payments :</b>					
GIL	26,990,136 (9,345,465)				26,990,136 (9,345,465)
<b>Finance received for expenses &amp; on account payments :</b>					
GIL	13,690,618 (96,400)				13,690,618 (96,400)
<b>Balances written back :</b>					
GIL	3,018,193 -				3,018,193 -
<b>Intercorporate borrowings including interest to :</b>					
ESMSPL		- (11,381,886)			- (11,381,886)

## Notes

### to the Consolidated financial statements for the Nine months period ended September 30, 2014

(All amounts in Indian Rupees unless otherwise stated)

Transactions	Entities where control exists	Associates	Subsidiary of the ultimate holding company	Key management personnel	Total
<b>Balances receivable :</b>					
MTRL		13,043,071 (13,043,071)			13,043,071 (13,043,071)
GPL	20,000,000 (20,000,000)				20,000,000 (20,000,000)
ESMSPL		- (9,321,195)			- (9,321,195)
<b>Outstanding balances payable :</b>					
GIL	1,161,198,181 (1,152,068,381)				1,161,198,181 (1,152,068,381)
MTRL		26,520,000 (26,520,000)			26,520,000 (26,520,000)
ABIPL			150,000,000 (150,000,000)		150,000,000 (150,000,000)

(Previous period figures in brackets)

#### 46 Contingent liabilities

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

Particulars	As at	As at
	September 30, 2014	December 31, 2013
Income tax matters (refer note a below)	755,626,265	764,913,874
Disputed statutory liabilities (refer note b below)	177,699,900	177,699,900
Claims against group not acknowledged as debt (refer note c below)	110,730,081	113,129,410
Counter guarantees given to the bankers	2,943,436,991	3,748,060,200
<b>Total</b>	<b>3,987,493,237</b>	<b>4,803,803,384</b>

- During the previous year, some of the Group companies had received block assessment orders raising demand u/s 143(3) read with section 153(A) of the Income Tax Act, 1961 for assessment years from 2005-06 to 2011-12 totaling to ₹ 755,626,265 (Previous period: ₹ 764,913,874) including ₹ 13,440,400 (Previous period : ₹ 13,440,400) u/s 271 (1)(c). The subsidiaries of the Group are of the view that the said Orders are unjustified and unsustainable and hence is in the process of filing appeals against the said assessment Orders with the Commissioner of Income-Tax (Appeals). Since the subsidiaries of the Group proposes to appeal against these orders, they believe that no liability will ultimately result from these and accordingly no provision has been made in these financial statements in respect of these amounts.
- An amount of ₹ 177,699,900 claimed by the collector and district registrar, Rajahmundry, pursuant to and Order dated March 15, 2005, as deficit stamp duty payable on the concession agreement entered into between a subsidiary of the Group and NHAI, classifying the concession agreement as a 'lease' under Article 31(d) of the Indian Stamp Act. The subsidiary has impugned the Order by way of a writ petition before the High Court of Andhra Pradesh at Hyderabad. No provision is considered necessary in respect of the said demand, as the management of the subsidiary believes that there is no contravention of the Indian Stamp Act. Further, another subsidiary of the Company has also been

## Notes

### to the Consolidated financial statements for the Nine months period ended September 30, 2014

(All amounts in Indian Rupees unless otherwise stated)

served a demand notice towards stamp duty amounting to ₹ 10,319,700 which is before the Controller of Stamps office. The Company has a very good case to succeed in this matter and accordingly no provision for the same is required.

- c. Claims against a subsidiary of the group not acknowledge as debt includes:  
A winding up petition against a subsidiary of the Group, has been filed by a creditor for recovery of ₹14,140,343. The subsidiary is disputing the said amount and has recognised ₹1,685,168 payable as there are claims and counter claims by both parties. Pending the final outcome of such proceeding, the claim from the 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.

#### 47 Commitments

##### a. Capital commitments

The total capital commitment as on September 30, 2014 is ₹ 36,525,848,403 (Previous period : ₹ 78,818,258,937). The capital commitments are in respect of projects where the concession agreements have been signed and does not include projects where only Letters of Intents are held.

##### b. Export obligations

Particulars	As at	As at
	September 30, 2014	December 31, 2013
Under EPCG Scheme	228,966,912	228,966,912
<b>Total</b>	<b>228,966,912</b>	<b>228,966,912</b>

##### c. Other commitments

- i) In terms of the individual contracts signed by SPVs 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 SPVs have made provisions towards the same in their respective financial statements.
- ii) 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 September 30, 2014 is ₹ 65,000,000 (Previous period : ₹ 65,000,000).
- iii) Buyback and / or purchase of shares of subsidiaries ₹ 999,818,173 (Previous period : ₹ 1,314,733,521).

#### 48 Expenditure in foreign currency

Particulars	Nine months ended	Nine months ended
	September 30, 2014	December 31, 2013
Technical and professional services (net of taxes)	2,344,549	14,648,451
Travelling expenses	-	26,519
<b>Total</b>	<b>2,344,549</b>	<b>14,674,970</b>

#### 49 Dividend remittance in foreign currency

Particulars	Nine months ended	Nine months ended
	September 30, 2014	December 31, 2013
Year to which the dividend relates	-	2012-13
Amount remitted during the period	-	22,877,417
Number of non-resident shareholders	-	1
Number of shares on which dividend was due	-	22,877,417

# Notes

## to the Consolidated financial statements for the Nine months period ended September 30, 2014

(All amounts in Indian Rupees unless otherwise stated)

### 50 Segment reporting

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

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

51 Remuneration to auditors of the subsidiaries and joint ventures not audited by any of the joint auditors of the Company are grouped with professional fees.

### 52 Derivative instruments and unhedged foreign currency exposure

There are no derivative instruments outstanding as at September 30, 2014 and as at December 31, 2013. The Company has no foreign currency exposure towards liability outstanding as at September 30, 2014 and as at December 31, 2013.

### 53 Previous period's comparatives

Previous period figures have been regrouped or reclassified wherever necessary. The current period is for a nine month period from January 1, 2014 to September 30, 2014. The comparative figures for the previous period are also for a nine month period from April 1, 2013 to December 31, 2013. The figures are not strictly comparable.

As per our report of even date

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

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

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

**Kishor Kumar Mohanty**  
Managing Director  
DIN: 00080498

**C. C. Dayal**  
Director  
DIN: 00178583

**N Jayendran**  
Partner  
Membership No. : 40441

**per Jayesh Gandhi**  
Partner  
Membership No. : 37924

**Monesh Bhansali**  
CFO

**G. Sathis Chandran**  
Company Secretary  
Membership No. : ACS 11848

Place : Mumbai  
Date : November 18, 2014

Place : Mumbai  
Date : November 18, 2014



# Independent Auditors' Report

To  
The members of  
**Gammon Infrastructure Projects Limited**

## Report on Financial Statements

We have audited the accompanying Financial Statements of Gammon Infrastructure Projects Limited ("the Company"), which comprises of the Balance sheet as at September 30, 2014, the Statement of Profit and Loss and the Cash Flow Statement for the period January 01, 2014 to September 30, 2014 ("Period"), and a summary of significant accounting policies and other explanatory notes.

## 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 accounting principles generally accepted in India, including the Accounting Standards notified under the Companies Act, 1956, read with General Circular 8/2014 dated 4 April 2014 issued by the Ministry of Corporate Affairs. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the 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 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 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 is sufficient and appropriate to provide a reasonable basis for our audit opinion.

## Basis for Qualified Opinion

*As detailed in note 36 and note 37 to the financial statements, with respect to two subsidiaries where the authorities have unilaterally terminated the Concession Agreement against which these subsidiaries are taking steps to claim compensation/relief as per the Concession Agreement. The Company's exposure to these projects is ₹ 87,45,74,967/-. As the outcome of these matters is uncertain, we are unable to determine the recoverability of said amounts and its consequential impact on the financial statement.*

## 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 matter described in the 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 September 30, 2014;
- (b) in the case of the Statement of Profit and Loss, of the loss for the period ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows for the period ended on that date.

## Emphasis of Matter:

Without qualifying our opinion, we report that:

- a. The Company has incurred a net loss after tax of ₹ 69,33,71,142/- for the nine month period ended September 30, 2014 and as of that date the Company's current liabilities exceeded current assets by ₹ 4,07,72,65,506/-. These conditions, along with other matters as set forth in Note 41 of the Financial Statement, indicate the existence of an uncertainty as to timing and realisation of cash flow. This matter was also referred to our earlier reports issued for the quarter ended March 31, 2014, June 30, 2014, and for the nine months period ended December 31, 2013.
- b. We invite attention to Note 38 of the Financial Statement, regarding unilateral termination and closure of Concession in a project, which is subject to pending litigations/arbitrations at various forums which may impact the carrying values of Investments and Advances given to a subsidiary. The Company's exposure towards the said project included investment and advances of ₹ 13,26,04,681/- and corporate guarantee of ₹ 9,74,17,333/-. Pending conclusion on these legal matters, no adjustments have been made in the Financial Statement.
- c. We invite attention to Note 39 of the Financial Statement, in relation to intention to exit one of the hydro power projects at Himachal Pradesh and seeking a claim of an amount against the amount spent on the project. The Company's subsidiary has cited reasons for non-continuance on account of reasons beyond its control. The subsidiary is negotiating with its client for an amicable settlement on

# Independent Auditors' Report

beneficial terms. The Company's exposure towards the said project includes investment and loans and advances of ₹ 70,80,37,218/-. Pending conclusion between the parties, no adjustments have been made in the Financial Statement.

- d. We invite attention to Note 40 of the Financial Statement, which states that the one of the joint ventures has incurred a net loss of ₹ 3,03,93,909/- during the nine month period ended September 30, 2014 and, as of that date, it has also defaulted in repayment of its debt obligations to the lenders. These conditions, along with other matters as set forth in Note 40, indicate the existence of a material uncertainty that may cast significant doubt about its ability to continue as a going concern.
- e. We invite attention to Note 23 of the Financial Statements, regarding the excess remuneration to the extent of ₹ 20,855,390 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.

## Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we give 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. up to March 31, 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;
  - iii) 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;
  - iv) *except for the matter(s) described in the Basis for Qualified Opinion paragraph*, in our opinion, the Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards notified under the Companies Act, 1956 read with General Circular 8/2014 dated 4 April 2014 issued by the Ministry of Corporate Affairs; and
  - v) 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 September 30, 2014 from being appointed as a director in terms of sub-section (2) of section 164, The Companies Act, 2013, corresponding to clause (g) of sub-section (1) of section 274 of The Companies Act, 1956 on the said date.

## For Natvarlal Vepari & Co.

Firm Registration Number:106971W  
Chartered Accountants

## N Jayendran

Partner  
M. No. 40441  
Mumbai, Dated : November 18, 2014

## For S.R. Batliboi & Co. LLP

ICAI Firm Registration Number : 301003E  
Chartered Accountants

## per Jayesh Gandhi

Partner  
M. No. 37924  
Mumbai, Dated: November 18, 2014

# Annexure to the Auditors' Report

(Annexure referred to in paragraph 1 under the heading "Report on other legal and regulatory requirements" of our report of even date)

Re: Gammon Infrastructure Projects Limited

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) Fixed assets have been physically verified by the management during the period and no material discrepancies were identified on such verification.
- (c) There was no disposal of a substantial part of fixed assets during the period.
- (ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the period.
- (b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventory and as per the report of the site auditors provided to us, no material discrepancies were noticed on such verification.
- (iii) (a) The Company has granted loans to 6 parties covered in the register maintained under Section 301 of the Companies Act, 1956, upto March 31, 2014. The maximum amount involved during the period from January 1, 2014 to March 31, 2014, was ₹ 2,76,46,16,861/-, and the period-end balance as on March 31, 2014, of loans granted to such parties was ₹ 2,51,90,75,768/-.
- (b) 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.
- (c) In respect of the loans granted as per clause (a) above, repayment of the principal amount and interest is as stipulated.
- (d) As on March 31, 2014, there was no overdue amount of loans granted to companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956.
- (e) The Company has taken loan from 5 companies covered in the register maintained under section 301 of the Companies Act, 1956 upto March 31, 2014. The maximum amount involved during the period from January 1, 2014 to March 31, 2014 was ₹ 3,17,86,83,977/- and the period-end balance of loans taken from such parties as on March 31, 2014, was ₹ 3,17,86,83,977/-.
- (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) In respect of the loans taken as per clause (e) above, the repayment of the principal amount is as stipulated as on March 31, 2014, however interest amounting to ₹ 10,46,51,553/- was accrued and due as on March 31, 2014 out of which ₹6,50,24,363/- has been paid by the Company as at the date of our report.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the rendering of services. The activities of the Company do not involve sale of goods. During the course of our audit, we have not observed any major weakness or continuing failure to correct any major weakness in the internal control system of the Company in respect of these areas.
- (v) (a) In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in Section 301 of the Act have been entered in the register required to be maintained under that section.
- (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 period 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. There is no order that has been passed by Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal in respect of the said sections.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (viii) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 209(1)(d) of the Companies Act, 1956, till March 31, 2014 and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained.

# Annexure to the Auditors' Report

(Annexure referred to in paragraph 1 under the heading "Report on other legal and regulatory requirements" of our report of even date)

Re: Gammon Infrastructure Projects Limited

- (ix) (a) The Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty and other material statutory dues applicable to it.
- (b) According to the information and explanations given to us, there are no undisputed amounts payable in respect of provident fund, investor education and protection fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty which were outstanding, at the period end, 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 following Tax / duty etc has not been deposited on account of dispute.

Name of the Statute	Nature of the dues	Amount	Period to which it relates	Forum where Dispute is pending
Income Tax Act, 1961	Demand	18,40,89,058	A.Y. 2005-06 to	Commissioner of Income-Tax (Appeals)
	under u/s 153A		A.Y. 2011-12	
	Demand of Penalty u/s 271 1(c)	1,34,40,400	A.Y. 2007-08	Commissioner of Income-Tax (Appeals)

- (x) The Company has no accumulated losses at the end of the financial period but *it has incurred cash losses in the current and immediately preceding financial period.*
- (xi) Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to a bank, however *the Company has defaulted in repayment of dues to financial institution during the period to the extent of ₹ 54,25,00,000/- . The delay was for the period of 15 days as on the balance sheet date.* The Company did not have any outstanding dues in respect of debenture holders during the period.
- (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 loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, 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 and the information given to us , 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 given to us, the Company has given guarantee for loans taken by its subsidiary companies from banks and financial institutions, the terms and conditions whereof, in our opinion, are not prima-facie prejudicial to the interest of the Company.
- (xvi) Based on information and explanations given to us by the management, term loans were applied for the purpose for which the loans were obtained.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, *we report that funds amounting to ₹ 2,37,04,15,506/- raised on short term basis in the form of unsecured loans and other current liabilities have been used for long-term investments.*
- (xviii) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Companies Act, 1956 and therefore the provisions of clause 4(xviii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.

# Annexure to the Auditors' Report

(Annexure referred to in paragraph 1 under the heading "Report on other legal and regulatory requirements" of our report of even date)

**Re: Gammon Infrastructure Projects Limited**

- (xix) The Company did not issue any debentures during the period and therefore 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 period and accordingly clause 4(xx) of Companies (Auditors' Report) Order, 2003 is not applicable.
- (xxi) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the period.

**For Natvarlal Vepari & Co.**

Firm Registration Number:106971W  
Chartered Accountants

**N Jayendran**

Partner

M. No. 40441

Mumbai, Dated : November 18, 2014

**For S.R. Batliboi & Co. LLP**

ICAI Firm Registration Number : 301003E  
Chartered Accountants

**per Jayesh Gandhi**

Partner

M. No. 37924

Mumbai, Dated: November 18, 2014

# Balance Sheet

## as at September 30, 2014

(All amounts in Indian Rupees unless otherwise stated)

Particulars	Notes	As at	
		September 30, 2014	December 31, 2013
<b>Equity and Liabilities</b>			
<b>Shareholders' Funds</b>			
Share capital	3	1,884,503,948	1,476,155,376
Reserves and Surplus	4	6,288,520,390	4,845,440,399
		<b>8,173,024,338</b>	<b>6,321,595,775</b>
<b>Non-current liabilities</b>			
Long-term borrowings	5	2,693,356,176	2,827,458,977
Deferred tax liability, net	6	-	17,159,504
Trade payables		-	-
Other long-term liabilities	10	1,098,341,107	1,732,837,806
Long-term provisions	7	4,209,710	13,311,093
		<b>3,795,906,993</b>	<b>4,590,767,380</b>
<b>Current Liabilities</b>			
Short-term borrowings	8	644,658,803	779,812,313
Trade payables	9	99,944,332	125,703,025
Other current liabilities	10	3,644,877,478	4,015,265,830
Short-term provisions	7	188,243,736	184,410,329
		<b>4,577,724,349</b>	<b>5,105,191,497</b>
<b>TOTAL</b>		<b>16,546,655,680</b>	<b>16,017,554,652</b>
<b>Assets</b>			
<b>Non-current assets</b>			
Fixed assets			
Tangible assets	11	17,806,745	21,692,978
Intangible assets	12	94,470,045	108,144,660
Non current investments	13	8,079,633,370	7,360,441,285
Long-term loans and advances	14	7,664,850,591	7,909,833,322
Long-term trade receivables	17	88,286,831	-
Other non-current assets	15	101,149,255	83,197,741
		<b>16,046,196,837</b>	<b>15,483,309,986</b>
<b>Current assets</b>			
Current investments	13	62,000,000	49,000,000
Inventories	16	5,151,137	5,915,734
Trade receivables	17	15,385,449	189,778,276
Cash and bank balances	18	124,206,545	205,699,510
Short term loans and advances	14	292,234,401	81,008,296
Other current assets	15	1,481,311	2,842,850
		<b>500,458,843</b>	<b>534,244,666</b>
<b>TOTAL</b>		<b>16,546,655,680</b>	<b>16,017,554,652</b>
Summary of significant accounting policies	2.1		
The accompanying notes are an integral part of the financial statements.			

As per our report of even date

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

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

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

**Kishor Kumar Mohanty**  
Managing Director  
DIN: 00080498

**C. C. Dayal**  
Director  
DIN: 00178583

**N Jayendran**  
Partner  
Membership No. : 40441

**per Jayesh Gandhi**  
Partner  
Membership No. : 37924

**Monesh Bhansali**  
CFO

**G. Sathis Chandran**  
Company Secretary  
Membership No. : ACS 11848

Place : Mumbai  
Date : November 18, 2014

Place : Mumbai  
Date : November 18, 2014

# Statement of Profit & Loss

## for the Nine months ended September 30, 2014

(All amounts in Indian Rupees unless otherwise stated)

Particulars	Notes	Nine months ended September 30, 2014	Nine months ended December 31, 2013
<b>Income</b>			
Revenue from operations			
Revenue	19	813,555,851	725,620,653
Other operating income	20	-	64,313,847
		813,555,851	789,934,500
Other income	21	24,509,722	55,006,362
<b>Total Income (I)</b>		<b>838,065,573</b>	<b>844,940,862</b>
<b>Expenditure</b>			
Project expenses	22	378,882,035	150,652,704
Employee benefits expenses	23	136,164,757	173,048,104
Other expenses	24	89,703,532	122,684,086
<b>Total Expenditure (II)</b>		<b>604,750,324</b>	<b>446,384,894</b>
<b>Earnings before interest, tax, depreciation and amortisation and exceptional items (I)-(II)</b>		<b>233,315,249</b>	<b>398,555,968</b>
Depreciation and amortisation expenses	11 & 12	17,715,044	17,283,057
Finance costs	25	534,515,266	522,756,211
<b>Profit / (Loss) before tax and exceptional items</b>		<b>(318,915,061)</b>	<b>(141,483,300)</b>
Exceptional items	34	391,615,583	-
<b>Profit / (Loss) before tax</b>		<b>(710,530,644)</b>	<b>(141,483,300)</b>
Prior period adjustment		-	1,200,000
<b>Profit / (Loss) before tax</b>		<b>(710,530,644)</b>	<b>(142,683,300)</b>
<b>Tax expenses</b>			
Current Tax		-	-
Deferred Tax		(17,159,503)	(3,016,897)
<b>Total tax expenses</b>		<b>(17,159,503)</b>	<b>(3,016,897)</b>
<b>Profit / (Loss) after tax</b>		<b>(693,371,141)</b>	<b>(139,666,403)</b>
<b>Earnings per equity share [nominal value of share ₹ 2/-]</b>			
Basic	26	(0.92)	(0.19)
Diluted		(0.92)	(0.19)
Summary of significant accounting policies	2.1		
The accompanying notes are an integral part of the financial statements.			

As per our report of even date

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

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

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

**Kishor Kumar Mohanty**  
Managing Director  
DIN: 00080498

**C. C. Dayal**  
Director  
DIN: 00178583

**N Jayendran**  
Partner  
Membership No. : 40441

**per Jayesh Gandhi**  
Partner  
Membership No. : 37924

**Monesh Bhansali**  
CFO

**G. Sathis Chandran**  
Company Secretary  
Membership No. : ACS 11848

Place : Mumbai  
Date : November 18, 2014

Place : Mumbai  
Date : November 18, 2014

# Cash Flow Statements

## for the Nine months ended September 30, 2014

(All amounts in Indian Rupees unless otherwise stated)

Particulars	Nine months ended September 30, 2014		Nine months ended December 31, 2013
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>			
Net Profit before Tax and extraordinary items		(710,530,644)	(142,683,300)
Adjustments for :			
Depreciation	17,715,044		17,283,057
(Profit)/Loss on sale of assets	-		3,986
(Profit)/Loss on sale of investments	(866,104)		(6,022,834)
Employees compensation expenses	14,439,264		(1,170,367)
Dividend income	-		(64,313,847)
Interest income	(22,622,583)		(17,729,707)
Interest expenses and other finance cost	534,515,266		522,756,211
Foreign exchange loss /gain	-		-
Exceptional items	391,615,583		-
Bad debts written off	-		32,544,793
Write-back of provision	-		(30,500,000)
Provision for diminution in value of investments	-		-
Provision for diminution of investments	700,000		-
Provision for doubtful debts / advances	16,750,633		-
		952,247,103	-
<b>Operating profit before working capital changes</b>		<b>241,716,459</b>	<b>- 310,167,992</b>
Movement in working capital:			
(Increase) / Decrease in trade and other receivables	(76,075,378)		142,980,199
Decrease in inventories	764,597		8,316,476
Increase / (Decrease) in trade payables and other liabilities	(830,108,433)		2,530,441,177
		(905,419,214)	2,681,737,852
<b>CASH GENERATED FROM THE OPERATIONS</b>		<b>(663,702,755)</b>	<b>2,991,905,844</b>
Direct taxes paid		(12,254,672)	(104,491,521)
<b>Net cash from operating activities</b>		<b>(675,957,427)</b>	<b>2,887,414,323</b>
<b>B CASH FLOW FROM INVESTMENT ACTIVITIES</b>			
Purchase of fixed assets	(154,196)		(14,702,790)
Sale of fixed assets	-		3,000
Loans given to subsidiaries	(1,782,140,910)		(2,697,305,807)
Loans refund from subsidiaries	1,679,292,216		1,634,916,459
Other bank balances	62,738,109		-
Purchase of investments:			
Subsidiary, Joint Ventures & Associates	(821,632,298)		(1,772,353,546)
Others	(423,000,000)		(3,208,416,158)
Sale of investments:			
Subsidiary, Joint Ventures & Associates	-		-
Others	410,866,104		3,210,022,834
Refund of debt service reserve	-		27,521,821
Interest received	10,447,970		79,427,702
Dividend received	-		64,313,847
<b>Net Cash from Investment activities</b>		<b>(863,583,005)</b>	<b>(2,676,572,638)</b>



# Cash Flow Statements

## for the Nine months ended September 30, 2014

(All amounts in Indian Rupees unless otherwise stated)

Particulars	Nine months ended September 30, 2014		Year ended December 31, 2013
<b>C CASH FLOW FROM FINANCING ACTIVITIES</b>			
Interest paid	(358,943,553)		(479,929,407)
Dividend paid (including tax)	-		-
Proceeds from long term borrowings	1,049,752,000		1,221,238,686
Repayment of long term borrowings	(1,565,229,801)		(1,035,400,000)
Proceeds from short term borrowings	437,041,452		359,260,432
Repayment of short term borrowings	(572,194,962)		(184,660,600)
Proceeds from issue of share capital & share premium	2,530,360,440		-
<b>Net cash from financing activities</b>		<b>1,520,785,576</b>	<b>(119,490,889)</b>
NET INCREASE IN CASH AND CASH EQUIVALENTS		<b>(18,754,856)</b>	<b>91,350,797</b>
Closing balances		113,444,653	132,199,509
Opening balances		132,199,509	40,848,713
NET INCREASE IN CASH AND CASH EQUIVALENTS		<b>(18,754,856)</b>	<b>91,350,797</b>
Note: Figure in brackets denote outflows			
Components of cash and cash equivalents			
Cash on hand		412,891	239,351
With banks :			
On current account		113,031,762	131,960,158
		<b>113,444,653</b>	<b>132,199,509</b>

As per our report of even date

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

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

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

**Kishor Kumar Mohanty**  
Managing Director  
DIN: 00080498

**C. C. Dayal**  
Director  
DIN: 00178583

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Partner  
Membership No. : 40441

**per Jayesh Gandhi**  
Partner  
Membership No. : 37924

**Monesh Bhansali**  
CFO

**G. Sathis Chandran**  
Company Secretary  
Membership No. : ACS 11848

Place : Mumbai  
Date : November 18, 2014

Place : Mumbai  
Date : November 18, 2014

# Notes

## to the financial statements for the Nine months period ended September 30, 2014

(All amounts in Indian Rupees unless otherwise stated)

### 1. Corporate Information

The Company is an infrastructure development company formed primarily to develop, invest in and manage various initiatives in the infrastructure sector. It is presently engaged in the development of various infrastructure projects in sectors like transportation, energy and urban infrastructure through several special purpose vehicles ("SPVs"). It is also engaged in carrying out operation and maintenance ("O&M") activities for the transportation sector projects.

### 2. Basis of Preparation

The financial statements have been prepared to comply in all material respects with the notified accounting standards by the Companies (Accounting Standards) Rules 2006 (as amended) and the relevant provisions of the Companies Act, 1956 and Companies Act, 2013 read with the General Circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013 and General Circular 08/2014 dated April 4, 2014 with respect to the Financial Statements. The financial statements have been prepared under the historical cost convention, on an accrual basis of accounting.

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.

The accounting policies adopted in the preparation of financial statements are consistent with those used in the previous year.

### 2.1 Summary of significant accounting policies

#### a. Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period end. Although these estimates are based upon management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amount of assets or liabilities in future periods.

#### b. Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

##### **Operation and Maintenance income:**

Revenue on Operation and Maintenance contracts are recognized over the period of the contract as per the terms of the contract.

##### **Developer fees & other advisory services:**

Revenue on Developer Fees is recognized on an accrual basis.

##### **Construction contract revenues :**

Revenue from construction contracts is based on actual cost incurred after considering actual work certified and profit is evaluated by adopting the percentage of completion method of accounting. The percentage of completion is determined by the expenditure incurred on the job till date to the total estimated expenditure of the contract.

Construction contracts 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.

Foreseeable losses are fully provided for in the respective accounting period.

##### **Interest income:**

Interest Income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

##### **Dividend income:**

Dividend is recognised when the shareholders' right to receive payment is established by the balance sheet date.

# Notes

## to the financial statements for the Nine months period ended September 30, 2014

(All amounts in Indian Rupees unless otherwise stated)

### c. Fixed Assets and depreciation

Fixed assets are stated at cost less accumulated depreciation and impairment losses, if any. 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.

Depreciation on Fixed Assets is provided on the Straight Line Method ('SLM') using the rates arrived at based on the useful lives estimated by the management, or those prescribed under the Schedule XIV of the Companies Act, 1956 whichever is higher.

Depreciation on assets purchased /installed during the year is calculated on a pro-rata basis from the date of such purchase / installation.

Intangible assets are rights of Operations and Maintenance ('O&M') which results in an O&M income stream for the Company for a period of 14 years. The rights are therefore amortised over the period of 14 years on SLM basis.

Leasehold improvements is amortized on a straight line basis over the period of lease.

### d. Impairment

The carrying amounts of all assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pretax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life

The test for impairment is done on an annual basis on the intangible asset, irrespective of the indicators for impairment.

### e. Investments

Investments that are readily realisable and intended to be held for not more than one year from the date on which such investments are made, 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.

### f. Inventories

a) Stores and materials are valued at lower of cost and net realizable value. Net realizable value is the estimated selling price less estimated cost necessary to make the sale. The weighted average method of inventory valuation is used to determine the cost.

b) Work in progress on construction contracts reflects value of material inputs and expenses incurred on contracts including estimated profits in evaluated jobs.

### g. Provision for taxation

Tax expense comprises of current 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

# Notes

## to the financial statements for the Nine months period ended September 30, 2014

(All amounts in Indian Rupees unless otherwise stated)

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.

### **h. 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 statement of Profit and Loss on a straight line basis over the lease term.

### **i. Earnings per share**

Basic and diluted earnings per share are calculated by dividing the net profit or loss for the year attributed to equity shareholders by the weighted average number of equity shares outstanding during the year.

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

### **j. Provisions, Contingent Liabilities and Contingent Assets**

A provision is recognised when the Company 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 recognised but disclosed in notes to accounts. Contingent assets are neither recognised nor disclosed in financial statements.

### **k. Share issue expenses**

Share Issue Expenses (net of tax benefits) are charged to the Securities Premium Account, if available, or to the Statement of Profit and Loss.

### **l. Employee benefits**

Retirement benefits in the form of Provident Fund is a defined contribution scheme and contributions are charged to the Statement of Profit and Loss for the year when the contributions are due.

Gratuity liability, a defined benefit obligation, is provided for on the basis of, an actuarial valuation on projected unit credit method made at the end of each financial year.

Accumulated leave, which is expected to be utilised within the next twelve months, is treated as short term employee benefit. The Company treats accumulated leave expected to be carried forward beyond twelve months, as long term employee benefit for measurement purposes. Such long term compensated absences are provided for based on the actuarial valuation on projected unit credit method made at the end of each financial year.

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

# Notes

## to the financial statements for the Nine months period ended September 30, 2014

(All amounts in Indian Rupees unless otherwise stated)

**m. Employee Share – based payment plans ('ESOP')**

The Company uses the intrinsic value (excess of the net realisable value on the date of grant over the exercise price) method of accounting prescribed by the Guidance Note ('GN') on 'Accounting for employee share-based payments' issued by the Institute of Chartered Accountants of India ('ICAI') ('the guidance note') to account for its Employee Stock Option Scheme read with SEBI (Employees stock option scheme or Employees Stock Purchase) Guidelines, 1999. Compensation expense is amortised over the vesting period of the option on SLM basis.

**n. Foreign currency translation**

**Initial recognition :**

Foreign currency transactions are recorded in the reporting currency by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

**Conversion :**

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction; non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

**Exchange differences :**

Exchange differences arising on the settlement of monetary items or on reporting company's monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or as expenses in the year in which they arise.

**o. Cash and cash equivalents**

Cash and cash equivalents in the Cash Flow Statement comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

**p. Borrowing costs**

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that takes a substantial period of time to get ready for its intended use are capitalized. Other borrowing costs are recognised as expenditure in the period in which they are incurred.

**q. Measurement of Earnings before interest, tax, depreciation and amortisation (EBITDA)**

The company measures EBITDA on the basis of profit/ (loss) from continuing operations. In its measurement, the company does not include depreciation and amortization expense, finance costs and tax expense.

**3. Share Capital**

Particulars	As at September 30, 2014	As at December 31, 2013
<b>i) Authorised shares :</b>		
1,000,000,000 (previous year: 1,000,000,000) Equity shares of ₹ 2/- each	2,000,000,000	2,000,000,000
<b>Total</b>	<b>2,000,000,000</b>	<b>2,000,000,000</b>
<b>ii) Issued and subscribed shares :</b>		
939,010,974 (previous year : 734,836,688) Equity Shares of ₹ 2/- each	1,878,021,948	1,469,673,376
<b>Total</b>	<b>1,878,021,948</b>	<b>1,469,673,376</b>
<b>iii) Paid-up shares :</b>		
938,200,724 (previous year : 734,026,438) Equity Shares of ₹ 2/- each	1,876,401,448	1,468,052,876
<b>Total</b>	<b>1,876,401,448</b>	<b>1,468,052,876</b>
<b>iv) Shares forfeited :</b>		
Amount received (including securities premium) in respect of 162,050 (previous year : 162,050) equity shares of ₹ 10/- each forfeited	8,102,500	8,102,500
<b>Total</b>	<b>8,102,500</b>	<b>8,102,500</b>
<b>Total paid-up share capital (iii + iv)</b>	<b>1,884,503,948</b>	<b>1,476,155,376</b>

## Notes

### to the financial statements for the Nine months period ended September 30, 2014

(All amounts in Indian Rupees unless otherwise stated)

**a) Reconciliation of the equity shares outstanding at the beginning and at the end of the period**

Particulars	As at September 30, 2014		As at December 31, 2013	
	Number	Amount	Number	Amount
<b>Equity share of ₹ 2/- each fully paid-up</b>				
Balance, beginning of the period	734,026,438	1,468,052,876	734,026,438	1,468,052,876
Issued during the period	204,174,286	408,348,572	-	-
Balance, end of the period	938,200,724	1,876,401,448	734,026,438	1,468,052,876

**b) Terms / rights attached to equity shares**

The Company has only one class of equity shares having a par value of ₹ 2/- per share. Each holder of equity shares is entitled to one vote per share. The shareholders are entitled to dividend in the proportion of their shareholding. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the company, after payment of all external liabilities. The distribution will be in proportion to the number of equity shares held by the shareholders.

c) The Company has issued 204,174,286 equity shares in the current period under the Qualified Institutional Placement (QIP) issue. The face value of these shares are ₹ 2 each and these were issued at a premium of ₹ 10.68 per share.

d) The Company had issued bonus shares in the year ended Mar'13 to the shareholders other than the promoter group in the ratio of 1:34 (with the fractions being rounded-off to the next higher whole number) aggregating to 5,262,820 equity shares of ₹ 2 each as fully paid by utilising securities premium account aggregating to ₹ 10,525,640 /-

**e) Shares held by holding / ultimate holding company and /or their subsidiaries / associates**

Out of equity shares issued by the Company, shares held by its holding / ultimate holding Company and /or their subsidiaries / associates are as follows:

Particulars	As at September 30, 2014		As at December 31, 2013	
	Number	Amount	Number	Amount
<b>Equity shares of ₹ 2/- each fully paid up</b>				
Gammon India Limited, Ultimate Holding Company (w.e.f Sept 29, 2014)	-	-	528,000,000	1,056,000,000
Gammon Power Limited, Holding Company (w.e.f Sept 29, 2014)	528,000,000	1,056,000,000	-	-
Gactel Turnkey Projects Limited, Fellow Subsidiary	22,400,000	44,800,000	22,400,000	44,800,000
	<b>550,400,000</b>	<b>1,100,800,000</b>	<b>550,400,000</b>	<b>1,100,800,000</b>

**Details of shareholders holding more than 5% shares in the Company**

Shareholders holding more than 5% shares in the Company	As at September 30, 2014		As at December 31, 2013	
	Number	Percentage	Number	Percentage
<b>Equity shares of ₹ 2/- each fully paid up</b>				
Gammon India Limited	-	-	528,000,000	71.93%
Gammon Power Limited	528,000,000	56.28%	-	-
HDFC Trustee Company Limited - HDFC Infrastructure Fund	78,864,353	8.41%	-	-
DB International (Asia) Limited	57,227,129	6.10%	-	-
	<b>664,091,482</b>	<b>70.78%</b>	<b>528,000,000</b>	<b>71.93%</b>

As per the records of the Company, including its register of shareholders/members and other declarations received from shareholders, the above shareholding represents legal ownership of the shares.

# Notes

## to the financial statements for the Nine months period ended September 30, 2014

(All amounts in Indian Rupees unless otherwise stated)

**g) Shares reserved under options to be given.**

5,110,000 (previous year : 5,320,000) equity shares have been reserved for issue as Employee Stock Options. For further details refer note 4.1

### 4. Reserves and Surplus

Particulars	As at September 30, 2014	As at December 31, 2013
<b>Securities premium account:</b>		
Balance, beginning of the period	3,497,510,764	3,497,510,764
Add : Premium on issue of shares [refer note 3(c)]	2,180,581,374	
Less : Share issue expenses	58,569,506	-
	<b>5,619,522,632</b>	<b>3,497,510,764</b>
<b>Employee stock options outstanding:</b>		
Employee stock compensation for options		
Gross Employee stock compensation for options granted in earlier years	25,536,000	3,059,000
Less : Employee stock options lapsed	-	3,059,000
Add : Gross Employee stock compensation for options granted during the period	-	29,568,000
Less : Employee stock options forfeited	1,008,000	4,032,000
	<b>24,528,000</b>	<b>25,536,000</b>
<b>Less: Deferred Employee stock options:</b>		
Opening balance	20,020,026	-
Add: Deferred employee stock compensation on options granted during the period	-	29,568,000
Less: Charge for the period	15,447,264	9,547,974
	4,572,762	20,020,026
<b>Net Employee stock options outstanding</b>	<b>19,955,238</b>	<b>5,515,974</b>
<b>General Reserve:</b>		
Balance, beginning of the period	2,395,500	2,395,500
Balance, end of the period	<b>2,395,500</b>	<b>2,395,500</b>
<b>Surplus in the statement of profit and loss</b>		
Balance as per the last financial statements	1,340,018,161	1,479,684,564
Add : loss for the period	(693,371,141)	(139,666,403)
<b>Net surplus in the statement of profit and loss</b>	<b>646,647,020</b>	<b>1,340,018,161</b>
<b>Total Reserves and Surplus</b>	<b>6,288,520,390</b>	<b>4,845,440,399</b>

#### 4.1 Employees Stock Options Scheme ('ESOP')

During the previous financial period the Company had instituted an ESOP Scheme "GIPL ESOP 2013", approved by the shareholders vide their resolution dated September 20, 2013, as per which the Board of Directors of the Company granted 6,160,000 equity-settled stock options to the eligible employees. Pursuant to the ESOP Scheme each options entitles an employee to subscribe to 1 equity share of ₹ 2 each of the Company at an exercise price of ₹ 2 per share upon expiry of the respective vesting period which ranges from one to four years commencing from October 1, 2014. Upto September 30, 2014, 1,050,000 options were forfeited / lapsed and balance 5,110,000 options are outstanding.

## Notes

### to the financial statements for the Nine months period ended September 30, 2014

(All amounts in Indian Rupees unless otherwise stated)

The details of ESOP's granted under the aforesaid ESOPs schemes are summarized herein under :

#### GIPL ESOP 2013 :

	Period ended September, 2014	Period ended December, 2013
Grant Date	23-Sep-13	23-Sep-13
Market Price considered (Rupees)	6.80	6.80
Exercise Price of Options granted during the period (Rupees)	2.00	2.00
Options outstanding at the beginning of the period	5,320,000	-
Options granted during the period	-	6,160,000
Options lapsed /forfeited during the period	210,000	840,000
Options exercised during the period	-	-
<b>Options granted and outstanding at the end of the period</b>	<b>5,110,000</b>	<b>5,320,000</b>

The Company has used intrinsic value method for valuation of options by reducing the exercise price from the market value. However if the compensation cost would have been determined using the alternative approach to value options at fair value, the Company's net loss would have been changed to amounts indicated below:

Particulars	Period ended September 30, 2014	Period ended December 31, 2013
Net loss as reported	(693,371,141)	(139,666,403)
Add: Stock based compensation expense included in the reported income	14,439,264	5,515,974
Less: Stock based compensation expenses determined using fair value of options	13,918,455	5,319,986
Net profit / (loss) (adjusted)	<b>(692,850,332)</b>	<b>(139,470,415)</b>
Basic earnings per share as reported	(0.92)	(0.19)
Basic earnings per share (adjusted)	<b>(0.92)</b>	<b>(0.19)</b>
Diluted earnings per share as reported	(0.92)	(0.19)
Diluted earnings per share (adjusted)*	<b>(0.92)</b>	<b>(0.19)</b>
Weighted average number of equity shares at the end of the period	751,227,935	734,026,438
Weighted average number of shares considered for diluted earnings per share	754,834,994	737,781,732

\*The EPS on dilutive basis is anti-dilutive and therefore it is same as basic EPS.

The fair value has been calculated using the Black-Scholes Option Pricing Model and the significant assumptions and inputs to estimate the fair value of options are as follows:

Particulars	First vesting	Second vesting	Third vesting	Fourth vesting
Dividend yield (%)	0.00%	0.00%	0.00%	0.00%
Expected volatility (%)	39.31%	44.25%	42.29%	41.78%
Risk-free interest rate (%)	9.86%	9.02%	8.96%	9.03%
Grant date	23-Sep-13	23-Sep-13	23-Sep-13	23-Sep-13
Vesting date	01-Oct-14	01-Oct-15	01-Oct-16	01-Oct-17
Fair value of share price (₹)	6.40	6.40	6.40	6.40
Exercise price (₹)	2.00	2.00	2.00	2.00



# Notes

## to the financial statements for the Nine months period ended September 30, 2014

(All amounts in Indian Rupees unless otherwise stated)

### 5. Long Term Borrowings

Particulars	Non-current portion		Current maturities	
	September 30, 2014	December 31, 2013	September 30, 2014	December 31, 2013
<b>Term loans</b>				
Inter-corporate deposit (ICD) from subsidiaries (unsecured):				
- Vizag Seaport Pvt Ltd (VSPL)	-	1,069,375,000	1,115,100,000	45,725,000
- Mumbai Nasik Expressway Ltd (MNEL)	1,048,738,686	1,048,738,686	-	-
- Kosi Bridge Infrastructure Company Limited (KBICL)	121,270,199	-	-	-
- Andhra Expressway Ltd (AEL)	504,041,466	195,189,466	-	-
- Rajahmundry Expressway Ltd (REL)	891,555,825	514,155,825	-	-
Term loan from Financial Institutions	-	-	542,500,000	2,042,500,000
Term loan from Others	127,750,000	-	49,250,000	-
Less: disclosed as Other Current liabilities (See Note 10)	-	-	(1,706,850,000)	(2,088,225,000)
	<b>2,693,356,176</b>	<b>2,827,458,977</b>	-	-
The break-up of above:				
Secured	127,750,000	-	591,750,000	1,506,947,401
Unsecured	2,565,606,176	2,827,458,977	1,115,100,000	581,277,599
	<b>2,693,356,176</b>	<b>2,827,458,977</b>	<b>1,706,850,000</b>	<b>2,088,225,000</b>

#### I Details of ICD from VSPL :

This ICD currently carries an interest rate of 12.45% pa (PY 12.45% pa). The outstanding balance as on September 30, 2014 is entirely repayable in the next 12 months.

#### II Details of ICD from MNEL :

This ICD currently carries an interest rate of 12.30% p.a. It's repayment is in 36 structured monthly installments commencing from April 2018 to March 2021.

#### III Details of ICD from KBICL :

This ICD currently carries an interest rate of 11.50% p.a. It's repayable on March 31, 2016.

#### IV Details of ICD from AEL and REL :

These are interest free ICD's repayable on March 31, 2018.

#### V Details of Term loan from Financial Institution:

	As at September 30, 2014	As at December 31, 2013
Secured portion	542,500,000	1,506,947,401
Unsecured portion	-	535,552,599
<b>Total Loan balance</b>	<b>542,500,000</b>	<b>2,042,500,000</b>

- a) The above term loan from financial Institution is secured by:
- 1) Pledge of equity shares of Subsidiary for an aggregate value of ₹ 1,433,447,400/- (PY: ₹ 1,433,447,400/)
  - 2) A first and exclusive charge on the:
    - (i) Designated account
    - (ii) Debt Service Reserve aggregating to ₹ 9,134,111/- as on September 30, 2014 (₹ 73,500,001/- as on December 31, 2013).
    - (iii) Surplus Monies and
    - (iv) the sale proceeds to be received by the Company upon Mumbai Nasik Expressway Limited 'MNEL' Stake sale and/or the Lender exercising its power in respect of the Borrower's stake in MNEL under the Loan Agreement.
- b) This term loan carries an interest rate of 14.00% p.a. It's repayment was due on September 15, 2014.

# Notes

## to the financial statements for the Nine months period ended September 30, 2014

(All amounts in Indian Rupees unless otherwise stated)

### VI Details of Term loan from Others:

This secured term loan carries an interest rate of 14.50% p.a. It's repayment is in 7 semi-annual structured installments from June 2014 to June 2017.

For this term loan a security is created on the following:

- (i) Pledge of 26% shares of SSRPL including pledge of 26% of the incremental share capital as and when the same is issued;
- (ii) Hypothecation over the O&M Fees from AEL deposited in the Escrow Account;
- (iii) Hypothecation over the income from the O&M Fees income arising from the GIL O&M Sub-contract;
- (iv) Hypothecation over the O&M Fees to be received from AEL in the Borrower and deposited in the Escrow Account;
- (v) Hypothecation over the developer fee payable by SSRPL to the Borrower under the SSRPL developer fee Agreement and deposited in the Escrow Account; and
- (vi) Hypothecation over the developer fee payable by VGRPPL to the Borrower under the VGRPPL developer fee Agreement and deposited in the Escrow Account.

VII As on September 30, 2014, the Company has defaulted in principal repayment of term loan to financial institution amounting to ₹ 542,500,000/- (of which ₹ 270,000,000/- was repaid post September 30, 2014) and interest of ₹ 4,280,544/- this principal repayment was due on September 15, 2014. Further it has also defaulted in principal repayment of ICD's to a Subsidiary (VSPL) amounting to ₹ 28,762,500/- and interest to subsidiaries of ₹ 168,233,681/- (VSPL ₹ 81,194,061/- and MNEL ₹ 87,039,620/- both due since March 31, 2014).

### 6. Deferred Tax Liability

The major components of deferred tax assets and liabilities are as given below:

	As at September 30, 2014	As at December 31, 2013
Deferred Tax Liability on account of :		
- Depreciation due to timing difference	18,335,923	24,431,196
Deferred Tax Asset on account of :		
- Employee benefits	5,909,998	7,271,692
- Unabsorbed depreciation	3,759,973	-
- Unabsorbed losses	8,665,952	-
<b>Deferred Tax Liability, net</b>	<b>-</b>	<b>17,159,504</b>

The Company has recognised deferred tax asset on unabsorbed business losses and depreciation as per tax laws to the extent of deferred tax liability following the EAC opinion that, to the extent of deferred tax liability there is virtual certainty that there will be sufficient profits arising out of reversal of the deferred tax liability to absorb the unabsorbed depreciation / losses.

### 7. Provisions

Particulars	Non-current		Current	
	September 30, 2014	December 31, 2013	September 30, 2014	December 31, 2013
<b>Provision for employee benefits :</b>				
- Leave Encashment	-	9,798,246	10,677,148	2,975,142
- Gratuity	4,209,710	3,512,847	215,782	89,381
	<b>4,209,710</b>	<b>13,311,093</b>	<b>10,892,930</b>	<b>3,064,523</b>
<b>Provision for taxation, net of advance tax *</b>	-	-	177,350,806	181,345,806
	-	-	<b>177,350,806</b>	<b>181,345,806</b>
<b>Total Provisions</b>	<b>4,209,710</b>	<b>13,311,093</b>	<b>188,243,736</b>	<b>184,410,329</b>

\* Demand of ₹ 205,089,058 has been raised by the income-tax authorities for Assessment Years 2005-06 to 2011-12 pursuant to assessment proceedings conducted under Section 153A of the Income Tax Act, 1961. The Company has filed an appeal against the said demand with The Commissioner of Income-tax (Appeals), Mumbai. It has also deposited a sum of ₹ 21,000,000 (previous year ₹ 1,60,00,000) for Assessment Years 2007-08 to 2011-12 against the demand. However, the provisions for tax made by the Company are adequate to meet the said demand.

# Notes

## to the financial statements for the Nine months period ended September 30, 2014

(All amounts in Indian Rupees unless otherwise stated)

### 7.1 Gratuity

Gratuity is a defined benefit plan under which employees who have completed five years or more of service are entitled to gratuity on departure from employment at an amount equivalent to 15 days salary (based on last drawn salary) for each completed year of service. The Company's gratuity liability is unfunded.

The following tables summarise the components of net benefit expense recognized in the statement of profit and loss and amounts recognized in the balance sheet.

Net employees benefit expense (recognized in Employee benefit cost)

Particulars	Period ended September 30, 2014	Period ended December 31, 2013
Current service cost	2,027,980	879,712
Interest cost	253,600	223,176
Actuarial (gain)/loss	(1,458,316)	(1,052,032)
<b>Total</b>	<b>823,264</b>	<b>50,856</b>

Particulars	Period ended September 30, 2014	Year ended December 31, 2013	Year ended March 31, 2013	Year ended March 31, 2012	Year ended March 31, 2011
Actuarial (gain)/loss	(1,458,316)	(1,052,032)	(201,096)	337,441	715,877
Experience adjustment	(1,522,919)	(568,820)	(389,191)	493,895	767,540
Changes in actuarial assumptions	64,603	(483,212)	188,095	(156,454)	(51,663)

The provision for gratuity as at September 30, 2014 is ₹ 4,425,492 (as on December 31, 2013: ₹ 3,602,228).

#### The changes in the present value of the defined benefit obligation are as follows

Particulars	Period ended September 30, 2014	Period ended December 31, 2013
Defined benefit obligation at the beginning	3,602,228	3,606,883
Expense for the period	823,264	50,856
Net liability transfer in	-	31,027
Less : Benefit paid	-	86,538
<b>Defined benefit obligation at the end</b>	<b>4,425,492</b>	<b>3,602,228</b>

As the Company's gratuity obligation is fully unfunded, the Company does not expect to contribute any amounts to its gratuity plan in the next annual period.

The principal assumptions used in determining the gratuity obligations are as follows:

Particulars	As at September 30, 2014	As at December 31, 2013
Discount rate	8.70%	9.50%
Expected rate of return on plan assets	Not applicable	Not applicable
Attrition rate	2.00%	2.00%
Retirement age	60 years	60 years
Salary Escalation	5.00%	5.00%

### 8. Short Term Borrowings

Particulars	As at September 30, 2014	As at December 31, 2013
Bank overdraft (Unsecured except to the extent of ₹58,831,520/- which is against pledge of fixed deposits) (Interest rate on this overdraft facility is currently 13.25%)	644,658,803	779,812,313
<b>Total Short Term Borrowings</b>	<b>644,658,803</b>	<b>779,812,313</b>

# Notes

## to the financial statements for the Nine months period ended September 30, 2014

(All amounts in Indian Rupees unless otherwise stated)

### 9. Trade payables

Particulars	Current	
	As at September 30, 2014	As at December 31, 2013
Trade payables - Micro, small and medium enterprises	-	-
Trade payables - Others	99,944,332	125,703,025
<b>Total trade payables</b>	<b>99,944,332</b>	<b>125,703,025</b>

#### Amounts due to Micro, Small and Medium Enterprises

As per the information available with the Company, there are no Micro, Small and Medium Enterprises, as defined in the Micro, Small, 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.

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 is relied upon by the auditors.

### 10. Other liabilities

Particulars	Non-current		Current	
	As at September 30, 2014	As at December 31, 2013	As at September 30, 2014	As at December 31, 2013
(a) Current maturities of long-term borrowings (note 5)	-	-	1,706,850,000	2,088,225,000
(b.i) Interest accrued and due to related parties	-	-	168,233,681	-
(b.ii) Interest accrued but not due to related parties	-	-	68,242,849	65,965,303
(b.iii) Interest accrued and due to others	-	-	4,280,544	-
(b.iv) Interest accrued but not due to others	-	-	7,143,812	14,428,200
(c) Other dues - related parties	-	-	9,982,309	58,098,193
(d) Mobilisation advance received from related parties	1,088,341,107	1,722,229,465	777,177,999	1,545,956,000
(e) Advance received for purchase of subsidiary's equity shares	-	-	26,520,000	26,520,000
(f) Deposit received towards Margin Money from related parties	10,000,000	10,000,000	-	-
(g) Duties and Taxes payable	-	-	11,620,867	4,300,112
(h) Advance from customers - related parties	-	-	146,019,089	164,914,827
(i) Due to EPC Customers (refer note 19)	-	-	601,138,298	-
(j) Deposit received from contractor	-	-	100,000,000	-
(k) Other Liabilities	-	608,341	17,668,030	46,858,195
<b>Total other current liabilities:</b>	<b>1,098,341,107</b>	<b>1,732,837,806</b>	<b>3,644,877,478</b>	<b>4,015,265,830</b>

# Notes

to the financial statements for the Nine months period ended September 30, 2014

(All amounts in Indian Rupees unless otherwise stated)

11. TANGIBLE ASSETS	Particulars	Plant & Machinery	Earth Moving Machinery	Furniture & Fixtures	Office Equipments	Computers	Motor Vehicles	Leasehold improvements	Total
<b>Cost or valuation</b>									
As at April 1, 2013	1,357,236	120,797	1,276,429	2,117,397	4,626,406	8,227,685	-	17,725,950	
Additions	-	-	2,170,217	2,805,833	1,043,278	-	8,683,462	14,702,790	
Sales/Disposals	-	-	-	-	144,730	-	-	144,730	
<b>As at December 31, 2013</b>	<b>1,357,236</b>	<b>120,797</b>	<b>3,446,646</b>	<b>4,923,230</b>	<b>5,524,954</b>	<b>8,227,685</b>	<b>8,683,462</b>	<b>32,284,010</b>	
Additions	-	-	67,000	49,599	37,597	-	-	154,196	
Sales/Disposals	-	-	-	-	-	-	-	-	
<b>As at September 30, 2014</b>	<b>1,357,236</b>	<b>120,797</b>	<b>3,513,646</b>	<b>4,972,829</b>	<b>5,562,551</b>	<b>8,227,685</b>	<b>8,683,462</b>	<b>32,438,206</b>	
<b>Accumulated Depreciation</b>									
As at April 1, 2013	305,343	64,905	390,264	365,006	2,776,877	3,318,119	-	7,220,514	
Charge for the period	48,572	10,293	118,910	515,516	477,979	588,899	1,748,093	3,508,262	
On Sale/Disposals	-	-	-	-	137,744	-	-	137,744	
<b>As at December 31, 2013</b>	<b>353,915</b>	<b>75,198</b>	<b>509,174</b>	<b>880,522</b>	<b>3,117,112</b>	<b>3,907,018</b>	<b>1,748,093</b>	<b>10,591,032</b>	
Charge for the period	48,218	10,219	153,863	157,241	492,634	584,616	2,593,638	4,040,429	
On Sale/Disposals	-	-	-	-	-	-	-	-	
<b>As at September 30, 2014</b>	<b>402,133</b>	<b>85,417</b>	<b>663,037</b>	<b>1,037,763</b>	<b>3,609,746</b>	<b>4,491,634</b>	<b>4,341,731</b>	<b>14,631,461</b>	
<b>Net Block</b>									
As at December 31, 2013	1,003,321	45,599	2,937,472	4,042,708	2,407,842	4,320,667	6,935,369	21,692,978	
As at September 30, 2014	955,103	35,380	2,850,609	3,935,066	1,952,805	3,736,051	4,341,731	17,806,745	

## 12. INTANGIBLE ASSETS

Particulars	O & M Rights (refer note 2.1 c)
<b>Cost or valuation</b>	
As at April 1, 2013	250,000,000
Additions	-
Sales/Disposals	-
<b>As at December 31, 2013</b>	<b>250,000,000</b>
Additions	-
Sales/Disposals	-
<b>As at September 30, 2014</b>	<b>250,000,000</b>
<b>Accumulated Ammortisation</b>	
As at April 1, 2013	128,080,545
Charge for the year	13,774,795
On Sale/Disposals	-
<b>As at December 31, 2013</b>	<b>141,855,340</b>
Charge for the period	13,674,615
On Sale/Disposals	-
<b>As at September 30, 2014</b>	<b>155,529,955</b>
<b>Net Block</b>	
As at December 31, 2013	108,144,660
As at September 30, 2014	94,470,045

# Notes

## to the financial statements for the Nine months period ended September 30, 2014

(All amounts in Indian Rupees unless otherwise stated)

### 13.1 Non-current investments

Particulars	Face Value Rupees	As at September 30, 2014		As at December 31, 2013	
		Nos.	Amount	Nos.	Amount
<b>Trade Investments, in Subsidiary Companies:</b>					
(Valued at cost unless otherwise stated)					
(Fully paid-up unless otherwise stated)					
Ordinary Shares: (Unquoted)					
Andhra Expressway Limited	10	21,459,950	256,969,000	21,459,950	256,969,000
Birmitrapur Barkote Highway Pvt Ltd	10	10,000	100,000	10,000	100,000
Cochin Bridge Infrastructure Company Limited	10	6,250,070	62,500,700	6,250,070	62,500,700
Gammon Logistics Limited	10	2,550,000	25,500,000	2,550,000	25,500,000
Gammon Projects Developers Limited	10	250,000	2,500,000	250,000	2,500,000
Gammon Renewable Energy Infrastructure Limited	10	50,000	500,000	50,000	500,000
Gammon Road Infrastructure Limited	10	50,000	500,000	50,000	500,000
Gammon Seaport Infrastructure Limited	10	50,000	500,000	50,000	500,000
Gorakhpur Infrastructure Company Limited	10	37,458,063	374,580,630	37,458,063	374,580,630
Haryana Biomass Power Limited	10	50,000	14,600,000	50,000	14,600,000
Jaguar Projects Developers Limited	10	50,000	500,000	50,000	500,000
Kosi Bridge Infrastructure Company Limited	10	35,737,169	357,371,690	35,737,169	357,371,690
Lilac Infra Projects Developers Limited	10	50,000	500,000	50,000	500,000
Marine Project Services Limited	10	50,000	500,000	50,000	500,000
Mormugao Terminal Limited	10	50,000	500,000	50,000	500,000
Mumbai Nasik Expressway Limited	10	41,595,000	415,950,000	41,595,000	415,950,000
Pataliputra Highway Limited	100	15,000	1,033,850	15,000	1,033,850
Patna Buxar Highways Limited	10	56,114,703	561,147,030	56,114,703	561,147,030
Patna Highway Projects Limited	10	2,500,000	25,000,000	2,500,000	25,000,000
Pravara Renewable Energy Limited	10	17,400,000	174,000,000	17,400,000	174,000,000
Rajahmundry Expressway Limited	10	21,459,950	256,969,000	21,459,950	256,969,000
Rajahmundry Godavari Bridge Limited	10	126,078,750	1,375,081,657	111,198,750	1,159,589,572
Satluj Renewable Energy Private Limited	10	4,000	40,000	4,000	40,000
Sidhi Singrauli Road Projects Ltd	10	170,410,000	1,704,100,000	100,910,000	1,009,100,000
Sikkim Hydro Power Ventures Limited	10	62,735,942	627,359,420	62,735,942	627,359,420
Tada Infra Development Company Limited	10	50,000	500,000	50,000	500,000
Vijayawada Gundugolanu Road Project Pvt Ltd	10	10,000	100,000	10,000	100,000
Vizag Seaport Private Limited	10	64,313,847	698,080,277	64,313,847	698,080,277
Yamunanagar Panchkula Highway Pvt Ltd	10	19,050,000	190,500,000	19,050,000	190,500,000
Youngthang Power Ventures Limited	10	14,450,000	144,500,000	14,450,000	144,500,000
			<b>7,271,983,254</b>		<b>6,361,491,169</b>
<b>Beneficial Interest in Equity Shares :</b>					
Andhra Expressway Limited	10	7,540,050	126,651,866	7,540,050	126,651,866
Chitoor Infra Company Private Limited	10	10,000	100,000	10,000	100,000
Gorakhpur Infrastructure Company Limited	10	14,947,238	149,472,380	14,947,238	149,472,380
Kosi Bridge Infrastructure Company Limited	10	12,562,831	125,628,310	12,562,831	125,628,310
Rajahmundry Expressway Limited	10	7,540,050	119,575,780	7,540,050	119,575,780
Earthlink Infrastructure Projects Pvt Ltd	10	10,000	100,000	10,000	100,000
Segue Infrastructure Projects Pvt Ltd	10	10,000	100,000	10,000	100,000
Tidong Hydro Power Limited	10	25,500	255,000	25,500	255,000
			<b>521,883,336</b>		<b>521,883,336</b>
<b>Trade Investments in Joint venture entities :</b>					
(Valued at cost unless otherwise stated)					
(Fully paid-up unless otherwise stated)					
Ordinary Shares: (Unquoted)					
Blue Water Iron Ore Terminal Private Limited	10	3,051,808	30,518,080	3,051,808	30,518,080
Indira Container Terminal Private Limited	10	24,375,840	243,758,400	24,375,840	243,758,400
SEZ Adityapur Limited	10	19,000	190,000	19,000	190,000
			<b>274,466,480</b>		<b>274,466,480</b>
<b>Beneficial Interest in Equity Shares :</b>					
Indira Container Terminal Private Limited	10	26,407,160	264,071,600	26,407,160	264,071,600
			<b>264,071,600</b>		<b>264,071,600</b>
<b>Trade Investments in Associates :</b>					
(Valued at cost unless otherwise stated)					
(Fully paid-up unless otherwise stated)					
Ordinary Shares: (Unquoted)					
ATSL Infrastructure Projects Limited	10	24,450	244,500	24,450	244,500
Eversun Sparkle Maritimes Services Private Limited	10	2,143,950	21,439,500	2,143,950	21,439,500
Modern Tollroads Limited	10	24,470	244,700	24,470	244,700
			<b>21,928,700</b>		<b>21,928,700</b>
<b>Less: Provision for diminution in value of Investment in</b>					
Gammon Logistics Limited			25,500,000		25,500,000
Eversun Sparkle Maritimes Services Private Limited			13,300,000		13,300,000
Haryana Biomass Power Limited			14,600,000		14,600,000
Blue Water Iron Ore Terminal Private Limited			30,000,000		30,000,000
Birmitrapur Barkote Highway Pvt Ltd			100,000		-
Yamunanagar Panchkula Highway Pvt Ltd			190,500,000		-
Chitoor Infra Company Private Limited			100,000		-
Gammon Seaport Infrastructure Limited			400,000		-
Lilac Infra Projects Developers Limited			100,000		-
Segue Infrastructure Projects Pvt Ltd			100,000		-
			<b>274,700,000</b>		<b>83,400,000</b>
<b>Total non-current investments</b>			<b>8,079,633,370</b>		<b>7,360,441,285</b>

# Notes

## to the financial statements for the Nine months period ended September 30, 2014

(All amounts in Indian Rupees unless otherwise stated)

### 13.2. Current investments :

Particulars	Face Value Rupees	As at September 30, 2014		As at December 31, 2013	
		Nos.	Amount	Nos.	Amount
<b>Trade Investments (unquoted) in Joint venture entities :</b> (lower of cost and net realisable value)					
Maa Durga Expressways Private Limited (refer note 35)	10	4,900,000	49,000,000	4,900,000	49,000,000
Investments in Mutual Funds :			13,000,000		-
[Market value (NAV ₹ 198.2644 per unit as on September 30, 2014 (PY : Nil) is ₹ 13,040,305]					
<b>Total current investments</b>			<b>62,000,000</b>		<b>49,000,000</b>
Aggregate Book Value of Unquoted Investments			<b>8,128,633,370</b>		<b>7,409,441,285</b>

### 13.3. Pledge of Shares :

The Company has pledged the following shares in favour of the lenders to the projects as part of the terms of financing agreements for facilities taken by GIPL or its project SPV's as indicated below:

Company Name	Face value Rupees	No. of Equity shares pledged as at	
		September 30, 2014	December 31, 2013
Andhra Expressway Limited	10/-	13,175,970	13,175,970
Cochin Bridge Infrastructure Company Limited	10/-	1,664,019	1,664,019
Rajahmundry Expressway Limited	10/-	14,744,579	14,744,579
Mumbai Nasik Expressway Limited	10/-	38,942,800	38,942,800
Gorakhpur Infrastructure Company Limited	10/-	27,686,396	27,686,396
Kosi Bridge Infrastructure Company Limited	10/-	20,767,040	20,767,040
Vizag Seaport Private Limited	10/-	63,770,015	63,770,015
Pataliputra Highway Limited	100/-	7,350	7,350
Patna Highway Projects Limited	10/-	750,000	750,000
Patna Buxar Highways Limited	10/-	14,589,823	14,589,823
Punjab Biomass Power Limited*	1/-	22,500,000	22,500,000
Rajahmundry Godavari Bridge Limited	10/-	118,967,215	89,573,750
Indira Container Terminal Private Limited	10/-	16,500,000	16,500,000
Sidhi Singrauli Road Project Limited	10/-	98,820,560	26,236,600
Birmiltrapur Barkote Highway Private Limited	10/-	2,600	2,600
Sikkim Hydro Power Ventures Limited	10/-	31,995,331	-

\* The Company holds the legal ownership of shares in Punjab Biomass Power Limited (PBPL), however the beneficial interest was transferred in earlier years.

The change in the balances between December 31, 2013 and September 30, 2014 represent additional / reduction of pledge during the period ended September 30, 2014.

### 14. Loans and Advances

Particulars	Non-current		Current	
	As at September 30, 2014	As at December 31, 2013	As at September 30, 2014	As at December 31, 2013
<b>Security Deposit</b>				
Unsecured, Considered good				
- Accomodation	1,010,000	1,010,000	-	-
- O & M Contract Deposit	3,373,819	3,330,649	-	-
- Others	4,700	4,700	-	-
<b>(A)</b>	<b>4,388,519</b>	<b>4,345,349</b>	-	-
<b>Intercompany Deposits paid</b>				
Related parties (refer note 14.1)				
- Unsecured, Considered good	7,456,132,431	7,624,553,217	-	-
- Unsecured, Considered doubtful	174,404,343	1,807,102	-	-
Others				
- Unsecured, Considered doubtful	3,892,000	3,892,000	-	-
	<b>7,634,428,774</b>	<b>7,630,252,319</b>	-	-
Less: Provision for doubtful ICD's	178,296,343	5,699,102	-	-
<b>(B)</b>	<b>7,456,132,431</b>	<b>7,624,553,217</b>	-	-

# Notes

## to the financial statements for the Nine months period ended September 30, 2014

(All amounts in Indian Rupees unless otherwise stated)

### 14. Loans and Advances (Contd.)

Particulars	Non-current		Current	
	As at September 30, 2014	As at December 31, 2013	As at September 30, 2014	As at December 31, 2013
<b>Advance recoverable in cash or in kind</b>				
Related party (refer note 14.3)				
Unsecured, Considered good				
- Dues from Ultimate holding company :	-	-	4,928,423	3,912,423
- Dues from Subsidiary companies :	-	-	169,694,183	36,215,070
- Dues from Joint Ventures :	-	-	23,048,010	9,632,422
- Dues from Associates :	-	-	48,271	48,271
Unsecured, Considered doubtful				
- Dues from Subsidiary Companies :	-	-	15,503,740	14,103,407
Others:				
- Considered good	-	-	1,171,538	12,489,291
- Considered doubtful	-	-	2,112,009	2,112,009
			<b>216,506,174</b>	<b>78,512,893</b>
Less: Provision for doubtful advance recoverable in cash or in kind			17,617,249	16,215,416
(C)			<b>198,888,925</b>	<b>62,297,477</b>
<b>Other Loans and advances</b> (Unsecured, Considered good)				
Advance Income Tax (Net of Provision for Taxation)	140,434,841	128,180,169	-	-
Advance to contractors			58,602,470	-
Prepaid expenses			1,243,452	15,426,981
Service tax credit receivable / VAT refund receivable			33,499,554	3,283,838
Advance for purchase of share		88,859,787		
(D)	<b>140,434,841</b>	<b>217,039,956</b>	<b>93,345,476</b>	<b>18,710,819</b>
<b>Share application money paid</b> Related parties (refer note 14.2)				
(E)	63,894,800	63,894,800	-	-
	<b>63,894,800</b>	<b>63,894,800</b>		
<b>Total Loans and Advances</b> (A + B + C + D + E)	<b>7,664,850,591</b>	<b>7,909,833,322</b>	<b>292,234,401</b>	<b>81,008,296</b>
<b>Total of Loans and Advances with related parties</b>	<b>7,694,431,574</b>	<b>7,690,255,119</b>	<b>192,742,193</b>	<b>45,847,492</b>

### 14.1 The break-up of Intercompany Loans granted by the Company to related parties is as under :

Company Name	As at September 30, 2014	As at December 31, 2013
<b>Interest bearing considered good</b>		
Indira Container Terminal Pvt Limited	299,258,284	121,951,284
<b>Total (A)</b>	<b>299,258,284</b>	<b>121,951,284</b>
<b>Interest free considered good</b>		
Aparna Infraenergy India Pvt Limited	386,784,095	376,336,238
Birmitrapur Barkote Highway Pvt Limited	-	60,167,515
Chitoor Infra Company Private Limited	-	100,000
Cochin Bridge Infrastructure Company Limited	67,536,850	46,100,000
Earthlink Infrastructure Projects Pvt Limited	650,000	650,000
Gammon Projects Developers Limited	1,284,431	6,046,000
Gammon Renewable Energy Infrastructure Limited	51,120,000	51,120,000
Ghaggar Renewable Energy Private Limited	122,558	897,558
Gammon Road Infrastructure Limited	23,013,700	17,510,000
Gorakhpur Infrastructure Company Limited	2,454,072,721	1,722,220,000
Kosi Bridge Infrastructure Company Limited	-	233,041,093
Mormugao Terminal Limited	18,542,437	14,621,665
Pataliputra Highway Limited	584,755,417	584,755,417



## Notes

### to the financial statements for the Nine months period ended September 30, 2014

(All amounts in Indian Rupees unless otherwise stated)

Company Name	As at September 30, 2014	As at December 31, 2013
Patna Buxar Highways Limited	174,499,220	236,371,459
Patna Highway Projects Limited	944,250,000	832,250,000
Pravara Renewable Energy Limited	401,808,943	257,932,269
Rajahmundry Godavari Bridge Limited	225,000,000	551,500,000
Sikkim Hydro Power Ventures Limited	373,767,406	326,844,274
Segue Infrastructure Projects Pvt Limited	-	250,000
Sutluj Renewable Energy Private Limited	990,000	2,490,000
Sidhi Singrauli Road Projects Limited	73,716,042	617,513,493
Tidong Hydro Power Limited	17,950,993	13,961,848
Vijayawada Gundugolanu Road Project Pvt Limited	785,149,031	766,463,521
Youngthang Power Ventures Limited	571,860,303	566,820,303
Yamunanagar Panchkula Highway Pvt Limited	-	215,909,280
Yamunanagar Minor Mineral Pvt Limited	-	730,000
<b>Total (B)</b>	<b>7,156,874,147</b>	<b>7,502,601,933</b>
<b>Total (A + B)</b>	<b>7,456,132,431</b>	<b>7,624,553,217</b>
<b>Interest free considered doubtful</b>		
Gammon Logistics Limited	15,800,902	1,807,102
Birmitrapur Barkote Highway Pvt Limited	60,802,515	-
Yamunanagar Panchkula Highway Pvt Limited	91,445,926	-
Chitoor Infra Company Private Limited	100,000	-
Ghaggar Renewable Energy Private Limited	775,000	-
Sutluj Renewable Energy Private Limited	1,500,000	-
Segue Infrastructure Projects Pvt Limited	250,000	-
Yamunanagar Minor Mineral Pvt Limited	730,000	-
Gammon Projects Developers Limited	3,000,000	-
<b>Total</b>	<b>174,404,343</b>	<b>1,807,102</b>

#### 14.2 The break-up of share application money paid by the Company to related parties is as under :

Company Name	As at September 30, 2014	As at December 31, 2013
Modern Toll Roads Limited	12,994,800	12,994,800
Vijayawada Gundugolanu Road Project Private Limited	50,900,000	50,900,000
<b>Total</b>	<b>63,894,800</b>	<b>63,894,800</b>

#### 14.3 The break-up of advance recoverable in cash or in kind from related parties is as under :

Company Name	September 30, 2014	December 31, 2013
Unsecured, Considered good		
Dues from Ultimate holding company :		
- Gammon India Ltd	4,928,423	3,912,423
Dues from Subsidiary companies :		
- Aparna Infraenergy India Private Ltd	1,381,800	816,623
- Birmitrapur Barkote Highways Private Ltd	16,598	1
- Cochin Bridge Infrastructure Company Ltd	820,630	656,111
- Gammon Renewable Energy Infrastructure Ltd	25,549	-
- Gammon Road Infrastructure Ltd	416,574	6,832
- Gorakhpur Infrastructure Projects Ltd	2,134,813	1,422,632
- Kosi Bridge Infrastructure Company Ltd	229,147	216,404
- Lilac Infraprojects Developers Ltd	85,000	-
- Mormugao Terminal Ltd	37,973,241	16,881,070
- Mumbai Nasik Expressway Ltd	4,200,271	-
- Pataliputra Highway Ltd	300	300

## Notes

### to the financial statements for the Nine months period ended September 30, 2014

(All amounts in Indian Rupees unless otherwise stated)

Company Name	September 30, 2014	December 31, 2013
- Patna Buxar Highways Ltd	81,913,039	994,394
- Pravara Renewable Energy Ltd	73,937	-
- Rajahmundry Expressway Ltd	10,580	7,082
- Rajahmundry Godavari Bridge Ltd	664,243	553,071
- Siddhi-Singrauli Road Project Ltd	18,270,101	8,305,090
- Sikkim Hydro Power Ventures Ltd	391,217	68,972
- Tangri Renewable Energy Pvt Ltd	8,427	-
- Tidong Hydro Power Limited	-	53,609
- Vizag Seaport Pvt Ltd	-	153,695
- Vijaywada Gundugulanu Road Project Pvt Ltd	21,033,142	5,346,077
- Yamuna Minor Minerals Pvt Ltd	34,016	169,516
- Yamunanagar Panchkula Highways Private Ltd	11,558	45,370
- Youngthang Power Ventures Ltd	-	518,221
Dues from Joint Venture entities :		
- Indira Container Terminal Pvt Ltd	21,491,889	9,272,537
- GIPL - GIL JV	1,556,121	359,885
Dues from Associates :		
- Modern TollRoads Ltd	48,271	48,271
Unsecured, Considered doubtful		
Dues from Subsidiary Companies (Fully provided) :		
- Gammon Logistics Ltd	1,400,333	-
- Haryana Biomass Power Ltd	12,306,274	12,306,274
- Tada Infra Development Company Ltd	1,797,133	1,797,133
<b>Total</b>	<b>213,222,627</b>	<b>63,911,593</b>

#### 15. Other assets

Particulars	Non-current		Current	
	As at September 30, 2014	As at December 31, 2013	As at September 30, 2014	As at December 31, 2013
Interest accrued receivable				
From related parties, considered good (refer note 15.1)	42,284,230	28,748,078	-	-
From Banks, considered good	-	-	1,481,311	2,842,850
From others, considered doubtful	-	-	692,183	692,183
	<b>42,284,230</b>	<b>28,748,078</b>	<b>2,173,494</b>	<b>3,535,033</b>
Less: Provision for doubtful Interest accrued receivable	-	-	692,183	692,183
Non-current bank balances (Refer note 18)	58,865,025	54,449,663	-	-
<b>Total Other current assets</b>	<b>101,149,255</b>	<b>83,197,741</b>	<b>1,481,311</b>	<b>2,842,850</b>

#### 15.1 Break-up of interest accrued receivable from related parties is as follows:

Company Name	September 30, 2014	December 31, 2013
Cochin Bridge Infrastructure Company Limited	1,746,501	1,746,500
Gorakhpur Infrastructure Company Limited	11,270,388	11,270,388
Indira Container Terminal Private Limited	24,787,776	11,251,625
Patna Highway Projects Limited	1,933,028	1,933,028
Pravara Renewable Energy Limited	2,546,537	2,546,537
<b>Total</b>	<b>42,284,230</b>	<b>28,748,078</b>

## Notes

### to the financial statements for the Nine months period ended September 30, 2014

(All amounts in Indian Rupees unless otherwise stated)

#### 16. Inventories

Particulars	As at September 30, 2014	As at December 31, 2013
Stores and Materials at site (at lower of cost computed at weighted average method and net realisable value)	1,798,539	2,563,136
Unbilled Work in progress	3,352,598	3,352,598
<b>Total Inventories</b>	<b>5,151,137</b>	<b>5,915,734</b>

#### 17. Trade Receivables

Particulars	Non-current		Current	
	As at September 30, 2014	As at December 31, 2013	As at September 30, 2014	As at December 31, 2013
<b>Unsecured</b>				
Outstanding for a period exceeding six months				
Considered good	-	-	8,261,111	57,028,253
Considered doubtful	-	-	48,767,142	-
Other receivables	88,286,831	-	7,124,338	132,750,023
	<u>88,286,831</u>	<u>-</u>	<u>64,152,591</u>	<u>189,778,276</u>
Provision for doubtful debt			(48,767,142)	
<b>Total trade receivables</b>	<b>88,286,831</b>	<b>-</b>	<b>15,385,449</b>	<b>189,778,276</b>

Note: Entire receivables are from related parties the break-up of which is as follows:

Ultimate Holding Company:

Gammon India Limited	8,261,111	8,261,111
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Subsidiaries:

Mumbai Nasik Expressway Ltd	-	17,820,187
Gorakhpur Infrastructure Company Ltd.	7,000,000	18,375,000
Kosi Bridge Infrastructure Company Ltd.	-	1,188,265
Birmitrapur Barkote Highway Pvt Ltd (fully provided)	48,767,142	48,767,142
Sidhi Singrauli Road Projects Ltd	88,411,169	89,866,570
Yamunanagar Panchkula Highway Pvt Ltd	-	1,000,000
Viyawada Gundugolanu Road Project Pvt Ltd	-	4,500,001

<b>Total</b>	<b>152,439,422</b>	<b>189,778,276</b>
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## Notes

### to the financial statements for the Nine months period ended September 30, 2014

(All amounts in Indian Rupees unless otherwise stated)

#### 18. Cash and bank balances

Particulars	Non-current		Current	
	As at September 30, 2014	As at December 31, 2013	As at September 30, 2014	As at December 31, 2013
<b>Cash and cash equivalents</b>				
Balances with Scheduled Banks :				
in Current Accounts	-	-	113,031,762	131,960,158
Cash on hand	-	-	412,891	239,351
	-	-	<b>113,444,653</b>	<b>132,199,509</b>
Other bank balances				
Balances in escrow account	33,505	33,505	1,627,781	-
Debt service reserve account	-	-	9,134,111	73,500,001
Fixed Deposit under lien (refer note 8)	58,831,520	54,416,158	-	-
	<b>58,865,025</b>	<b>54,449,663</b>	<b>10,761,892</b>	<b>73,500,001</b>
Amounts disclosed under Other non- current assets (Refer note 15)	(58,865,025)	(54,449,663)	-	-
<b>Total Cash and bank balances</b>	-	-	<b>124,206,545</b>	<b>205,699,510</b>

#### 19. Revenue

Particulars	Nine months ended September 30, 2014	Nine months ended December 31, 2013
Construction contract revenue	473,623,678	103,882,507
Developer's Fees	10,059,652	221,691,819
Operating and Maintenance Income	298,722,646	268,556,852
Advisory Fees	31,149,875	116,489,475
Other services	-	15,000,000
<b>Total Revenue</b>	<b>813,555,851</b>	<b>725,620,653</b>

The disclosures as per provisions of clauses 38, 39 and 41 of Accounting Standard 7 (Construction Contracts) notified by the Companies (Accounting Standard) Rules' 2006, as amended are as under:

Particulars	September 30, 2014	December 31, 2013
Contract revenue recognised for the period	473,623,678	103,882,507
Aggregate amount of cost incurred as at the end of the financial period for all contracts in progress,	450,775,752	107,235,105
Aggregate amount of income recognised as at the end of the financial period for all contracts in progress,	126,730,433	-
Contract Advances outstanding as at the end of the financial period	1,865,519,106	3,163,685,465
Retention amount due from customers as at the end of the financial period	88,286,831	4,500,000
Gross Amount due from Customers for contract work	-	103,882,507
Gross Amount due to customers for contract work	601,138,299	-

# Notes

## to the financial statements for the Nine months period ended September 30, 2014

(All amounts in Indian Rupees unless otherwise stated)

### 20. Other operating income

Particulars	Nine months ended September 30, 2014	Nine months ended December 31, 2013
Dividend from subsidiary company	-	64,313,847
<b>Total Other operating income</b>	<b>-</b>	<b>64,313,847</b>

The Company operates its infrastructure business through SPV's therefore dividend from subsidiary SPV's are shown as other operating income.

### 21. Other income

Particulars	Nine months ended September 30, 2014	Nine months ended December 31, 2013
Interest Income :		
- On Intercompany Deposits given	14,697,799	8,008,061
- On Fixed Deposits with Banks	7,650,380	9,465,786
- Others	274,404	255,860
Profit on Sale of current Investments	866,104	6,022,834
Write back of provision for advances	-	31,238,411
Foreign currency translation gain	-	1,136
Insurance claims received	1,019,235	-
Miscellaneous Income	1,800	14,274
<b>Total Other income</b>	<b>24,509,722</b>	<b>55,006,362</b>

### 22. Project expenses

Particulars	Nine months ended September 30, 2014	Nine months ended December 31, 2013
Changes in inventory of consumables:		
Opening stock of materials	2,563,136	1,597,008
Less : Closing stock of materials	1,798,539	2,563,136
	<b>764,597</b>	<b>(966,128)</b>
Operation and Maintenance expenses	31,224,193	47,736,325
Sub-contractor expenses	346,893,245	103,882,507
<b>Total Project expenses</b>	<b>378,882,035</b>	<b>150,652,704</b>

### 23. Employee benefit expenses

Particulars	Nine months ended September 30, 2014	Nine months ended December 31, 2013
Salaries, wages and bonus	92,131,193	129,722,816
Directors remuneration including contribution to provident fund *	23,876,175	27,786,014
Contributions to Provident Fund	3,312,501	4,252,503
Leave Encashment expense	(2,096,240)	6,110,015
Gratuity expense (refer note 7.1)	823,264	50,856
Staff Welfare Expenses	3,678,600	4,410,220
Cash Alternative Settlement of ESOP Scheme	-	(1,741,294)
Employees 'ESOP' compensation cost (net of reversal)	14,439,264	2,456,974
<b>Total Employee benefits expenses</b>	<b>136,164,757</b>	<b>173,048,104</b>

\* During the period on account of inadequacy of profits, the 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 ₹ 20,855,390/-. The Company is in the process of making an application to the Central Government for approval of the same. Pending the approval, no adjustments have been made to the financial statements.

# Notes

## to the financial statements for the Nine months period ended September 30, 2014

(All amounts in Indian Rupees unless otherwise stated)

### 24. Other expenses

Particulars	Nine months ended September 30, 2014	Nine months ended December 31, 2013
- Plant Hire Charges	2,781,414	3,839,778
- Professional Fees	6,283,285	23,568,073
- Rent	8,103,227	8,071,769
- Power & Fuel	16,580,948	16,711,540
- Travelling Expenses	2,576,602	5,211,681
- Communication	1,422,474	1,444,304
- Insurance	3,218,913	4,325,367
- Remuneration to Auditors	3,558,821	3,951,271
- Office Maintenance	2,911,841	2,425,170
- Rates & Taxes	8,349,169	3,362,905
- Bank Charges	39,054	46,132
- Printing & Stationary	609,612	714,841
- Postage & Courier	111,093	131,879
- Security	1,656,477	1,682,363
- Motor Car Expenses	2,709,000	2,004,037
- Directors Fees & Commission	1,500,000	760,000
- Business Development Expenses	581,888	925,692
- Annual Report Expenses	1,326,300	2,142,165
- Guarantee Bond Commission	595,250	1,787,674
- Sundry Expenses	7,337,532	7,028,667
- Bad Debts written-off	-	32,544,793
- Provision for Doubtful Debts / Advances	16,750,633	-
- Provision for Diminution in Value of Investments	700,000	-
- Loss on sale of Assets	-	3,986
<b>Total Other expenses</b>	<b>89,703,532</b>	<b>122,684,086</b>

Particulars	Nine months ended September 30, 2014	Nine months ended December 31, 2013
<b>Payment to auditors (excluding service tax)</b>		
As auditor:		
Audit fee including limited review fee	2,950,560	3,200,000
Tax audit fee	125,000	175,000
Certifications	374,500	173,440
In other capacity:		
Other services	-	295,000
Reimbursement of expenses	108,761	107,831
<b>Total payments to auditors</b>	<b>3,558,821</b>	<b>3,951,271</b>

(Note: the above fees excludes remuneration paid to auditors towards the QIP issue of ₹ 6,000,000/- and reimbursement of expenses of ₹ 160,470/- which are adjusted in Securities premium as share issue expenses)

### 25. Finance Costs

Particulars	Nine months ended September 30, 2014	Nine months ended December 31, 2013
Interest Paid On :		
Intercorporate Loans:		
from Subsidiaries	210,362,913	169,040,266
from others	222,342,860	-
Banks Loans	76,907,003	324,279,023
Interest on Margin Money Deposit	448,767	452,055
Other finance costs	24,453,723	28,984,867
<b>Total Finance Costs</b>	<b>534,515,266</b>	<b>522,756,211</b>

## Notes

### to the financial statements for the Nine months period ended September 30, 2014

(All amounts in Indian Rupees unless otherwise stated)

#### 26. Earnings Per Share ('EPS')

Net Profit / (loss) attributable to equity shareholders and the weighted number of shares outstanding for basic and diluted earnings per share are as summarised below:

Particulars	Nine months ended September 30, 2014	Nine months ended December 31, 2013
Net Profit / (Loss) as per Statement of Profit and Loss	(693,371,141)	(139,666,403)
Outstanding equity shares at period end	938,200,724	734,026,438
Weighted average Number of Shares outstanding during the period – Basic	751,227,935	734,026,438
Weighted average Number of Shares outstanding during the period - Diluted	754,834,994	737,781,732
Earnings per Share - Basic (₹)	(0.92)	(0.19)
Earnings per Share - Diluted (₹) *	(0.92)	(0.19)

\* The EPS on dilutive basis is anti-dilutive and therefore it is same as basic EPS.

Reconciliation of weighted number of outstanding during the period:

Particulars	September 30, 2014	December 31, 2013
Nominal Value of Equity Shares (₹ per share)	2	2
<b>For Basic EPS :</b>		
Total number of equity shares outstanding at the beginning of the period	734,026,438	734,026,438
Add : Issue of Equity Shares	204,174,286	-
Total number of equity shares outstanding at the end of the period	938,200,724	734,026,438
Weighted average number of equity shares at the end of the period	751,227,935	734,026,438
<b>For Dilutive EPS :</b>		
Weighted average number of shares used in calculating basic EPS	751,227,935	734,026,438
Add : Equity shares arising on grant of stock options under ESOP	4,348,235	4,348,235
Less : Equity shares arising on grant of stock options under ESOP forfeited / lapsed (included above)	741,176	592,941
Weighted average number of equity shares used in calculating diluted EPS	754,834,994	737,781,732

#### 27. Expenditure in Foreign Currency :

Particulars	Nine months ended September 30, 2014	Nine months ended December 31, 2013
Travelling Expenses	-	26,519
Professional Fees (Net of TDS & Service Tax)	425,639	-
<b>Total</b>	<b>425,639</b>	<b>26,519</b>

#### 28. Details of Loans and Advances in the nature of Loans

a) Disclosure of amounts outstanding at the period end as per Clause 32 of the Listing Agreement.

Particulars	Balance as on September 30, 2014	Maximum Amount Outstanding during the period
<b>Subsidiaries :</b>		
Aparna Infraenergy India Pvt Ltd	386,784,095 (376,336,238)	386,784,095 (376,336,238)
Birmiritrapur Barkote Highway Pvt Ltd	60,802,515 (60,167,515)	60,802,515 (60,167,515)
Cochin Bridge Infrastructure Co Limited	69,283,351 (47,846,501)	69,283,351 (47,846,501)
Chitoor Infrastructure Company Pvt Ltd	100,000 (100,000)	100,000 (100,000)
Earthlink Infrastructure Projects Pvt Ltd	650,000 (650,000)	650,000 (650,000)

# Notes

## to the financial statements for the Nine months period ended September 30, 2014

(All amounts in Indian Rupees unless otherwise stated)

Particulars	Balance as on September 30, 2014	Maximum Amount Outstanding during the period
Gammon Logistics Limited	15,800,902	15,800,902
	(1,807,102)	(37,307,102)
Gammon Project Developers Limited	4,284,431	7,146,000
	(6,046,000)	(6,150,760)
Gammon Renewable Energy Infrastructure Limited	51,120,000	51,120,000
	(51,120,000)	(51,120,000)
Ghaggar Renewable Energy Private Limited	897,558	897,558
	(897,558)	(897,558)
Gammon Road Infrastructure Limited	23,013,700	23,013,700
	(17,510,000)	(18,724,661)
Gammon Seaport Infrastructure Limited	-	-
	-	(4,300)
Gorakhpur Infrastructure Company Limited	2,465,343,109	2,465,343,109
	(1,733,490,388)	(1,733,490,388)
Kosi Bridge Infrastructure Company Limited	-	245,541,093
	(233,041,093)	(405,661,273)
Mormugao Terminal Limited	18,542,437	18,542,437
	(14,621,665)	(14,621,665)
Mumbai Nasik Expressway Limited # *	-	-
	-	(688,061,314)
Pataliputra Highway Limited	584,755,417	584,755,417
	(584,755,417)	(638,450,000)
Patna Buxar Highways Limited	174,499,220	273,171,459
	(236,371,459)	(236,371,459)
Patna Highway Projects Limited	946,183,028	946,183,028
	(834,183,028)	(834,183,028)
Pravara Renewable Energy Limited	404,355,480	404,355,480
	(260,478,806)	(261,217,217)
Rajahmundry Godavari Bridge Limited	225,000,000	605,000,000
	(551,500,000)	(551,500,000)
Satluj Renewable Energy Private Limited	2,490,000	2,490,000
	(2,490,000)	(2,490,000)
Segue Infrastructure Project Pvt Ltd	250,000	250,000
	(250,000)	(250,000)
Sidhi Singrauli Road Projects Ltd	73,716,042	706,854,360
	(617,513,493)	(617,513,493)
Sikkim Hydro Power Ventures Limited	373,767,406	373,767,406
	(326,844,274)	(998,135,511)
Tidong Hydro Power Limited	17,950,993	17,950,993
	(13,961,848)	(13,961,848)
Viyayawada Gundugolanu Road Project Pvt Ltd	785,149,031	785,149,031
	(766,463,521)	(766,463,521)
Yamunanagar Minor Mineral Pvt Ltd	730,000	730,000
	(730,000)	(730,000)
Yamunanagar Panchkula Highway Pvt Ltd	91,445,926	217,540,480
	(215,909,280)	(215,909,280)
Youngthang Power Ventures Limited	571,860,303	571,860,303
	(566,820,303)	(582,409,276)
<b>Associates and Joint Venture Companies :</b>		
Indira Container Terminal Private Limited # *	324,046,060	324,046,060
	(133,202,909)	(133,202,909)

(Previous year figures in brackets)

The repayment for all ICD's is due on March 31, 2018, except for the ones marked as # which are repayable on demand. All ICD's are interest free, except for the ones marked as \* which carry interest of 12% p.a.



## Notes

### to the financial statements for the Nine months period ended September 30, 2014

(All amounts in Indian Rupees unless otherwise stated)

- b) Details of investments by loanees in the share of subsidiaries of the Company:

Loanee	Investment in Subsidiary	As on September 30, 2014 (No. of shares)	As on December 31, 13, 2013 (No. of shares)	
Pataliputra Highway Limited	Aparna Infraenergy India Private Limited	499,910	499,910	
Gammon Projects Developers Limited	Chitoor Infra Company Private Limited	10,000	10,000	
	Ras Cities & Townships Private Limited	10,000	10,000	
Gammon Renewable Energy Infrastructure Projects Limited	Earthlink Infrastructure Projects Private Limited	10,000	10,000	
	Segue Infrastructure Projects Private Limited	10,000	10,000	
	Dohan Renewable Energy Pvt Ltd	-	3,750	
	Ghaggar Renewable Energy Pvt Ltd	3,750	3,750	
	Indori Renewable Energy Pvt Ltd	-	3,750	
	Kasavati Renewable Energy Pvt Ltd	-	3,750	
	Markanda Renewable Energy Pvt Ltd	-	3,750	
	Sirsa Renewable Energy Pvt Ltd	-	3,750	
	Tangri Renewable Energy Pvt Ltd	3,750	3,750	
	Yamuna Minor Minerals Pvt Ltd	3,750	3,750	
	Satluj Renewable Energy Pvt Ltd	4,000	4,000	
	Gammon Seaport Infrastructure Limited	Dohan Renewable Energy Pvt Ltd	-	2,500
		Ghaggar Renewable Energy Pvt Ltd	2,500	2,500
		Indori Renewable Energy Pvt Ltd	-	2,500
Kasavati Renewable Energy Pvt Ltd		-	2,500	
Markanda Renewable Energy Pvt Ltd		-	2,500	
Sirsa Renewable Energy Pvt Ltd		-	2,500	
Tangri Renewable Energy Pvt Ltd		2,500	2,500	
Yamuna Minor Minerals Pvt Ltd		2,500	2,500	
Gammon Renewable Energy Infrastructure Projects Limited		Dohan Renewable Energy Pvt Ltd	-	3,750
		Ghaggar Renewable Energy Pvt Ltd	3,750	3,750
	Indori Renewable Energy Pvt Ltd	-	3,750	
	Kasavati Renewable Energy Pvt Ltd	-	3,750	
	Markanda Renewable Energy Pvt Ltd	-	3,750	
	Sirsa Renewable Energy Pvt Ltd	-	3,750	
	Tangri Renewable Energy Pvt Ltd	3,750	3,750	
	Yamuna Minor Minerals Pvt Ltd	3,750	3,750	
Satluj Renewable Energy Pvt Ltd	Satluj Renewable Energy Pvt Ltd	2,000	2,000	
	Aparna Infraenergy India Private Limited	15	15	
Ghaggar Renewable Energy Pvt Ltd	Aparna Infraenergy India Private Limited	15	15	

## 29. Details of Joint Ventures

- a) Details of Joint Ventures entered into by the Company.

Sr. No.	Name of the Joint Venture	% of Interest as at	
		September 30, 2014	December 31, 2013
1	Blue Water Iron Ore Terminal Private Ltd (BWOTPL) *	10.12%	10.12%
2	Indira Container Terminal Private Ltd	50.00%	50.00%
3	SEZ Adityapur Ltd	38.00%	38.00%
4	GIPL - GIL JV	95.00%	95.00%

All the above joint ventures entities are incorporated in India.

\* GIPL had entered into a Joint Venture agreement for 31% equity stake in BWOTPL. However, GIPL had contributed only 10.12% in the equity capital of BWOTPL. BWOTPL has initiated the process of liquidation and the group management believes that it does not have any obligation to further contribute in the equity capital of BWOTPL. Accordingly the interest is restricted to 10.12%.

# Notes

## to the financial statements for the Nine months period ended September 30, 2014

(All amounts in Indian Rupees unless otherwise stated)

### b) Details of share of Assets, Liabilities, Income, Expenditure and Capital Commitments in the Joint Ventures.

Name of the Joint Venture	Share of Assets	Share of Liabilities	Share of Income	Share of Expenditure	Share of Commitments	Contingent Liabilities
Blue Water Iron Ore Terminal Private Limited	124,677	295,420	-	-	-	-
	(124,677)	(295,420)	(2,478)	(144,399)	-	-
Indira Container Terminal Private Limited	3,086,405,696	2,831,130,664	-	15,196,955	3,139,877,262	-
	(2,754,093,336)	(2,483,621,349)	(92,174)	(18,740,141)	(1,325,565,941)	-
GIPL - GIL JV	67,731,994	67,742,668	1,088,410	1,177,927	-	-
	(758,703,442)	(758,714,116)	-	(10,674)	-	-
Sez Adityapur Limited	46,175	178,532	-	8,222	-	-
	(65,389)	(165,815)	-	(9,027)	-	-

The above figures pertaining to the Joint Venture Companies are based on the audited financial statements for the period ended September 30, 2014, except for Blue Water Iron Ore Terminal Private Ltd and Sez Adityapur Limited.

### 30. Related Party Disclosure

#### a. Relationships:

##### Entity where control exists:

- 1 Gammon India Limited - Ultimate Holding Company (w.e.f Sept 29, 2014)
- 2 Gammon Power Limited - Holding Company (w.e.f Sept 29, 2014)

##### Subsidiaries:

- 1 Andhra Expressway Limited
- 2 Aparna Infraenergy India Pvt Ltd
- 3 Birmitrapur Barkote Highway Pvt Ltd
- 4 Chitoor Infrastructure Company Private Limited
- 5 Cochin Bridge Infrastructure Company Limited
- 6 Dohan Renewable Energy Private Limited (upto 4/02/14)
- 7 Earthlink Infrastructure Projects Pvt Ltd
- 8 Gammon Logistics Limited
- 9 Gammon Projects Developers Limited
- 10 Gammon Renewable Energy Infrastructure Limited
- 11 Gammon Road Infrastructure Limited
- 12 Gammon Seaport Infrastructure Limited
- 13 Ghaggar Renewable Energy Private Limited
- 14 Gorakhpur Infrastructure Company Limited
- 15 Haryana Biomass Power Limited
- 16 Indori Renewable Energy Private Limited (upto 3/06/14)
- 17 Jaguar Projects Developers Limited
- 18 Kasavati Renewable Energy Private Limited (upto 4/02/14)
- 19 Kosi Bridge Infrastructure Company Limited
- 20 Lilac Infraprojects Developers Limited
- 21 Markanda Renewable Energy Private Limited (upto 3/06/14)
- 22 Marine Projects Services Limited
- 23 Mumbai Nasik Expressway Limited
- 24 Mormugao Terminal Limited
- 25 Pataliputra Highway Limited

- 26 Patna Buxar Highway Limited
- 27 Patna Highway Projects Limited
- 28 Pravara Renewable Energy Limited
- 29 Ras Cities and Townships Private Limited
- 30 Rajahmundry Expressway Limited
- 31 Rajahmundry Godavari Bridge Limited
- 32 Satluj Renewable Energy Private Limited
- 33 Segue Infrastructure Projects Pvt Ltd
- 34 Sidhi Singrauli Road Project Ltd
- 35 Sikkim Hydro Power Ventures Limited
- 36 Sirsa Renewable Energy Private Limited (upto 30/07/14)
- 37 Tada Infra Development Company Limited
- 38 Tangri Renewable Energy Private Limited
- 39 Tidong Hydro Power Limited
- 40 Vijaywada Gundugolanu Road Project Pvt Ltd
- 41 Vizag Seaport Private Limited
- 42 Yamuna Minor Minerals Private Limited
- 43 Yamunanagar Panchkula Highway Pvt Ltd
- 44 Youngthang Power Ventures Limited

##### Joint Ventures:

- 1 Blue Water Iron Ore Terminal Private Limited
- 2 Indira Container Terminal Private Limited
- 3 SEZ Adityapur Limited
- 4 GIPL - GIL JV

##### Associates:

- 1 Eversun Sparkle Maritime Services Limited
- 2 ATSL Infrastructure Projects Limited
- 3 Modern Tollroads Limited

##### Key Management Personnel:

- 1 Abhijit Rajan
- 2 Kishor Kumar Mohanty
- 3 Parag Parikh

# Notes

## to the financial statements for the Nine months period ended September 30, 2014

(All amounts in Indian Rupees unless otherwise stated)

### b) Details of related parties transactions for the period ended on September 30, 2014.

(Amounts in brackets relate to December 31, 2013)

Transactions	Ultimate Holding Company	Subsidiaries	Associates / Joint Ventures & Partnerships	Key Management Personnel	Total
<b>Operations &amp; Maintenance Income :</b>	<b>158,472,646</b>	<b>108,750,000</b>	-	-	<b>267,222,646</b>
	<b>(152,306,852)</b>	<b>(86,250,000)</b>	-	-	<b>(238,556,852)</b>
- Gammon India Ltd	158,472,646	-	-	-	158,472,646
	<b>(152,306,852)</b>	-	-	-	<b>(152,306,852)</b>
- Mumbai Nasik Expressway Ltd	-	108,750,000	-	-	108,750,000
	-	<b>(86,250,000)</b>	-	-	<b>(86,250,000)</b>
<b>Developer's Fees :</b>	-	<b>10,059,652</b>	-	-	<b>10,059,652</b>
	-	<b>(26,863,372)</b>	-	-	<b>(26,863,372)</b>
- Sidhi Singrauli Road Project Ltd	-	10,059,652	-	-	10,059,652
	-	<b>(26,863,372)</b>	-	-	<b>(26,863,372)</b>
<b>Advisory Fees &amp; other services:</b>	-	<b>31,149,875</b>	-	-	<b>31,149,875</b>
	-	<b>(131,489,475)</b>	-	-	<b>(131,489,475)</b>
- Pravara Renewable Energy Ltd	-	31,149,875	-	-	31,149,875
	-	<b>(131,489,475)</b>	-	-	<b>(131,489,475)</b>
<b>Rent Paid :</b>	-	<b>6,427,610</b>	-	-	<b>6,427,610</b>
	-	<b>(6,441,599)</b>	-	-	<b>(6,441,599)</b>
- Youngthang Power Ventures Ltd	-	6,427,610	-	-	6,427,610
	-	<b>(6,441,599)</b>	-	-	<b>(6,441,599)</b>
<b>EPC income:</b>	-	<b>477,472,288</b>	-	-	<b>477,472,288</b>
	-	<b>(103,882,507)</b>	-	-	<b>(103,882,507)</b>
- Sidhi Singrauli Road Project Ltd	-	477,472,288	-	-	477,472,288
	-	<b>(103,882,507)</b>	-	-	<b>(103,882,507)</b>
<b>Share application money paid :</b>	-	<b>13,360,000</b>	-	-	<b>13,360,000</b>
	-	<b>(1,008,600,000)</b>	-	-	<b>(1,008,600,000)</b>
- Sidhi Singrauli Road Project Ltd	-	13,360,000	-	-	13,360,000
	-	<b>(1,008,600,000)</b>	-	-	<b>(1,008,600,000)</b>
<b>Advance received for Client:</b>	<b>168,371,429</b>	<b>833,115,352</b>	-	-	<b>1,001,486,781</b>
	-	<b>(1,462,500,000)</b>	-	-	<b>(1,462,500,000)</b>
- Gammon India Ltd	168,371,429	-	-	-	168,371,429
	-	-	-	-	-
- Mumbai Nasik Expressway Ltd	-	122,500,000	-	-	122,500,000
	-	-	-	-	-
- Sidhi Singrauli Road Project Ltd	-	-	-	-	-
	-	<b>(1,462,500,000)</b>	-	-	<b>(1,462,500,000)</b>
<b>Amount liquidated/adjusted towards the above finance:</b>	<b>158,472,646</b>	<b>583,348,287</b>	-	-	<b>741,820,933</b>
	-	-	-	-	-
- Gammon India Ltd	158,472,646	-	-	-	158,472,646
	-	-	-	-	-
- Sidhi Singrauli Road Project Ltd	-	91,666,358	-	-	91,666,358
	-	-	-	-	-
- Yamunanagar Panchkula Highway Pvt Ltd	-	127,144,364	-	-	127,144,364
	-	-	-	-	-
<b>Provision for current assets, loans &amp; advance:</b>	-	<b>1,401,833</b>	-	-	<b>1,401,833</b>
	-	-	-	-	-
- Gammon Logistics Ltd	-	1,401,833	-	-	1,401,833
	-	-	-	-	-
<b>Provision for ICD:</b>	-	<b>152,248,441</b>	-	-	<b>152,248,441</b>
	-	-	-	-	-
- Birmitrapur Barkote Highway Pvt Ltd	-	60,802,515	-	-	60,802,515
	-	-	-	-	-
- Yamunanagar Panchkula Highway Pvt Ltd	-	91,445,926	-	-	91,445,926
	-	-	-	-	-
<b>Managerial Remuneration :</b>	-	-	-	-	-
- Mr. K. K. Mohanty	-	-	-	17,319,150	17,319,150
	(-)	(-)	(-)	(19,037,738)	(19,037,738)
- Mr. R. K. Malhotra	-	-	-	-	-
	(-)	(-)	(-)	(804,417)	(804,417)
- Mr. Parag Parikh	-	-	-	6,557,025	6,557,025
	(-)	(-)	(-)	(7,943,859)	(7,943,859)

# Notes

## to the financial statements for the Nine months period ended September 30, 2014

(All amounts in Indian Rupees unless otherwise stated)

Transactions	(Amounts in brackets relate to December 31, 2013)				Total
	Ultimate Holding Company	Subsidiaries	Associates / Joint Ventures & Partnerships	Key Management Personnel	
<b>ESOP's granted (no. of options) :</b>					
- Mr. K. K. Mohanty	-	-	-	-	-
	(-)	(-)	(-)	(2,500,000)	(2,500,000)
- Mr. Parag Parikh	-	-	-	-	-
	(-)	(-)	(-)	(400,000)	(400,000)
<b>Investment in equity shares of:</b>	-	<b>13,360,000</b>	-	-	<b>13,360,000</b>
	-	<b>(1,008,600,000)</b>	-	-	<b>(1,008,600,000)</b>
- Sidhi Singrauli Road Project Ltd	-	13,360,000	-	-	13,360,000
	(-)	(1,008,600,000)	(-)	(-)	(1,008,600,000)
<b>Inter corporate loans given to:</b>	-	<b>731,852,721</b>	<b>240,407,000</b>	-	<b>972,259,721</b>
	-	<b>(252,520,000)</b>	<b>(60,924,788)</b>	-	<b>(313,444,788)</b>
- Gorakhpur Infrastructure Co. Ltd	-	731,852,721	-	-	731,852,721
	-	(252,520,000)	-	-	(252,520,000)
- Indira Container Terminal Ltd	-	-	240,407,000	-	240,407,000
	-	-	(60,924,788)	-	(60,924,788)
<b>Refund of inter corporate loans given:</b>	-	<b>1,443,736,093</b>	-	-	<b>1,443,736,093</b>
	-	<b>(189,140,180)</b>	-	-	<b>(189,140,180)</b>
- Kosi Bridge Infrastructure Co. Ltd	-	245,541,093	-	-	245,541,093
	-	(187,620,180)	-	-	(187,620,180)
- Rajahmundry Godavari Bridge Ltd	-	493,100,000	-	-	493,100,000
	-	-	-	-	-
- Sidhi Singrauli Road Project Ltd	-	705,095,000	-	-	705,095,000
	-	(1,520,000)	-	-	(1,520,000)
<b>Expenses incurred/payments made by the Company on behalf of:</b>	-	<b>239,072,508</b>	-	-	<b>239,072,508</b>
	-	<b>(45,028,375)</b>	-	-	<b>(45,028,375)</b>
- Mumbai Nasik Expressway Ltd	-	63,413,304	-	-	63,413,304
	-	(19,667,645)	-	-	(19,667,645)
- Mormugao Terminal Ltd	-	41,927,878	-	-	41,927,878
	-	(7,596,089)	-	-	(7,596,089)
- Patna Buxar Highway Ltd	-	133,731,326	-	-	133,731,326
	-	(17,764,641)	-	-	(17,764,641)
<b>Amount liquidated towards the above finance</b>	-	<b>105,191,513</b>	-	-	<b>105,191,513</b>
	-	-	-	-	-
- Mormugao Terminal Ltd	-	20,835,707	-	-	20,835,707
	-	-	-	-	-
- Patna Buxar Highway Ltd	-	52,812,681	-	-	52,812,681
	-	-	-	-	-
- Sidhi Singrauli Road Project Ltd	-	15,026,409	-	-	15,026,409
	-	-	-	-	-
- Youngthang Power Ventures Ltd	-	16,516,716	-	-	16,516,716
	-	-	-	-	-
<b>Interest income during the period :</b>	-	-	<b>14,697,799</b>	-	<b>14,697,799</b>
	-	-	<b>(8,008,061)</b>	-	<b>(8,008,061)</b>
- Indira Container Terminal Pvt Ltd	-	-	14,697,799	-	14,697,799
	-	-	(8,008,061)	-	(8,008,061)
<b>Inter corporate borrowings taken from:</b>	-	<b>849,752,000</b>	-	-	<b>849,752,000</b>
	-	<b>(182,600,000)</b>	-	-	<b>(182,600,000)</b>
- Andhra Expressway Ltd	-	308,852,000	-	-	308,852,000
	-	(59,600,000)	-	-	(59,600,000)
- Rajahmundry Expressway Ltd	-	377,400,000	-	-	377,400,000
	-	(123,000,000)	-	-	(123,000,000)
- Kosi Bridge Infrastructure Co. Ltd	-	163,500,000	-	-	163,500,000
	-	-	-	-	-

# Notes

## to the financial statements for the Nine months period ended September 30, 2014

(All amounts in Indian Rupees unless otherwise stated)

Transactions	(Amounts in brackets relate to December 31, 2013)					Total
	Ultimate Holding Company	Subsidiaries	Associates / Joint Ventures & Partnerships	Key Management Personnel		
<b>Refund of inter corporate borrowings taken earlier:</b>	-	<b>42,229,801</b>	-	-	-	<b>42,229,801</b>
- Kosi Bridge Infrastructure Co. Ltd	-	42,229,801	-	-	-	42,229,801
	-	-	-	-	-	-
<b>Finance received for Security Deposit for Director Appointment:</b>						
- Andhra Expressway Ltd	-	300,000	-	-	-	300,000
	-	-	-	-	-	-
- Cochin Bridge Infrastructure Co. Ltd	-	300,000	-	-	-	300,000
	-	-	-	-	-	-
- Gammon India Ltd	-	-	-	-	-	-
	-	-	-	-	-	-
- Gammon Logistics Ltd	-	100,000	-	-	-	100,000
	-	-	-	-	-	-
- Gammon Project Developers Ltd	-	100,000	-	-	-	100,000
	-	-	-	-	-	-
- Gammon Road Infrastructure Ltd	-	300,000	-	-	-	300,000
	-	-	-	-	-	-
- Gammon Seaport Infrastructure Ltd	-	300,000	-	-	-	300,000
	-	-	-	-	-	-
- Gorakhpur Infrastructure Co. Ltd	-	300,000	-	-	-	300,000
	-	-	-	-	-	-
- Jaguar Project Developers Ltd	-	100,000	-	-	-	100,000
	-	-	-	-	-	-
- Lilac Infraprojects Developers Ltd	-	200,000	-	-	-	200,000
	-	-	-	-	-	-
- Mumbai Nasik Expressway Ltd	-	200,000	-	-	-	200,000
	-	-	-	-	-	-
- Marine Project Services Ltd	-	200,000	-	-	-	200,000
	-	-	-	-	-	-
- Mormugao Terminal Ltd	-	100,000	-	-	-	100,000
	-	-	-	-	-	-
- Patliputra Highway Ltd	-	200,000	-	-	-	200,000
	-	-	-	-	-	-
- Patna Buxar Highway Ltd	-	100,000	-	-	-	100,000
	-	-	-	-	-	-
- Patna Highway Projects Ltd	-	200,000	-	-	-	200,000
	-	-	-	-	-	-
- Rajahmundry Godavari Bridge Ltd	-	200,000	-	-	-	200,000
	-	-	-	-	-	-
- Rajahmundry Expressway Ltd	-	300,000	-	-	-	300,000
	-	-	-	-	-	-
- Sidhi Singrauli Road Project Ltd	-	100,000	-	-	-	100,000
	-	-	-	-	-	-
- Sikkim Hydro Power Ventures Ltd	-	200,000	-	-	-	200,000
	-	-	-	-	-	-
- Tada Infra Developers Co. Ltd.	-	200,000	-	-	-	200,000
	-	-	-	-	-	-
- Tidong Hydro Power Ltd	-	100,000	-	-	-	100,000
	-	-	-	-	-	-
- Vijaywada Gundugolanu Raod Project Pvt Ltd	-	100,000	-	-	-	100,000
	-	-	-	-	-	-

# Notes

## to the financial statements for the Nine months period ended September 30, 2014

(All amounts in Indian Rupees unless otherwise stated)

Transactions	Ultimate Holding Company	(Amounts in brackets relate to December 31, 2013)			Total
		Subsidiaries	Associates / Joint Ventures & Partnerships	Key Management Personnel	
<b>Refund of Security Deposit for Director Appointment:</b>					
- Andhra Expressway Ltd	-	300,000	-	-	300,000
- Cochin Bridge Infrastructure Co. Ltd	-	300,000	-	-	300,000
- Gammon India Ltd	-	-	-	-	-
- Gammon Logistics Ltd	-	100,000	-	-	100,000
- Gammon Project Developers Ltd	-	100,000	-	-	100,000
- Gammon Road Infrastructure Ltd	-	300,000	-	-	300,000
- Gammon Seaport Infrastructure Ltd	-	300,000	-	-	300,000
- Gorakhpur Infrastructure Co. Ltd	-	300,000	-	-	300,000
- Jaguar Project Developers Ltd	-	100,000	-	-	100,000
- Lilac Infraprojects Developers Ltd	-	200,000	-	-	200,000
- Mumbai Nasik Expressway Ltd	-	200,000	-	-	200,000
- Marine Project Services Ltd	-	200,000	-	-	200,000
- Mormugao Terminal Ltd	-	100,000	-	-	100,000
- Patliputra Highway Ltd	-	200,000	-	-	200,000
- Patna Buxar Highway Ltd	-	100,000	-	-	100,000
- Patna Highway Projects Ltd	-	200,000	-	-	200,000
- Rajahmundry Godavari Bridge Ltd	-	200,000	-	-	200,000
- Rajahmundry Expressway Ltd	-	300,000	-	-	300,000
- Sidhi Singrauli Road Project Ltd	-	100,000	-	-	100,000
- Sikkim Hydro Power Ventures Ltd	-	200,000	-	-	200,000
- Tada Infra Development Co Ltd	-	200,000	-	-	200,000
- Tidong Hydro Power Ltd	-	100,000	-	-	100,000
- Vijaywada Gundugolanu Raod Project Pvt Ltd	-	100,000	-	-	100,000

# Notes

## to the financial statements for the Nine months period ended September 30, 2014

(All amounts in Indian Rupees unless otherwise stated)

Transactions	(Amounts in brackets relate to December 31, 2013)					Total
	Ultimate Holding Company	Subsidiaries	Associates / Joint Ventures & Partnerships	Key Management Personnel		
<b>Interest expenses during the year:</b>	-	<b>201,295,257</b>	-	-	-	<b>201,295,257</b>
	-	<b>(169,040,266)</b>	-	-	-	<b>(169,040,266)</b>
- Mumbai Nasik Expressway Ltd	-	96,481,086	-	-	-	96,481,086
	-	(62,232,669)	-	-	-	(62,232,669)
- Vizag Seaport Pvt Ltd	-	104,814,171	-	-	-	104,814,171
	-	(106,807,597)	-	-	-	(106,807,597)
<b>Bank / Corporate Guarantees issued by the Company :</b>	-	<b>3,743,351,104</b>	<b>357,626,000</b>	-	-	<b>4,100,977,104</b>
	-	<b>(5,089,596,400)</b>	<b>(357,626,000)</b>	-	-	<b>(5,447,222,400)</b>
- Aparna Infraenergy India Pvt Ltd	-	158,361,000	-	-	-	158,361,000
	-	(158,361,000)	-	-	-	(158,361,000)
- Cochin Bridge Infrastructure Co Ltd	-	107,417,333	-	-	-	107,417,333
	-	(118,000,000)	-	-	-	(118,000,000)
- Gorakhpur Infrastructure Co. Ltd	-	180,072,000	-	-	-	180,072,000
	-	(600,072,000)	-	-	-	(600,072,000)
- Indira Container Terminal Pvt Ltd	-	-	357,626,000	-	-	357,626,000
	-	-	(357,626,000)	-	-	(357,626,000)
- Kosi Bridge Infrastructure Co. Ltd	-	125,412,000	-	-	-	125,412,000
	-	(125,412,000)	-	-	-	(125,412,000)
- Mumbai Nasik Expressway Ltd	-	2,309,077,571	-	-	-	2,309,077,571
	-	(2,347,040,200)	-	-	-	(2,347,040,200)
- Patna Buxar Highways Ltd	-	-	-	-	-	-
	-	(564,600,000)	-	-	-	(564,600,000)
- Vijaywada Gundugolanu Raod Project Pvt Ltd	-	331,411,200	-	-	-	331,411,200
	-	(331,411,200)	-	-	-	(331,411,200)
- Vizag Seaport Pvt Ltd	-	96,000,000	-	-	-	96,000,000
	-	(-)	-	-	-	(-)
- Sidhi Singrauli Road Project Ltd	-	435,600,000	-	-	-	435,600,000
	-	(435,600,000)	-	-	-	(435,600,000)
- Birmitrapur Barkote Highway Pvt Ltd	-	-	-	-	-	-
	-	(389,100,000)	-	-	-	(389,100,000)
- Mormugao Terminal Ltd	-	-	-	-	-	-
	-	(20,000,000)	-	-	-	(20,000,000)
<b>Oustanding balances receivable :</b>	-	<b>3,569,875,290</b>	-	-	-	<b>3,569,875,290</b>
	-	<b>(2,587,159,620)</b>	-	-	-	<b>(2,587,159,620)</b>
- Gorakhpur Infrastructure Company Ltd	-	2,623,950,302	-	-	-	2,623,950,302
	-	(1,753,288,020)	-	-	-	(1,753,288,020)
- Patna Highway Projects Ltd	-	945,924,988	-	-	-	945,924,988
	-	(833,871,600)	-	-	-	(833,871,600)
<b>Oustanding Balances Payable :</b>	-	<b>4,289,627,594</b>	-	-	-	<b>4,289,627,594</b>
	-	<b>(3,518,400,400)</b>	-	-	-	<b>(3,518,400,400)</b>
- Mumbai Nasik Expressway Ltd	-	1,238,748,506	-	-	-	1,238,748,506
	-	(1,141,263,469)	-	-	-	(1,141,263,469)
- Rajahmundry Expressway Ltd	-	771,969,465	-	-	-	771,969,465
	-	(515,376,218)	-	-	-	(515,376,218)
- Sidhi Singrauli Road Project Ltd	-	1,082,615,562	-	-	-	1,082,615,562
	-	(746,814,408)	-	-	-	(746,814,408)
- Vizag Seaport Pvt Ltd	-	1,196,294,061	-	-	-	1,196,294,061
	-	(1,114,946,305)	-	-	-	(1,114,946,305)

## Notes

### to the financial statements for the Nine months period ended September 30, 2014

(All amounts in Indian Rupees unless otherwise stated)

#### 31. Commitments

Particulars	September 30, 2014	December 31, 2013
Capital Commitments:	-	-
Other Commitments:		
- Share of equity commitment in SPV's	8,565,317,859	14,559,054,218
- Buyback / purchase of shares of subsidiaries	999,818,173	1,314,733,521
	<b>9,565,136,032</b>	<b>15,873,787,739</b>

#### 32. Contingent Liabilities

- 1) Guarantees:
    - a) The Company has issued Corporate Guarantees as a security for loan availed by its subsidiaries, amounting to ₹ 1,782,994,904 (previous period ₹ 2,245,000,000)
    - b) Counter Guarantees given to the bankers for the guarantees given by them on our behalf ₹ 2,928,962,991 (previous period ₹ 3,724,586,200).
  - 2) Disputed demand in respect of assessment year 2007-08 u/s 271(1)(c) amounting to ₹ 13,440,400 (previous period ₹ 13,440,400) not provided for. The Company has contested the demand and the management believes that its position will likely be upheld in the appellate process.
33. Pravara Renewable Energy Limited (PREL - a wholly owned subsidiary of the Company) had filed a petition in the Hon. Bombay High Court for approval of the Scheme for its merger with the Company which has since been withdrawn.
34. During the period, two subsidiaries namely Birmitrapur Barkote Highway Private Limited and Yamunanagar Panchkula Highway Private Limited have terminated the contracts with NHAI on mutually acceptable terms primarily due to non-availability of Right of Way to the site and Environment and Forest clearances. The Investments, advances and receivables in this regards are fully provided. The same has been shown as an exceptional item.
35. The Company has executed an agreement in the previous period with Simplex Infrastructures Limited (SIL) to terminate shareholders agreement for purchasing 49% in Maa Durga Expressways Private Limited (MDEPL). With this agreement the shares of MDEPL will be sold back to SIL at cost.
36. During the period, the Mormugao Port Trust ('MPT') has unilaterally sought to terminate the Concession Agreement for a project, with a Subsidiary, citing non-compliance with certain terms of the agreement. MPT also encashed the bid security bank guarantee for ₹ 20,000,000/-. The subsidiary has taken necessary action in the matter including filing for arbitration. The Company's exposure including investments and loans and advances is around ₹ 57,015,678/-. Pending outcome of the arbitration proceedings, no adjustments have been made to the financial statements. The management believes that it has a strong case in this matter.
37. One of the subsidiary of the Company 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 their letter dated August 29, 2014, the NHAI unilaterally terminated the concession agreement and also invoked the bank guarantees to the tune of ₹ 112,911,000/-. The subsidiary has since, on October 22, 2014 referred the dispute to a conciliation procedure, as 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 Company's total exposure to this project includes investments and loans and advances of ₹ 817,559,289/- Pending conclusion of the conciliation procedure and reliefs under the terms of the concession agreement, no adjustments have been made to the financials.
38. During the current period, The Greater Cochin Development Authority has sought to end / obstruct the toll collection by a subsidiary by unilaterally sealing the toll booth. The subsidiary believes it has the right to collect toll at the bridge till April 27, 2020. Further necessary legal recourse is being initiated. The Company's exposure includes investments and loans and advances of ₹ 132,604,681/- and Corporate guarantee of ₹ 97,417,333/-. The Company is confident that the subsidiary has a strong case in this matter. Pending outcome of the legal proceeding, no adjustments have been made in the financials.



## Notes

### to the financial statements for the Nine months period ended September 30, 2014

(All amounts in Indian Rupees unless otherwise stated)

39. During the current period, one of the subsidiary which has a license to develop a hydro power project in Himachal Pradesh has initiated correspondence with the State Government for exiting from the project primarily due to inability of the state government in resolving the local agitations related to environmental issues because of which the subsidiary was forced to stop its geological studies at the project site. The Company's exposure includes investments and loans and advances of ₹ 708,037,218/-. 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.
40. In one of the Joint Venture entity which is engaged in development of a container terminal, there are cost overruns and defaults in payment of debt obligations because of delays in the project execution due to non-fulfilment of certain conditions by the Mumbai Port Trust ('Licensor'). Further the joint venture has incurred a loss of ₹ 30,393,909/- during the period and its current liabilities exceeds current assets by ₹ 1,351,817,459/- as on September 30, 2014. These conditions indicates existence of significant doubt and material uncertainty regarding the JV'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 being appraised by the Lead banker and recommended for sanction), temporary utilisation of constructed berths and claim for cost overruns on the Client. The management is confident of addressing financial crunch and viability of the project and hence the accounts of that JV have been prepared on going concern basis.
41. During the period, the Company has incurred cash loss and its Current Liabilities exceeds Current Assets by ₹ 4,077,265,506/- as at September 30, 2014 (₹ 4,570,946,831/- as on December 31, 2013). The Company is taking various steps to meet its commitments, both, short term and long term in nature. The Company intends to monetise some of its mature assets and securitise some of its future receivables. Based on detailed evaluation of the current situation, plans formulated and active discussions underway with various stakeholders, management is confident that the going concern assumption and the carrying values of the assets and liabilities in these unaudited financial results are appropriate. Accordingly the accompanying financial results do not include any adjustments that may result from these uncertainties.
42. In the opinion of the Board of Directors, all assets other than fixed assets and non-current investments have a value on realization in the ordinary course of business at least equal to the amount at which they are stated in the Balance Sheet.
43. **Lease**  
The Company has taken office premises on leave and license basis which are cancellable contracts.
44. **Segment Reporting**  
The Company's operations constitutes a single business segment namely "Infrastructure Development" as per AS 17. Further, the Company's operations are within single geographical segment which is India.
45. **Derivative Instruments and Unhedged Foreign Currency Exposure**  
There are no derivative instruments outstanding as at September 30, 2014 and as at December 31, 2013. The Company has no foreign currency exposure towards liability outstanding as at September 30, 2014 and as at December 31, 2013.
46. **Prior Period comparatives**  
Prior year figures have been regrouped / reclassified wherever necessary. The current period is from 1st January 2014 to 30th September 2014. The comparative figures for the previous period are for a period from 1st April 2013 to 31st December 2013. The figures for both these periods are therefore not strictly comparable.

As per our report of even date

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

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

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

**Kishor Kumar Mohanty**  
Managing Director  
DIN: 00080498

**C. C. Dayal**  
Director  
DIN: 00178583

**N Jayendran**  
Partner  
Membership No. : 40441

**per Jayesh Gandhi**  
Partner  
Membership No. : 37924

**Monesh Bhansali**  
CFO

**G. Sathis Chandran**  
Company Secretary  
Membership No. : ACS 11848

Place : Mumbai  
Date : November 18, 2014

Place : Mumbai  
Date : November 18, 2014

# Statement pursuant to section 212 of the companies act, 1956, relating to the subsidiary companies

(All amounts in Indian Rupees unless otherwise stated)

Name of Subsidiaries	Andhra Expressway Limited	Aparna Infraenergy India Private Limited	Birmitrapur Barkote Highway Private Limited	Cochin Bridge Infrastructure Company Limited	Chittoor Infra Company Private Limited	Dohan Renewable Energy Private Limited
	September 30, 2014	September 30, 2014	September 30, 2014	September 30, 2014	September 30, 2014	Refer note (B)
1 The Financial Year of the Subsidiaries ended	September 30, 2014	September 30, 2014	September 30, 2014	September 30, 2014	September 30, 2014	Refer note (B)
2 Shares of the Subsidiary Companies held by the holding company, Gammon Infrastructure Projects Ltd						
1) Numbers						
a) Legal ownership	21,459,950	-	10,000	6,250,070	-	-
b) Beneficial ownership (refer note A)	7,540,050	-	-	-	10,000	-
c) Held by Subsidiaries of the Company	-	500,000	-	-	-	10,000
2) Extent of Holding (including beneficial ownership)	100.00%	100.00%	100.00%	97.66%	100.00%	10.00%
3 The net aggregate amount of Profit / Losses of the Subsidiaries Companies so far as they concern the members of Gammon Infrastructure Projects Ltd were:						
i) Dealt with in the accounts of Gammon Infrastructure Projects Ltd amounted to :						
a) For subsidiaries' financial period ended on September 30, 2014						
b) For previous financial years of the subsidiaries' since these became subsidiaries of Gammon Infrastructure Projects Ltd						
ii) Not dealt with in the accounts of Gammon Infrastructure Projects Ltd amounts to :						
a) For subsidiaries' financial period ended on September 30, 2014	60,789,049	(88,650)	(108,406,812)	(7,705,972)	(993,604)	450
b) For previous financial years of the subsidiaries' since these became subsidiaries of Gammon Infrastructure Projects Ltd	346,369,042	(233,607)	(377,544)	38,610,326	(59,106)	(10,450)
a) Issued and Paid-up Equity Share Capital	290,000,000	500,000	100,000	64,000,700	100,000	100,000
b) Reserves	407,158,091	(322,257)	(108,784,356)	31,646,050	(1,052,710)	(100,000)
c) Total Assets	1,888,674,254	395,917,579	991,090	270,148,040	40,922,787	-
d) Total Liabilities	1,254,890,327	395,739,836	109,675,446	174,501,289	41,875,497	-
e) Investments (except in case of investment in subsidiaries)	63,374,164	-	-	-	-	-
f) Turnover	418,680,000	-	-	11,067,330	-	-
g) Profit/ (Loss) before Taxation	57,043,167	(88,650)	(108,406,812)	(7,890,913)	(993,604)	4,500
h) Provision for Taxation including Deferred Tax	(3,745,882)	-	-	-	-	-
i) Profit / (Loss) After Taxation	60,789,049	(88,650)	(108,406,812)	(7,890,913)	(993,604)	4,500
j) Proposed Dividend including Tax on Dividend	-	-	-	-	-	-

Notes:

(A) As part of its overall business plans, the Company has been acquiring beneficial, controlling interest and voting rights from its group companies in consideration of payment of deposit which, along with the direct shareholdings, has resulted in the Company having control over 51% in various subsidiaries.

(B) This Subsidiary was dissolved during the period ended September 30, 2014.

# Statement pursuant to section 212 of the companies act, 1956, relating to the subsidiary companies

(All amounts in Indian Rupees unless otherwise stated)

Name of Subsidiaries	September 30, 2014	September 30, 2014	September 30, 2014	September 30, 2014	September 30, 2014	September 30, 2014
1 The Financial Year of the Subsidiaries ended	September 30, 2014	September 30, 2014	September 30, 2014	September 30, 2014	September 30, 2014	September 30, 2014
2 Shares of the Subsidiary Companies held by the holding company, Gammon Infrastructure Projects Ltd						
1) Numbers						
a) Legal ownership	-	2,550,000	250,000	50,000	50,000	50,000
b) Beneficial ownership (refer note A)	10,000	-	-	-	-	-
c) Held by Subsidiaries of the Company	-	-	-	-	-	-
2) Extent of Holding (including beneficial ownership)	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
3 The net aggregate amount of Profit / Losses of the Subsidiaries Companies so far as they concern the members of Gammon Infrastructure Projects Ltd were:						
i) Dealt with in the accounts of Gammon Infrastructure Projects Ltd amounted to :						
a) For subsidiaries' financial period ended on September 30, 2014	(6,263,700)	(6,492,513)	(203,735)	(249,884)	(147,944)	(136,032)
b) For previous financial years of the subsidiaries' since these became subsidiaries of Gammon Infrastructure Projects Ltd	(69,180)	(42,376,489)	(3,375,286)	(1,277,759)	(8,969,517)	(72,819)
ii) Not dealt with in the accounts of Gammon Infrastructure Projects Ltd amounts to :						
a) For subsidiaries' financial period ended on September 30, 2014						
b) For previous financial years of the subsidiaries' since these became subsidiaries of Gammon Infrastructure Projects Ltd						
a) Issued and Paid-up Equity Share Capital	100,000	25,500,000	2,500,000	500,000	500,000	500,000
b) Reserves	(6,332,880)	(48,869,002)	(3,579,021)	(1,527,643)	(9,117,461)	(208,851)
c) Total Assets	152,855,958	341,067	3,212,910	51,860,000	14,779,667	295,649
d) Total Liabilities	159,088,838	23,710,069	4,291,931	52,887,643	23,447,128	4,500
e) Investments (except in case of investment in subsidiaries)	-	-	-	-	50,000	-
f) Turnover	-	-	-	-	-	-
g) Profit/ (Loss) before Taxation	(6,263,700)	(8,392,513)	(203,735)	(249,884)	(172,944)	(136,032)
h) Provision for Taxation including Deferred Tax	-	(1,900,000)	-	-	(25,000)	-
i) Profit / (Loss) After Taxation	(6,263,700)	(6,492,513)	(203,735)	(249,884)	(147,944)	(136,032)
j) Proposed Dividend including Tax on Dividend	-	-	-	-	-	-

Notes:

(A) As part of its overall business plans, the Company has been acquiring beneficial, controlling interest and voting rights from its group companies in consideration of payment of deposit which, along with the direct shareholdings, has resulted in the Company having control over 51% in various subsidiaries.

# Statement pursuant to section 212 of the companies act, 1956, relating to the subsidiary companies

(All amounts in Indian Rupees unless otherwise stated)

Name of Subsidiaries	Ghagar 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
	September 30, 2014	September 30, 2014	September 30, 2014	Refer note (B)	September 30, 2014	Refer note (B)
1 The Financial Year of the Subsidiaries ended	September 30, 2014	September 30, 2014	September 30, 2014	Refer note (B)	September 30, 2014	Refer note (B)
2 Shares of the Subsidiary Companies held by the holding company, Gammon Infrastructure Projects Ltd						
1) Numbers						
a) Legal ownership	-	37,458,063	50,000	-	50,000	-
b) Beneficial ownership (refer note A)	-	14,947,238	-	-	-	-
c) Held by Subsidiaries of the Company	10,000	-	-	10,000	-	10,000
2) Extent of Holding (including beneficial ownership)	100.00%	96.53%	100.00%	100.00%	100.00%	100.00%
3 The net aggregate amount of Profit / Losses of the Subsidiaries Companies so far as they concern the members of Gammon Infrastructure Projects Ltd were:						
i) Dealt with in the accounts of Gammon Infrastructure Projects Ltd amounted to :						
a) For subsidiaries' financial period ended on September 30, 2014						
b) For previous financial years of the subsidiaries since these became subsidiaries of Gammon Infrastructure Projects Ltd						
ii) Not dealt with in the accounts of Gammon Infrastructure Projects Ltd amounts to :						
a) For subsidiaries' financial period ended on September 30, 2014	(16,936)	109,162,097	(12,976)	(9,521)	(10,233)	4,500
b) For previous financial years of the subsidiaries since these became subsidiaries of Gammon Infrastructure Projects Ltd	(865,645)	(551,445,617)	(13,293,180)	(22,396)	636,161	(104,500)
a) Issued and Paid-up Equity Share Capital	100,000	542,870,500	500,000	100,000	500,000	100,000
b) Reserves	(882,581)	(458,164,863)	(13,374,239)	(100,000)	625,928	(100,000)
c) Total Assets	122,477	7,191,793,504	150,241	-	1,130,428	-
d) Total Liabilities	905,058	7,237,432,361	13,024,480	-	4,500	-
e) Investments (except in case of investment in subsidiaries)	-	130,344,494	-	-	-	-
f) Turnover	-	729,000,000	-	-	-	-
g) Profit / (Loss) before Taxation	(16,936)	(91,615,959)	(12,976)	(9,521)	(10,233)	4,500
h) Provision for Taxation including Deferred Tax	-	(204,697,805)	-	-	-	-
i) Profit / (Loss) After Taxation	(16,936)	113,081,846	(12,976)	(9,521)	(10,233)	4,500
j) Proposed Dividend including Tax on Dividend	-	-	-	-	-	-

## Notes:

(A) As part of its overall business plans, the Company has been acquiring beneficial, controlling interest and voting rights from its group companies in consideration of payment of deposit which, along with the direct shareholdings, has resulted in the Company having control over 51% in various subsidiaries.

(B) This Subsidiary was dissolved during the period ended September 30, 2014.

# Statement pursuant to section 212 of the companies act, 1956, relating to the subsidiary companies

(All amounts in Indian Rupees unless otherwise stated)

Name of Subsidiaries	Kosi Bridge Infrastructure Company Limited	Lilac InfraProjects Developers Limited	Markanda Renewable Energy Private Limited	Marine Projects Services Limited	Mumbai Nasik Expressway Limited	Mormugao Terminal Limited
	September 30, 2014	September 30, 2014	Refer note (B)	September 30, 2014	September 30, 2014	September 30, 2014
1 The Financial Year of the Subsidiaries ended	September 30, 2014	September 30, 2014	Refer note (B)	September 30, 2014	September 30, 2014	September 30, 2014
2 Shares of the Subsidiary Companies held by the holding company, Gammon Infrastructure Projects Ltd						
1) Numbers						
a) Legal ownership	35,737,169	50,000	-	50,000	41,595,000	50,000
b) Beneficial ownership (refer note A)	12,562,831	-	-	-	-	-
c) Held by Subsidiaries of the Company	-	-	10,000	-	-	-
2) Extent of Holding (including beneficial ownership)	100.00%	100.00%	100.00%	100.00%	79.99%	100.00%
3 The net aggregate amount of Profit / Losses of the Subsidiaries Companies so far as they concern the members of Gammon Infrastructure Projects Ltd were:						
i) Dealt with in the accounts of Gammon Infrastructure Projects Ltd amounted to :						
a) For subsidiaries' financial period ended on September 30, 2014						
b) For previous financial years of the subsidiaries since these became subsidiaries of Gammon Infrastructure Projects Ltd						
ii) Not dealt with in the accounts of Gammon Infrastructure Projects Ltd amounts to :						
a) For subsidiaries' financial period ended on September 30, 2014	147,052,539	(96,032)	(3,130)	(10,768)	(10,168,134)	(20,174)
b) For previous financial years of the subsidiaries since these became subsidiaries of Gammon Infrastructure Projects Ltd	(192,000,480)	(93,699)	(96,870)	2,115,197	805,024,153	(106,864)
a) Issued and Paid-up Equity Share Capital	483,000,000	500,000	100,000	500,000	520,000,000	500,000
b) Reserves	(44,947,941)	(189,731)	(100,000)	2,104,429	993,689,458	(127,038)
c) Total Assets	4,301,130,513	399,769	-	2,608,929	9,863,074,772	57,549,325
d) Total Liabilities	3,867,206,505	89,500	-	4,500	8,349,385,314	57,176,363
e) Investments (except in case of investment in subsidiaries)	4,128,051	-	-	-	-	-
f) Turnover	1,149,759,513	-	-	-	1,093,562,112	-
g) Profit/ (Loss) before Taxation	144,378,224	(96,032)	(3,130)	(10,768)	(22,461,234)	(20,174)
h) Provision for Taxation including Deferred Tax	(2,674,315)	-	-	-	(9,749,539)	-
i) Profit / (Loss) After Taxation	147,052,539	(96,032)	(3,130)	(10,768)	(12,711,695)	(20,174)
j) Proposed Dividend including Tax on Dividend	-	-	-	-	-	-

Notes:

(A) As part of its overall business plans, the Company has been acquiring beneficial, controlling interest and voting rights from its group companies in consideration of payment of deposit which, along with the direct shareholdings, has resulted in the Company having control over 51% in various subsidiaries.

(B) This Subsidiary was dissolved during the period ended September 30, 2014.

# Statement pursuant to section 212 of the companies act, 1956, relating to the subsidiary companies

(All amounts in Indian Rupees unless otherwise stated)

Name of Subsidiaries	Patna Buxar Highways Limited	Pataliputra Highway Limited	Patna Highway Projects Limited	Pravara Renewable Energy Limited	Ras Cities and Townships Private Limited	Rajahmundry Expressway Limited
	September 30, 2014	September 30, 2014	September 30, 2014	September 30, 2014	September 30, 2014	September 30, 2014
1 The Financial Year of the Subsidiaries ended						
2 Shares of the Subsidiary Companies held by the holding company, Gammon Infrastructure Projects Ltd						
1) Numbers						
a) Legal ownership	56,114,703	15,000	2,500,000	17,400,000	-	21,459,950
b) Beneficial ownership (refer note A)	-	-	-	-	-	7,540,050
c) Held by Subsidiaries of the Company	-	-	-	-	10,000	-
2) Extent of Holding (including beneficial ownership)	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
3 The net aggregate amount of Profit / Losses of the Subsidiaries Companies so far as they concern the members of Gammon Infrastructure Projects Ltd were :						
i) Dealt with in the accounts of Gammon Infrastructure Projects Ltd amounted to :						
a) For subsidiaries' financial period ended on September 30, 2014						
b) For previous financial years of the subsidiaries' since these became subsidiaries of Gammon Infrastructure Projects Ltd						
ii) Not dealt with in the accounts of Gammon Infrastructure Projects Ltd amounts to :						
a) For subsidiaries' financial period ended on September 30, 2014	(163,086)	(353,822)	(569,964)	(69,077)	(10,269)	44,895,128
b) For previous financial years of the subsidiaries' since these became subsidiaries of Gammon Infrastructure Projects Ltd	(16,029,593)	(132,780,469)	(5,794,983)	(3,746,401)	639,358	415,874,122
a) Issued and Paid-up Equity Share Capital	561,147,030	1,500,000	25,000,000	174,000,000	100,000	290,000,000
b) Reserves	(55,715,159)	(133,131,095)	(6,466,954)	(3,932,996)	(1,560,535)	479,056,682
c) Total Assets	765,398,741	453,376,807	9,523,544,703	2,580,264,284	318,544,715	2,145,233,141
d) Total Liabilities	259,966,870	585,007,902	9,505,011,657	2,410,197,280	320,005,250	1,448,621,688
e) Investments (except in case of investment in subsidiaries)	-	-	-	-	-	72,445,229
f) Turnover	-	-	-	-	-	445,382,430
g) Profit/ (Loss) before Taxation	(39,685,566)	(350,626)	(671,971)	(186,595)	(2,199,893)	63,779,549
h) Provision for Taxation including Deferred Tax	-	-	-	-	-	596,989
i) Profit/ (Loss) After Taxation	(39,685,566)	(350,626)	(671,971)	(186,595)	(2,199,893)	63,182,560
j) Proposed Dividend including Tax on Dividend	-	-	-	-	-	-

Notes:

(A) As part of its overall business plans, the Company has been acquiring beneficial, controlling interest and voting rights from its group companies in consideration of payment of deposit which, along with the direct shareholdings, has resulted in the Company having control over 51% in various subsidiaries.

# Statement pursuant to section 212 of the companies act, 1956, relating to the subsidiary companies

(All amounts in Indian Rupees unless otherwise stated)

Name of Subsidiaries	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
	September 30, 2014	September 30, 2014	September 30, 2014	September 30, 2014	Refer note (B)	September 30, 2014
1 The Financial Year of the Subsidiaries ended	September 30, 2014	September 30, 2014	September 30, 2014	September 30, 2014	Refer note (B)	September 30, 2014
2 Shares of the Subsidiary Companies held by the holding company, Gammon Infrastructure Projects Ltd						
1) Numbers						
a) Legal ownership	126,078,750	4,000	62,735,942	-	-	170,410,000
b) Beneficial ownership (refer note A)	-	-	-	10,000	-	-
c) Held by Subsidiaries of the Company	-	6,000	-	-	10,000	-
2) Extent of Holding (including beneficial ownership)	71.43%	100.00%	100.00%	100.00%	100.00%	100.00%
3 The net aggregate amount of Profit / Losses of the Subsidiaries Companies so far as they concern the members of Gammon Infrastructure Projects Ltd were :						
i) Dealt with in the accounts of Gammon Infrastructure Projects Ltd amounted to :						
a) For subsidiaries' financial period ended on September 30, 2014						
b) For previous financial years of the subsidiaries' since these became subsidiaries of Gammon Infrastructure Projects Ltd						
ii) Not dealt with in the accounts of Gammon Infrastructure Projects Ltd amounts to :						
a) For subsidiaries' financial period ended on September 30, 2014	(103,933)	(14,346)	(6,134)	(7,897,010)	(3,476,061)	(5,197)
b) For previous financial years of the subsidiaries since these became subsidiaries of Gammon Infrastructure Projects Ltd	1,308,188,979	(2,060,323)	(5,681,590)	(68,251)	(88,862)	(7,945,934)
a) Issued and Paid-up Equity Share Capital	1,765,000,000	100,000	627,359,420	100,000	100,000	1,704,100,000
b) Reserves	1,830,368,399	(2,090,489)	(5,769,689)	(2,518,994)	(100,000)	(15,123,621)
c) Total Assets	9,432,022,330	2,769,011	1,206,447,025	30,539	-	3,251,345,539
d) Total Liabilities	5,836,653,931	4,759,500	584,857,294	2,449,533	-	1,562,369,160
e) Investments (except in case of investment in subsidiaries)	-	-	-	-	-	-
f) Turnover	-	-	-	-	-	18,766,541
g) Profit/ (Loss) before Taxation	(104,083)	(30,166)	(88,099)	(2,450,743)	(11,138)	(7,177,687)
h) Provision for Taxation including Deferred Tax	885,735	-	-	-	-	-
i) Profit / (Loss) After Taxation	(989,818)	(30,166)	(88,099)	(2,450,743)	(11,138)	(7,177,687)
j) Proposed Dividend including Tax on Dividend	-	-	-	-	-	-

#### Notes:

(A) As part of its overall business plans, the Company has been acquiring beneficial, controlling interest and voting rights from its group companies in consideration of payment of deposit which, along with the direct shareholdings, has resulted in the Company having control over 51% in various subsidiaries.

(B) This Subsidiary was dissolved during the period ended September 30, 2014.

# Statement pursuant to section 212 of the companies act, 1956, relating to the subsidiary companies

(All amounts in Indian Rupees unless otherwise stated)

Name of Subsidiaries	Tada Infra Development Company Limited	Tangri Renewable Energy Private Limited	Tidong Hydro Power Limited	Vijayawada Gundugolanu Road Project Private Limited
	September 30, 2014	September 30, 2014	September 30, 2014	September 30, 2014
1 The Financial Year of the Subsidiaries ended				
2 Shares of the Subsidiary Companies held by the holding company, Gammon Infrastructure Projects Ltd				
1) Numbers				
a) Legal ownership	50,000	-	-	10,000
b) Beneficial ownership (refer note A)	-	-	25,500	-
c) Held by Subsidiaries of the Company	-	10,000	-	-
2) Extent of Holding (including beneficial ownership)	100.00%	100.00%	51.00%	100.00%
3 The net aggregate amount of Profit / Losses of the Subsidiaries Companies so far as they concern the members of Gammon Infrastructure Projects Ltd were:				
i) Dealt with in the accounts of Gammon Infrastructure Projects Ltd amounted to :				
a) For subsidiaries' financial period ended on September 30, 2014	(12,037)	(17,160)	(3,023)	1,781,662
b) For previous financial years of the subsidiaries' since these became subsidiaries of Gammon Infrastructure Projects Ltd	(1,817,178)	(90,798)	(61,037)	(6,910,371)
ii) Not dealt with in the accounts of Gammon Infrastructure Projects Ltd amounts to :				
a) For subsidiaries' financial period ended on September 30, 2014	500,000	100,000	500,000	100,000
b) For previous financial years of the subsidiaries' since these became subsidiaries of Gammon Infrastructure Projects Ltd	(1,829,215)	(107,958)	(125,607)	(5,128,709)
a) Issued and Paid-up Equity Share Capital	473,168	7,969	20,074,717	39,959,626,462
b) Reserves	1,802,383	15,927	19,700,324	39,964,655,171
c) Total Assets	-	-	-	-
d) Total Liabilities	(12,037)	(17,160)	(5,927)	60,653,810
e) Investments (except in case of investment in subsidiaries)	-	-	-	3,786,106
f) Turnover	-	-	-	2,004,445
g) Profit/ (Loss) before Taxation	(12,037)	(17,160)	(5,927)	1,781,662
h) Provision for Taxation including Deferred Tax	-	-	-	-
i) Profit / (Loss) After Taxation	(12,037)	(17,160)	(5,927)	-
j) Proposed Dividend including Tax on Dividend	-	-	-	-

#### Notes:

(A) As part of its overall business plans, the Company has been acquiring beneficial, controlling interest and voting rights from its group companies in consideration of payment of deposit which, along with the direct shareholdings, has resulted in the Company having control over 51% in various subsidiaries.



# Statement pursuant to section 212 of the companies act, 1956, relating to the subsidiary companies

(All amounts in Indian Rupees unless otherwise stated)

Name of Subsidiaries	Vizag Seaport Private Limited	Yamuna Minor Minerals Private Limited	Yamunanagar Panchkula Highway Private Limited	Youngthang Power Ventures Limited
	September 30, 2014	September 30, 2014	September 30, 2014	September 30, 2014
1 The Financial Year of the Subsidiaries ended				
2 Shares of the Subsidiary Companies held by the holding company, Gammon Infrastructure Projects Ltd				
1) Numbers				
a) Legal ownership	64,313,847	-	19,050,000	14,450,000
b) Beneficial ownership (refer note A)	-	-	-	-
c) Held by Subsidiaries of the Company	-	10,000	-	-
2) Extent of Holding (including beneficial ownership)				
The net aggregate amount of Profit / Losses of the Subsidiaries Companies so far as they concern the members of Gammon Infrastructure Projects Ltd were :	73.76%	100.00%	100.00%	100.00%
3				
The net aggregate amount of Profit / Losses of the Subsidiaries Companies so far as they concern the members of Gammon Infrastructure Projects Ltd were :				
i) Dealt with in the accounts of Gammon Infrastructure Projects Ltd amounted to :				
a) For subsidiaries financial period ended on September 30, 2014	26,943,536	(14,950)	(276,804,164)	(1,161,807)
b) For previous financial years of the subsidiaries' since these became subsidiaries of Gammon Infrastructure Projects Ltd	19,762,261	(888,483)	(2,845,215)	(26,654,815)
ii) Not dealt with in the accounts of Gammon Infrastructure Projects Ltd amounts to :				
a) For subsidiaries' financial period ended on September 30, 2014	871,912,640	100,000	190,500,000	144,500,000
b) For previous financial years of the subsidiaries' since these became subsidiaries of Gammon Infrastructure Projects Ltd	63,319,762	(903,433)	(279,649,379)	(27,816,622)
Issued and Paid-up Equity Share Capital	4,077,444,983	111	3,232,216	697,560,633
Reserves	3,142,212,582	803,544	92,381,595	580,877,255
Total Assets				
Total Liabilities				
Investments (except in case of investment in subsidiaries)				
Turnover	849,938,154	-	-	-
Profit/ (Loss) before Taxation	57,277,317	(14,950)	(276,804,164)	(1,161,807)
Provision for Taxation including Deferred Tax	20,749,553	-	-	-
Profit / (Loss) After Taxation	36,527,764	(14,950)	(276,804,164)	(1,161,807)
Proposed Dividend including Tax on Dividend	-	-	-	-

Notes:

(A) As part of its overall business plans, the Company has been acquiring beneficial, controlling interest and voting rights from its group companies in consideration of payment of deposit which, along with the direct shareholdings, has resulted in the Company having control over 51% in various subsidiaries.

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

**Kishor Kumar Mohanty**  
Managing Director

**Monesh Bhansali**  
CFO

**G. Sathis Chandran**  
Company Secretary

Place : Mumbai  
Date : November 18, 2014





