



GAMMON INFRASTRUCTURE PROJECTS LIMITED

PART I

Statement of Consolidated Financial Results for the quarter and nine months ended September 30, 2014

(All amounts in Rupees lakhs)

Sno.	Particulars	Quarter ended			Nine months period ended	
		30.09.2014	30.06.2014	30.09.2013	30.09.2014	31.12.2013
		Unaudited			Audited	
	Income from operations:					
	Net sales / Income from operations	17,347.45	14,509.68	15,534.60	52,426.62	44,132.37
	Other operating income	668.91	554.37	445.94	1,773.93	1,285.43
1	Total income from operations	18,016.36	15,064.05	15,980.54	54,200.55	45,417.80
	Expenses:					
	Project expenses	5,340.05	4,767.30	5,312.77	15,040.08	13,100.15
	Employee benefits expenses	625.02	675.37	910.73	2,085.67	2,435.30
	Depreciation and amortisation expenses	4,318.17	4,282.03	3,697.25	16,823.75	11,956.02
	Other expenses	1,408.55	915.04	1,151.94	2,902.92	2,145.87
2	Total expenses	11,691.79	10,639.75	11,072.69	36,852.42	29,637.34
3	Profit / (loss) from operations before other income, finance costs and exceptional items (1 - 2)	6,324.57	4,424.31	4,907.85	17,348.13	15,780.46
4	Other income	221.11	586.45	237.14	968.18	648.11
5	Profit / (loss) from ordinary activities before finance costs and exceptional items (3 + 4)	6,545.68	5,010.76	5,144.99	18,316.31	16,428.57
6	Finance costs	6,677.63	7,094.48	7,505.15	20,629.30	21,902.87
7	Share of profit / (loss) in associates	(7.71)	1.81	(10.01)	(6.23)	(11.78)
8	Profit / (loss) from ordinary activities after finance costs but before exceptional items (5 - 6 + 7)	(139.66)	(2,081.91)	(2,370.17)	(2,319.22)	(5,486.08)
9	Exceptional items (refer note 6)	-	-	-	3,797.37	-
10	Profit/ (loss) from ordinary activities before tax (8 - 9)	(139.66)	(2,081.91)	(2,370.17)	(6,116.59)	(5,486.08)
11	Tax expense (refer note 12)	(2,295.99)	(4.94)	41.32	(2,157.15)	94.85
12	Net profit / (loss) from ordinary activities after tax (10 - 11)	2,156.33	(2,076.97)	(2,411.49)	(3,959.44)	(5,580.93)
13	Extraordinary items (net of tax expenses)	-	-	-	-	-
14	Minority interest - share of profit/(loss)	64.96	(16.57)	(68.68)	65.70	63.46
15	Net profit / (loss) for the period (12 - 13 - 14)	2,091.37	(2,060.41)	(2,342.81)	(4,025.14)	(5,644.39)
16	Paid-up equity share capital (Face value Rs. 2 per equity share)	18,845.04	14,761.55	14,761.55	18,845.04	14,761.55
17	Reserves, excluding revaluation reserve as per balance sheet of the previous accounting year				76,276.19	52,329.18
18	Earnings per share for the period (Rupees) :					
	a) Before extraordinary items					
	Basic	0.28	(0.28)	(0.32)	(0.54)	(0.77)
	Diluted	0.28	(0.28)	(0.32)	(0.53)	(0.77)
	b) After extraordinary items					
	Basic	0.28	(0.28)	(0.32)	(0.54)	(0.77)
	Diluted	0.28	(0.28)	(0.32)	(0.53)	(0.77)

PART II

Select information for the quarter and nine months ended September 30, 2014

	PARTICULARS OF SHAREHOLDING	Quarter ended			Nine months period ended	
		30.09.2014	30.06.2014	30.09.2013	30.09.2014	31.12.2013
A	PARTICULARS OF SHAREHOLDING					
1	Public shareholding					
	- Number of shares (in lakhs)	3,878.01	1,836.26	1,836.26	3,878.01	1,836.26
	- Percentage of shareholding	41.33%	25.02%	25.02%	41.33%	25.02%
2	Promoters and promoter group shareholding					
	a) Pledged / Encumbered					
	- Number of shares (in lakhs)	-	4,302.86	4,302.86	-	4,302.86
	- Percentage of shares (as a % of the total shareholding of promoter and promoter group)	-	78.18%	78.18%	-	78.18%
	- Percentage of shares (as a % of the total share capital of the Company)	-	58.62%	58.62%	-	58.62%
	b) Non-encumbered					
	- Number of shares (in lakhs)	5,504.00	1,201.14	1,201.14	5,504.00	1,201.14
	- Percentage of shares (as a % of the total shareholding of promoter and promoter group)	100.00%	21.82%	21.82%	100.00%	21.82%
	- Percentage of shares (as a % of the total share capital of the Company)	58.67%	16.36%	16.36%	58.67%	16.36%

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Website : www.gammoninfra.com • CIN : L45203MH2001PLC131728

Registered Office : Gammon House, Veer Savarkar Marg, Prabhadevi, Mumbai - 400 025. INDIA.

B	Particulars	Quarter ended 30.09.2014
	INVESTOR COMPLAINTS :	
	Pending at the beginning of the quarter	Nil
	Received during the quarter	2
	Disposed of during the quarter	2
	Remaining unresolved at the end of the quarter	Nil

Consolidated Statement of Assets and Liabilities

(All amounts in Rupees lakhs)

Sr. No.	Particulars	As at	As at
		30.09.2014	31.12.2013
		Audited	
	EQUITY AND LIABILITIES		
1	Shareholders' Funds		
	Share capital	18,845.04	14,761.55
	Reserves and surplus	76,276.19	52,329.18
	Sub-total : Shareholders' Funds	95,121.23	67,090.73
2	Minority interest	15,777.96	15,772.53
3	Non-current liabilities		
	Long-term borrowings	350,124.75	361,016.48
	Deferred tax liability, Net	234.06	249.21
	Other long-term liabilities	396,668.52	12,088.50
	Long-term provisions	3,295.77	5,582.46
	Sub-total : Non-current liabilities	750,323.10	378,936.65
4	Current Liabilities		
	Short-term borrowings	6,446.59	7,798.12
	Trade payables	2,010.14	1,974.52
	Other current liabilities	72,689.91	71,580.87
	Short-term provisions	13,359.14	7,583.62
	Sub-total : Current liabilities	94,505.78	88,937.13
	TOTAL : EQUITY AND LIABILITIES	955,728.07	550,737.04
B	ASSETS		
1	Non-current assets		
	Fixed assets	882,184.30	489,858.46
	Goodwill on consolidation	6,006.79	5,336.50
	Deferred tax asset	7,233.87	3,406.03
	Non current investments	73.52	79.75
	Long-term loans and advances	18,209.28	21,183.18
	Trade receivables	1,909.78	1,630.67
	Other non-current assets	8,338.53	1,202.44
	Sub-total : Non-current assets	923,956.07	522,697.03
2	Current assets		
	Current investments	3,322.92	2,364.78
	Inventories	1,211.53	1,153.87
	Trade receivables	1,908.76	1,797.23
	Cash and cash equivalents	5,088.73	8,768.87
	Short term loans and advances	6,009.74	5,567.13
	Other current assets	14,230.32	8,388.13
	Sub-total : Current assets	31,772.00	28,040.01
	TOTAL : ASSETS	955,728.07	550,737.04

Notes :

1 Summary of standalone financial results

(All amounts in Rupees lakhs)

Particulars	Quarter ended			Nine months period ended	
	30.09.2014	30.06.2014	30.09.2013	30.09.2014	31.12.2013
	Unaudited			Audited	
Income from operations and other operating income	4,321.41	1,863.46	3,883.60	8,135.56	7,899.35
Profit / (Loss) before tax	(139.18)	(1,604.38)	(483.94)	(7,105.32)	(1,426.83)
Profit / (Loss) after tax	4.63	(1,583.58)	(444.50)	(6,933.72)	(1,396.66)

- The above Statement of consolidated financial results were reviewed by the Audit Committee and have been approved by the Board of Directors of the Company at their respective meetings held on November 18, 2014.
- The above Statement of consolidated financial results have been prepared in accordance with the principles of consolidation set out in the Accounting Standard AS-21 on Consolidated Financial Statements, AS-27 on Financial Reporting of Interest in Joint Ventures and AS-23 on Accounting for Investments in Associates in Consolidated Financial Statements.
- The figures for the quarter ended September 30, 2014 are the balancing figures between audited figures in respect of full financial period of nine months ended September 30, 2014 and the unaudited published year to date figures upto June 30, 2014, being the end of the previous quarter.

- 5 During the quarter ended September 30, 2014, the Company has issued and allotted 2,041.74 lakhs equity shares of Rs 2 each fully paid for cash to Qualified Institutional Buyers (QIB) at a premium of Rs 10.68 per equity share.
- 6 During the period, two subsidiaries namely Birmipur 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 exceptional item disclosed above represents the write off of the expenditure incurred on these two projects.
- 7 One of the subsidiaries of the Company had 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 29th August 2014, the NHAI unilaterally terminated the concession agreement and also invoked the bank guarantees to the tune of Rs. 1,129.11 lakhs. 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 amounts to Rs 7,555.97 lakhs. Pending conclusion of the conciliation procedure and reliefs under the terms of the concession agreement, no adjustments have been made to the financial results. The auditors have modified their opinion on the same.
- 8 During the period, the Mormugao Port Trust ('MPT') has unilaterally sought to terminate the Concession Agreement with a subsidiary citing non-compliance with certain terms of the concession agreement. MPT also encashed the bid security bank guarantee of Rs. 200 lakhs. The subsidiary has taken legal action in the matter including filing of arbitration. The Group's exposure towards the project is Rs. 571.22 lacs. Pending outcome of the legal proceedings, no adjustments have been made to the consolidated financial results. The management has been legally advised that it has a strong case in this matter. The auditors have modified their opinion on the same.
- 9 During the 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 Group's exposure includes trade receivables of Rs. 1,787.13 lakhs, unamortised project costs of Rs 842.62 lakhs and Corporate guarantee of Rs. 974.17 lakhs. Pending outcome of the legal proceeding, no adjustments have been made in the consolidated financial results. The management believes that it has a strong case in this matter. The auditors have highlighted the same as an Emphasis of Matter.
- 10 During the period, one of the subsidiaries 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 had paid an upfront premium of Rs. 5,285.25 lakhs to the State Government and the Group's exposure towards the project excluding the upfront premium is Rs. 1,446.21 lakhs. 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. The auditors have highlighted the same as an Emphasis of Matter.
- 11 As at September 30, 2014, the current liabilities exceed current assets by Rs. 62,733.78 lakhs (December 31, 2013 - Rs. 60,897.12 lakhs). 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 these unaudited consolidated financial results are appropriate. Accordingly the accompanying consolidated financial results do not include any adjustments that may result from these uncertainties. The auditors have highlighted the same as an Emphasis of Matter.
- 12 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 amortising and claiming the same as allowable business expenditure under the Act. The amortisation 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 amortised evenly over the period of concessionaire agreement after excluding the time taken for creation of such facility. Due to this, during the quarter, two subsidiaries, have recognised the deferred tax asset amounting to Rs 3,843.00 lakhs based on virtual certainty supported by convincing evidence, that sufficient future taxable income will be available against which such deferred tax assets can be realised.
- 13 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.
- 14 One of the joint venture SPV of the Company 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 Rs 3,760.08 lakhs. Further, the SPV has incurred a loss of Rs 303.94 lakhs during the period. These conditions indicates 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 being 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. The auditors have highlighted the same as an Emphasis of Matter.



- 15 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 Rs. 208.55 lakhs The Company is in the process of making an application to the Central Government for approval of the same. The auditors have highlighted the same as an Emphasis of Matter.
- 16 The Company's operations constitutes a single segment namely 'Infrastructure Development' as per Accounting Standard AS-17 'Segment Reporting'. Further, the Company's operations are within single geographical segment which is India.
- 17 Figures for previous periods have been regrouped / rearranged wherever necessary to conform to the current quarter's presentation.

For Gammon Infrastructure Projects Limited



Kishor Kumar Mohanty
Managing Director

Place : Mumbai
Date : November 18, 2014



GAMMON INFRASTRUCTURE PROJECTS LIMITED

PART I

STATEMENT OF STANDALONE FINANCIAL RESULTS FOR THE QUARTER ENDED SEPTEMBER 30, 2014

(All amounts in Rupees lakhs)

Sr. No.	Particulars	Quarter ended			9 Months ended	
		30-Sep-14	30-Jun-14	30-Sep-13	30-Sep-14	31-Dec-13
		(Audited) (Refer note 2)	(Unaudited)	(Unaudited)	(Audited)	(Audited)
	Income from operations	4,321.41	1,863.46	3,240.46	8,135.56	7,256.21
	Other operating income	-	-	643.14	-	643.14
1	Total Income from operations	4,321.41	1,863.46	3,883.60	8,135.56	7,899.35
	Expenses :					
	Project expense	2,010.37	913.74	1,119.22	3,788.82	1,506.53
	Employee benefits expense	393.40	442.64	698.37	1,361.65	1,730.48
	Depreciation and amortisation expense	59.71	59.05	59.94	177.15	172.83
	Bad debts written-off	-	-	325.45	-	325.45
	Other expenses	343.33	281.94	495.49	897.04	913.39
2	Total expenses	2,806.81	1,697.37	2,698.47	6,224.66	4,648.68
3	Profit from operations before other income, finance costs and exceptional items (1 - 2)	1,514.60	166.09	1,185.13	1,910.90	3,250.67
4	Other Income	97.40	80.73	104.54	245.10	550.06
5	Profit from ordinary activities before finance costs and exceptional items (3 + 4)	1,611.99	246.82	1,289.67	2,156.00	3,800.73
6	Finance Costs	1,751.18	1,851.20	1,773.61	5,345.15	5,227.56
7	Profit / (Loss) from ordinary activities after finance costs but before exceptional Items (5 - 6)	(139.18)	(1,604.38)	(483.94)	(3,189.15)	(1,426.83)
8	Exceptional Items (refer note 3)	-	-	-	3,916.16	-
9	Profit / (Loss) from ordinary activities before tax (7 - 8)	(139.18)	(1,604.38)	(483.94)	(7,105.31)	(1,426.83)
10	Tax Expense	(143.82)	(20.80)	(39.44)	(171.60)	(30.17)
11	Profit / (Loss) from ordinary activities after tax (9 - 10)	4.63	(1,583.57)	(444.50)	(6,933.71)	(1,396.66)
12	Extraordinary items (net of tax expense)	-	-	-	-	-
13	Net Profit / (Loss) for the period (11 - 12)	4.63	(1,583.57)	(444.50)	(6,933.71)	(1,396.66)
14	Paid-up Equity Share Capital (Face Value Rs.2/- per equity share)	18,845.04	14,761.55	14,761.55	18,845.04	14,761.55
15	Reserves, excluding Revaluation Reserve as per the Balance Sheet of the previous accounting year	-	-	-	62,885.20	48,454.40
16	Earnings Per Share for the period (Rupees) :					
	a) Before Extraordinary Items					
	Basic	0.00	(0.22)	(0.06)	(0.92)	(0.19)
	Diluted	0.00	(0.22)	(0.06)	(0.92)	(0.19)
	b) After Extraordinary Items					
	Basic	0.00	(0.22)	(0.06)	(0.92)	(0.19)
	Diluted	0.00	(0.22)	(0.06)	(0.92)	(0.19)

PART II

Select information for the quarter and Nine months ended September 30, 2014

A)	PARTICULARS OF SHAREHOLDING					
1	Public shareholding					
	- Number of shares (in lakhs)	3,878.01	1,836.26	1,836.26	3,878.01	1,836.26
	- Percentage of shareholding	41.33%	25.02%	25.02%	41.33%	25.02%
2	Promoters and promoter group shareholding					
	a) Pledged / Encumbered					
	- Number of shares (in lakhs)	-	4,302.86	4,302.86	-	4,302.86
	- Percentage of shares (as a % of the total shareholding of promoter and promoter group)	0.00%	78.18%	78.18%	0.00%	78.18%
	- Percentage of shares (as a % of the total share capital of the Company)	0.00%	58.62%	58.62%	0.00%	58.62%
	b) Non-encumbered					
	- Number of shares (in lakhs)	5,504.00	1,201.14	1,201.14	5,504.00	1,201.14
	- Percentage of shares (as a % of the total shareholding of promoter and promoter group)	100.00%	21.82%	21.82%	100.00%	21.82%
	- Percentage of shares (as a % of the total share capital of the Company)	58.67%	16.36%	16.36%	58.67%	16.36%

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B)	INVESTOR COMPLAINTS	Quarter ended
		30.09.2014
	Pending at the beginning of the quarter	Nil
	Received during the quarter	2
	Disposed off during the quarter	2
	Remaining unresolved at the end of the quarter	Nil

STANDALONE STATEMENT OF ASSETS AND LIABILITIES

(Amounts in Rupees lakhs)

Particulars	As at		
	30-Sep-14	31-Dec-13	
	Audited	Audited	
A	<u>EQUITY AND LIABILITIES</u>		
1	Shareholders' Funds		
a)	Share capital	18,845.04	14,761.55
b)	Reserves and surplus	62,885.20	48,454.41
	Sub-total : Shareholders' Funds	81,730.24	63,215.96
2	Non-current liabilities		
a)	Long-term borrowings	26,933.56	28,274.59
b)	Deferred tax liability, net	-	171.60
c)	Other long-term liabilities	10,983.41	17,328.38
d)	Long-term provisions	42.10	133.11
	Sub-total : Non-current liabilities	37,959.07	45,907.68
3	Current Liabilities		
a)	Short-term borrowings	6,446.59	7,798.12
b)	Trade payables	999.44	1,257.03
c)	Other current liabilities	36,448.77	40,152.66
d)	Short-term provisions	1,882.44	1,844.10
	Sub-total : Current liabilities	45,777.24	51,051.91
	TOTAL : EQUITY AND LIABILITIES	165,466.55	160,175.55
B	<u>ASSETS</u>		
1	Non-current assets		
a)	Fixed assets	1,122.77	1,298.38
b)	Non current investments	80,796.33	73,604.41
c)	Long-term loans and advances	76,648.51	79,098.33
d)	Trade receivables	882.87	-
e)	Other non-current assets	1,011.49	831.98
	Sub-total : Non-current assets	160,461.97	154,833.10
2	Current assets		
a)	Current investments	620.00	490.00
b)	Inventories	51.51	59.16
c)	Trade receivables	153.85	1,897.78
d)	Cash and cash equivalents	1,242.07	2,057.00
e)	Short term loans and advances	2,922.34	810.08
f)	Other current assets	14.81	28.43
	Sub-total : Current assets	5,004.58	5,342.45
	TOTAL : ASSETS	165,466.55	160,175.55

Notes:

- The financial results were reviewed by the Audit Committee and have been considered and approved by the Board of Directors of the Company at their respective meetings held on November 18, 2014.
- The figures for the quarter ended September 30, 2014 are the balancing figures between audited figures in respect of full financial period of Nine months ended September 30, 2014 and the unaudited published year to date figures upto June 30, 2014, being the end of the previous quarter, which were subject to a limited review by the auditors of the Company.

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GAMMON INFRASTRUCTURE PROJECTS LIMITED

- 3 During the quarter ended March 31, 2014, two subsidiaries namely Birmiritrapur 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 exceptional item disclosed above represents the provisions towards Investments, advances and receivables.
- 4 During the quarter ended September 30, 2014, the Company has issued and allotted 2,041.74 Lakhs equity shares of Rs. 2 each fully paid for cash to Qualified Institutional Buyers (QIB) at the premium of Rs. 10.68 per equity shares.
- 5 One of the subsidiary of the Company had 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 29th August 2014, the NHAI unilaterally terminated the concession agreement and also invoked the bank guarantees to the tune of Rs. 1,129.11 lakhs. 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 Company's total exposure to this project includes investments and loans and advances of Rs. 8,175.59 Lakhs Pending conclusion of the conciliation procedure and reliefs under the terms of the concession agreement, no adjustments have been made to the financial results.
- 6 Mormugao Port Trust ('MPT') has unilaterally sought to terminate with a subsidiary the Concession Agreement for the project citing non-compliance with certain terms of the concession agreement. MPT also encashed the bid security bank guarantee for Rs. 200 lakhs despite the stay order issued by the Hon. District Court, Goa. The court has also passed stay order from carrying into effect the termination of the agreement. The subsidiary has already taken further action in the matter including filing for arbitration. The Company's exposure including investments and loans and advances is around Rs 570.16 lakhs. The management believes that it has a strong case in this matter. Pending outcome of the legal proceedings, no adjustments have been made to the unaudited financial results.
- 7 During the previous quarter, 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 Rs. 1,326.05 lakhs and Corporate guarantee of Rs. 974.17 lakhs. 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 financial results.
- 8 During the previous quarter, 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 Rs. 7,080.37 lakhs. 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.
- 9 During the quarter, the Company has incurred cash loss and its Current Liabilities exceeds Current Assets by Rs. 40,772.66 lakhs as at September 30, 2014 (Rs. 45,709.46 lakhs 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.
- 10 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 Client. Further the JV has incurred a loss of Rs. 303.94 lakhs- during the period and its current liabilities exceeds current assets by Rs. 13,518.17 lakhs 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.
- 11 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 Rs. 208.55 lakhs. The Company is in the process of making an application to the Central Government for approval of the same.
- 12 The Company's operations constitutes a single segment namely "Infrastructure Development" as per Accounting Standard AS' - 17 Segment 'reporting. Further, the Company's operations are within single geographical segment which is India.
- 13 Prior period figures have been regrouped / reclassified wherever necessary.

For Gammon Infrastructure Projects Limited

Kishor Kumar Mohanty
Managing Director

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Date : November 18, 2014

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