

FACING TOUGH TIMES  
...HEAD ON



13<sup>th</sup> Annual Report  
For April 2013 to December 2013 (FYE - Dec' 13)



## FACING TOUGH TIMES ...HEAD ON

FYE - Dec '13 was no ordinary year. It was a year when the Indian economy bottomed to new lows seen within the last decade. The Rupee plummeted. Inflation remained reluctant to recede any further. Interest rates were kept high on a prolonged basis. Our policy makers became more embroiled with politics than nation building. General financial liquidity dried out. Most infrastructure players used significant leverage as an integral part of their business model got stuck with high borrowing costs. Many projects stalled for many reasons beyond the control of the Infrastructure players. In short, we couldn't have faced a more challenging year as an

Infrastructure developer and operator. Instead of stepping back in retreat and despair, we decided to stand firm and tall and look straight into the eye of the storm. We decided to take some tough choices to ensure business continuity

Thankfully, we were blessed with a healthy pipeline of projects from the previous year. We re-prioritised each project and re-scheduled our execution plans and optimised our delivery schedules.

We adopted a pragmatic and cautious approach to navigate through turbulent times. We optimally stretched the available resources, cut our

overheads, trimmed down on costs and improved our operational efficiencies made ourselves lean, yet effective. We abstained from unfeasible projects which were no longer viable for delivering sufficient value to shareholders.

We remained poised to face the future by monetising our matured assets, increasing internal accruals and realising our receivables, fulfilling our equity commitments to tap viable newer opportunities. This pragmatic approach gives us the confidence that when market conditions rebound, our solid foundation will see us advantageously into the future.

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## CORPORATE INFORMATION

### BOARD OF DIRECTORS

Mr. Naresh Chandra  
*Chairman & Independent Director*

Mr. Himanshu Parikh  
*Vice Chairman*

Mr. Kishor Kumar Mohanty  
*Managing Director*

Mr. Parag Parikh  
*Whole Time Director & CFO*

Mr. Abhijit Rajan  
*Non Executive Director & Founder*

Mr. Chandradas 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

### COMPANY SECRETARY

Mr. G. Sathis Chandran

### REGISTERED OFFICE

Gammon House,  
Veer Savarkar Marg,  
Prabhadevi,  
Mumbai - 400 025.  
Telephone: +91 22 6661 4000  
Fax: +91 22 6661 4025  
Website: www.gammoninfra.com

### CORPORATE OFFICE

Orbit Plaza,  
5<sup>th</sup> Floor,  
Plot No. 952/954,  
New Prabhadevi Road,  
Prabhadevi,  
Mumbai - 400 025.  
Telephone: +91 22 6748 7200  
Fax: +91 22 6748 7201

## OUR SECTORS

19

**TOTAL PROJECTS**

11

**ROADS PROJECTS**

05

**POWER PROJECTS**

03

**PORT PROJECTS**

We enjoy an optimum blend of annuity and toll-based projects. We continue to explore the growth potential in the Roads sector in PPP models.

01  
**ROADS & BRIDGES**

02  
**POWER GENERATION**

We are focussed on deployment of environment friendly and sustainable power generation technologies and increasing clean energy supply through our co-generation plant.

03  
**SEAPORTS**

We endeavour to capitalise on the cargo demand for ports and rising opportunities in the sector through our domain expertise and by way of our superior asset quality.

# WHO WE ARE AND WHAT WE DO

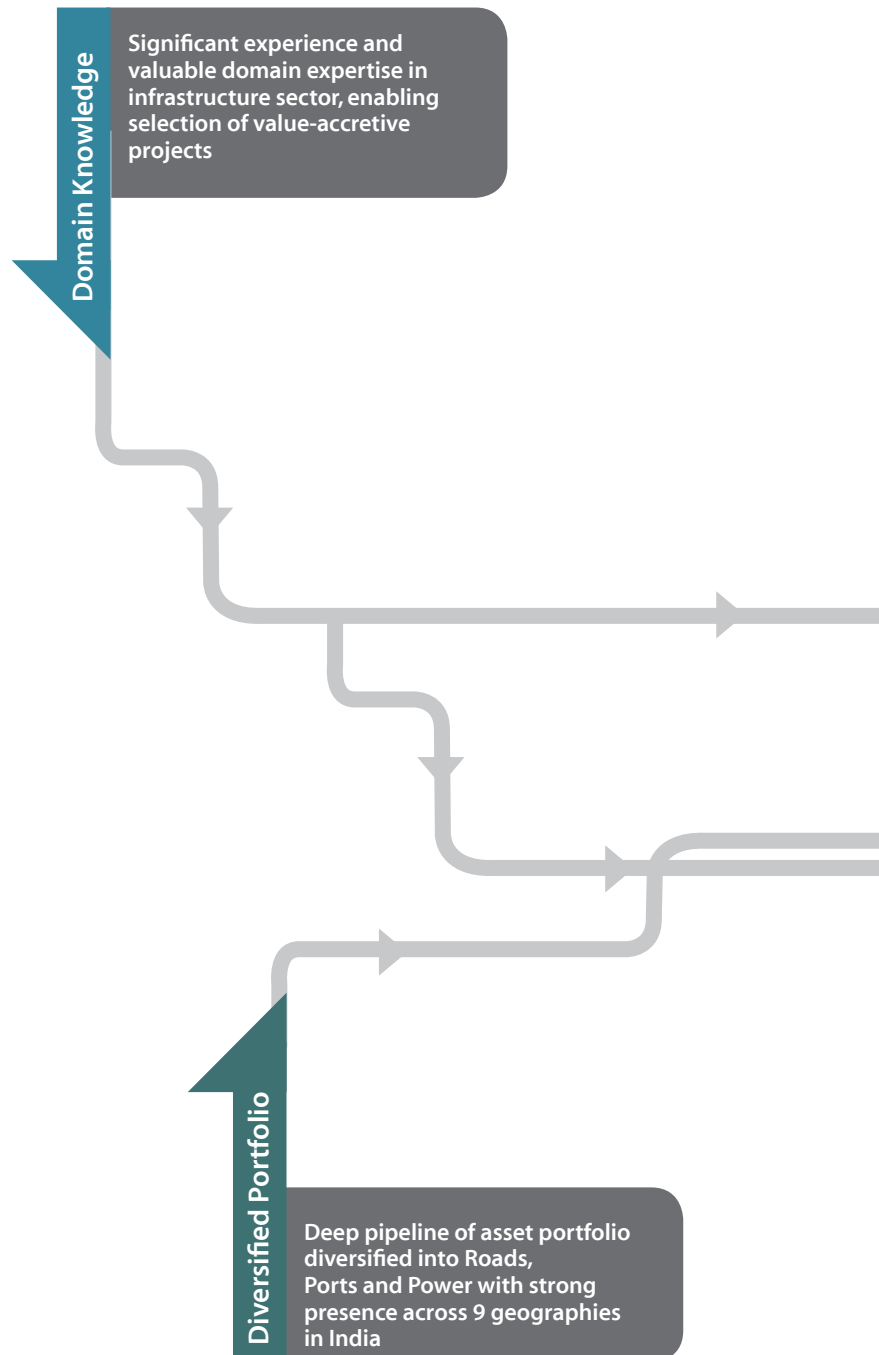
We are a pan-India infrastructure company with a diverse portfolio of 7 operational assets and 12 projects under various stages of development. We have set up a multi-segment footprint in the infrastructure sector spanning roads, ports and power and our assets are diversified with significant geographical spread. We have promoted and developed a large portfolio of road sector projects with a significant developmental role through a focused and strategized business model.

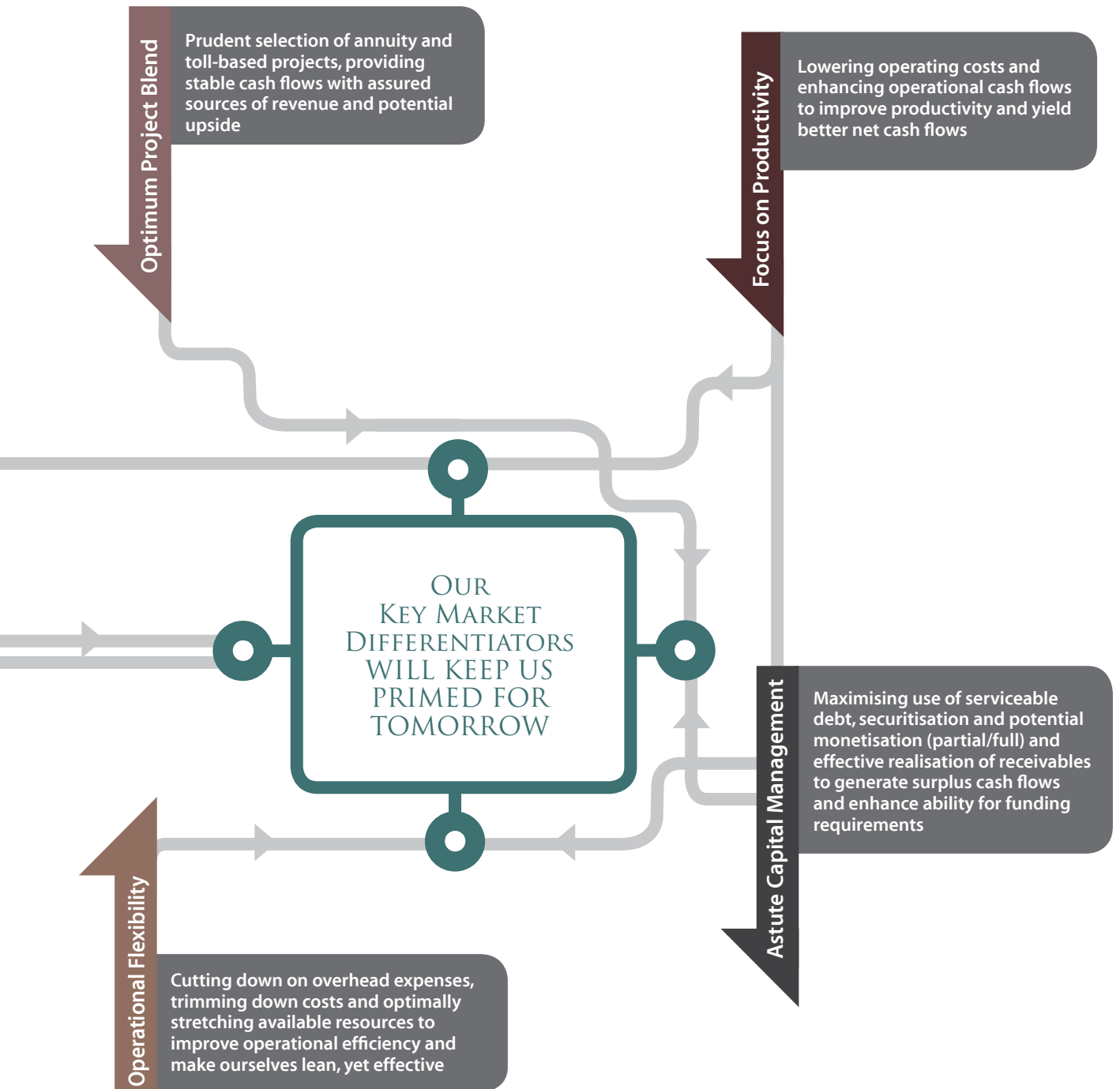
## PAN INDIA PRESENCE



## OUR KEY MARKET DIFFERENTIATORS

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.





## 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.

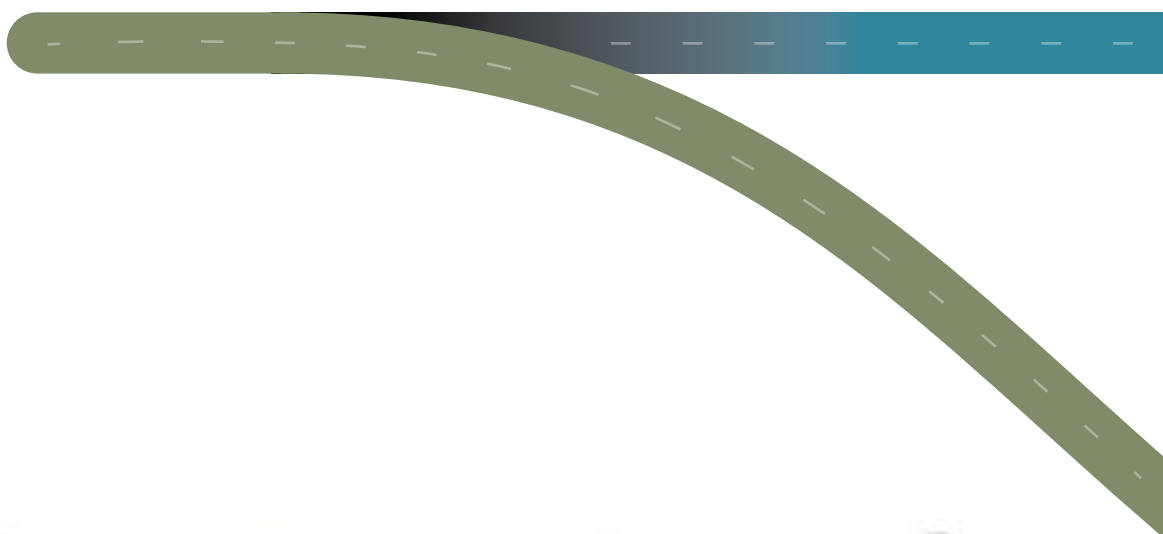


**Mr. Parag Parikh**  
Whole Time Director & CFO

Post Graduate in Commerce and Master in Business Administration.

Over 14 years of experience in Finance, Strategy, and Fund Raising & Investor Relations.





**Mr. Abhijit Rajan**  
Non Executive Director  
& Founder

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

**Mr. Sushil Chandra Tripathi**  
Independent Director

**Ms. Homai A Daruwalla**  
Independent Director

A successful industrialist with over three decades of business experience.

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

A Chartered Accountant with vast experience and expertise in audit, internal audit, finance and valuation.

Head of the Audit Committee of the Company.

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

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



## CHAIRMAN'S STATEMENT

**Naresh Chandra**  
Chairman


**We focussed on becoming leaner and meaner in our operations, being value smart. We retracted from projects that were potentially a drag on our balance sheet. In short, we shed our flab and became well-toned.**

Dear Shareholders,

Greetings!

We all know that the year 2013 had been a very difficult one. The Indian economy, which was being counted amongst the most important emerging markets, had declined to a lower level of growth. The infrastructure sector came under pressure because of rising costs of inputs in construction along with high interest rates. On many projects, costs escalated consequent on delays in acquisition of land and slow-down in the decision-making processes in the government as well as public authorities.

At the same time, the government has shown a continued commitment in meeting the challenges of inadequate infrastructure that has impeded investment and growth. It is universally recognised that much higher level of investments have to be made in the infrastructure sector to ensure the needed rate of growth of industry and the economy. In this, the private sector companies like ours will have to play a much greater role. In the 12th Five Year Plan (2012-17), the spend on infrastructure is estimated at USD 1 Trillion. Of this, roughly half



Our ability to cut down costs and improve efficiency in operations enabled us to withstand many adverse factors and perform relatively better than the average for the sector.

is expected to be contributed by the private sector. The break-up of this planned expenditure holds great promise for our company, since almost one-third of this expenditure will be for transportation, mainly roads & bridges and civil structures required by railways, rapid transport systems, and airport & ports. Fortunately, the new government at the Centre has accorded high priority to infrastructure projects and to getting the works on the ground expedited to the maximum extent possible. This augurs well for your Company.

To meet this challenge in these difficult times, we will need to be more resourceful and innovative. Our ability to cut down costs and improve efficiency in operations enabled us to withstand many adverse factors and perform relatively better than the average for the sector. In the process, we have retracted from projects that could drag down our financial performance. We, therefore, focused on those ongoing projects that could help improve our cash-flow position. This de-clogging of projects pipeline, your Company's project management

capacity and the perseverance of our team members will ensure timely delivery of projects under difficult conditions.

As serious challenges remain in 2014, we are prepared to face them with higher level of interaction with the management on a continuous basis and provide them active support. Going forward, we are determined to increase our pace even further. We are geared to face the industry challenges, even our business sense gives us reason for optimism and a meaningful presence in all segments of India's infrastructure business.

Going forward, our endeavour remains to enhance our footprint in the infrastructure scene. Our expertise, experience and well-motivated workforce will enable us to deliver sustainable assets to the community through our innovation and efficiency. We intend to create lasting value for our shareholders, partners and for the society in general.

In the area of corporate governance, your Company is committed to the highest standards of probity, sustainability and corporate social responsibility.

I thank the Board Members for their support and valuable contribution. I ask you, our shareholders, for your continued support in the future.

Warm regards,

**Naresh Chandra**  
Chairman

## MANAGING DIRECTOR'S MESSAGE



**Kishor Kumar Mohanty**  
Managing Director

**In terms of our pending projects, we adopted a prudent approach, recalibrated our business strategies and made some tough choices. Most importantly, we decided to relinquish certain early-stage and stalled projects which could no longer deliver value to our shareholders as originally envisaged.**

Our Valued Shareholders,

To the persistent chagrin of economists and policy-makers, growing an economy is not a smooth road. One wishes for even growth with the absence of bumps, but the reality is much different. Despite having a well laid out framework of the existing policies surrounding infrastructure development, we were saddled with inaction. India's economic slowdown and the lack of serious state intervention towards sorting out bottlenecks in the decision-making process, resulting in extremely tight liquidity crunch, continue to haunt the infrastructure sector. Being the key driver for an energetic economy and a pivotal industry, infrastructure has historically been at the receiving end in times of economic slowdown. The dismal state of physical infrastructure, a continuous fall in economic growth and a depressing investment climate continued to affect the sector throughout 2013 and the initial part of 2014.

### YEAR UNDER REVIEW

Looking at the period under review in more detail, implementation of projects in general was distressingly short of target, particularly in the roads sector. This was the case particularly for the projects contracted on a BOT basis, owing to the inordinate delays in decision-making at large. Adding to this, the inability to get the required land, environment and forest clearances further added to the industry's woes. Even as the dynamics for the sector continued to remain firm, delays in taking decisions at the regulatory level and clearances of new projects resulted in less actual infrastructure work taking place. Not surprisingly, the productivity of the industry participants also suffered as they grappled with huge idle capacities and financial crisis management. Even the active performance of public agencies nose-dived to a point of becoming dysfunctional.

The business conditions throughout 2013 and the first half of 2014 so far have been exceptionally dire, but we were always undeterred. Although it was a difficult year for the industry, we looked upon it as an opportunity for consolidation and took the industry setbacks as a chance

for accelerating change. The economic volatilities did not deter us from pursuing our passion resolutely. It was all about creative survival.

Looking at the big picture, this state of stagnancy impacted all infrastructure players adversely. We were not impervious to this trend and the industry slump reflected in our results too. For the FYE - Dec' 13, we achieved a consolidated top line of Rs 460.6 crores and our EBITDA stood at Rs 283.8 crores on a consolidated basis and with EBITDA margins of 62%.

Two of our annuity road projects; the Gorakhpur Bypass Project, the 32.27 km long four-lane bypass to Gorakhpur town on NH 28 in Uttar Pradesh; and the Kosi Mahasetu Project, the 1.8 km long four-lane bridge across River Kosi in Bihar – experienced assured annuities. Our Mumbai Nasik Expressway, commissioned in September 2011, contributed fully to our top line and bottom line. With moderate traffic reduction on this corridor, toll collection averaged at Rs 34.22 lakhs per day during FYE December 2013.

Amongst our port projects, the Vizag Port Project is generating reasonable cash flows to support self-sustainability. Indira Container Terminal at Mumbai Port has been delayed as the Client has not fulfilled its condition precedent. As far as our power projects are concerned, we are working towards successful commissioning of Pravara Co-generation Power Project at Ahmednagar in Maharashtra. While initial construction at the Rangit II Hydroelectric Power Project has begun, our other two hydro-power projects are under different pre-development stages.

### MAKING TOUGH CHOICES

During the year under review, managing our cash flows continued to be challenging. In our endeavour to sail through these challenges, we have initiated dialogues with potential

investors to monetise our assets through partial/full equity dilution at the right valuation.

In terms of our pending projects, we adopted a prudent approach, recalibrated our business strategies and made some tough choices. Most importantly, we decided to relinquish certain early-stage and stalled projects which could no longer deliver value to our shareholders as originally envisaged. We mutually terminated our concession pact with National Highways Authority of India (NHAI) for Birmitrapur Barkote Highway project in Orissa and Yamunanagar Panchkula Highway project in Haryana.

As an environment of caution prevailed during the year, we left no stone unturned in taking strategic initiatives and improving our operational efficiencies. We streamlined our business processes, trimmed overheads and optimised construction costs. We concentrated on receivable realisation and general austerity measures. We focussed on tighter project execution and in enhancing operational efficiency of our existing projects to improve realisations. We did not limit ourselves to just tightening our belt, but also created the right conditions for success which will result in safer and better performance in the future.

### MOVING AHEAD

At Gammon Infrastructure Projects Limited, we are confident of braving the future with more determination and courage. Our focus will be to consolidate existing opportunities and leverage new possibilities. Our aim is to get our "almost ready" projects commissioned at the earliest and run the operating projects successfully. During this calendar year, we aim to deliver three key projects – The Rajamundry Godavari Bridge; The Patna Highway and our bagasse-based Pravara Renewable Energy Project. We are confident that these projects, once completed, will contribute positively to our bottom line.

### WAY FORWARD

We continue to believe in the long-term potential of India's infrastructure space. Our ability to win new business will result from carefully balancing prudence with our ambitions. Having traversed through one of the toughest times in our memory, we've become highly sensitised to what constitutes quality growth and what doesn't. We will certainly be weighing our options very carefully.

We thank our strategic partners and employees for their unwavering support to us during this difficult period. I also thank our Board of Directors headed by our learned Chairman and Founder, for their continuous guidance and active support at this critical juncture. We earnestly thank our shareholders for placing their faith in us. Your trust and guidance means a lot to us. Never more than now, we all need to build bridges of understanding and to make ourselves stronger in delivering the promise of what your Company could be. We remain poised to leverage the rising opportunity in India's infrastructure development.

Thanks and warm regards,

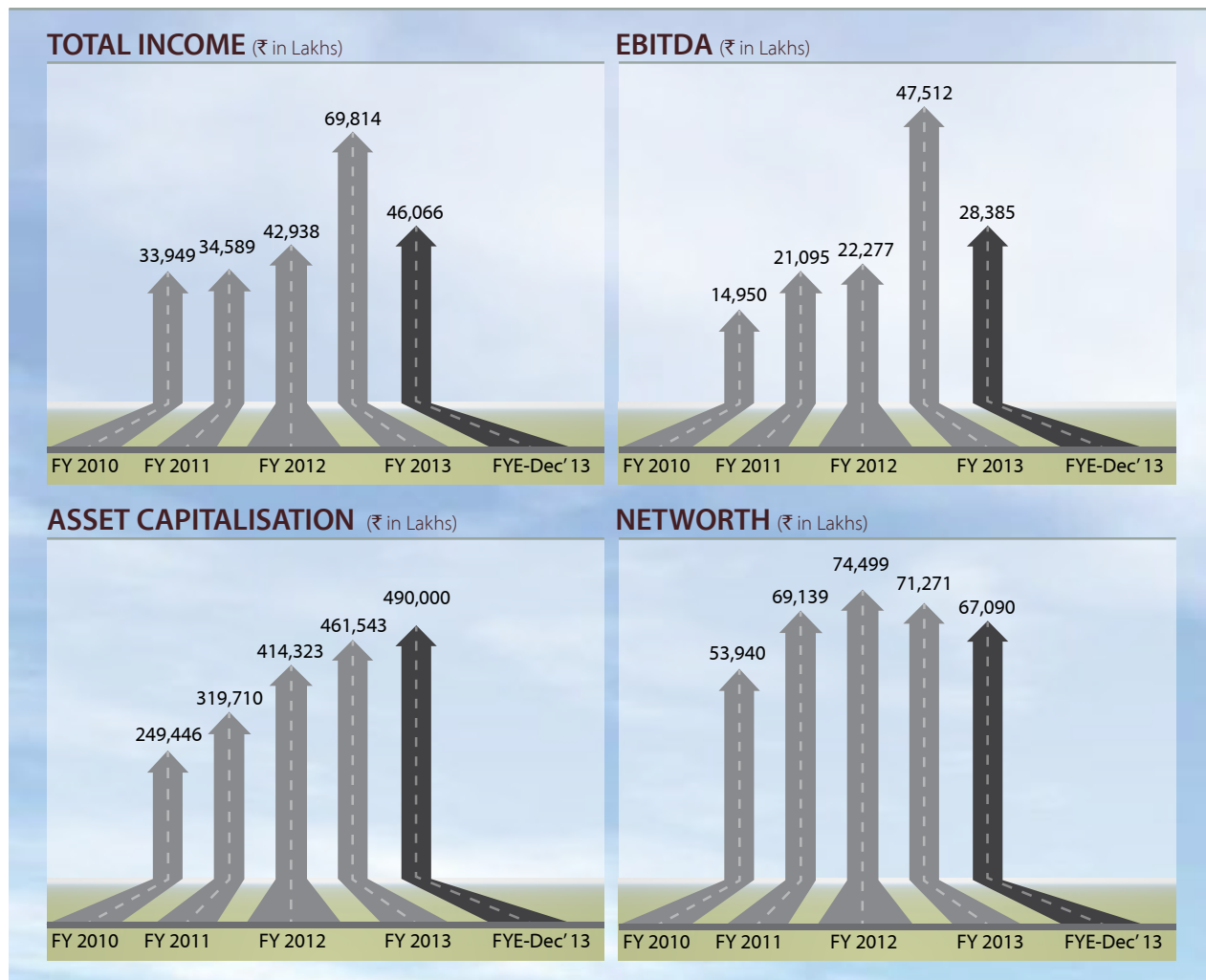
**Kishor Kumar Mohanty**  
Managing Director

## AN INSIGHT INTO OUR OPERATIONS DURING THE YEAR

**FYE - Dec '13 was a year of recalibrating our business strategies, adopting a prudent and cautious business approach and improving operational efficiencies as far as possible. During the year, we withdrew from assets that did not deliver value as expected. We focussed on increasing operational efficiency and optimising our cash flows. These are some of our notable highlights for the year under review.**

- Achieved a top line of ₹ 46,066 lakhs on a consolidated basis in FYE - Dec '13.
- Earned EBITDA margins of 61%.
- Mutually terminated concession agreement with National Highways Authority of India (NHAI) for Birmitrapur Barkote Highway Pvt. Ltd. in Orissa and Yamunanagar Panchkula Highway Pvt. Ltd. in Haryana.
- Our annuity road projects— Gorakhpur Bypass Project, a 32.27 km long four-lane bypass to Gorakhpur town on NH 28 in Uttar Pradesh; and Kosi Mahasetu Project, a 1.8 km long four-lane bridge across River Kosi in Bihar—became operational last year and are running successfully.
- On course to commission 3 projects:
  - Rajahmundry Godavari Bridge
  - Patna Highway Project
  - Bagasse-based Pravara Renewable Energy Project
- Achieved Average Monthly Toll Collection of ₹ 1,046 lakhs from Apr '13 to Dec '13 for Mumbai-Nasik Road Project.
- Handled over 4.22 million tonnes cargo from Apr '13 to Dec '13 at Vizag Seaport Pvt. Ltd.
- Physical berths at Indira Container Terminal at Mumbai Port Trust nearing completion.

# FINANCIAL HIGHLIGHTS

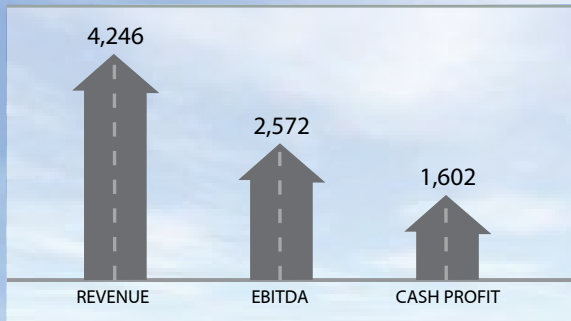


## CONSOLIDATED AND STANDALONE PROFIT & LOSS STATEMENT

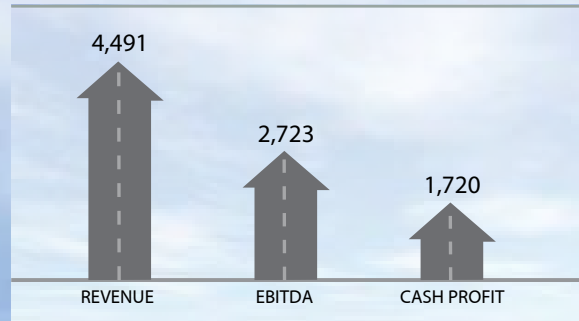
(₹ in Lakhs)	CONSOLIDATED		STANDALONE	
	FYE - DEC' 13	FY-2013	FYE - DEC' 13	FY-2013
Total Income	46,066	69,813	8,449	14,020
EBITDA	28,385	47,512	3,986	9,729
EBITDA Margin	62%	68%	47%	69%
Depreciation	11,956	16,085	173	199
Finance Cost	21,903	29,683	5,228	4,246
Profit after Tax & Minority Interest	(5,644)	1,472	(1,397)	3,043

# FINANCIAL OVERVIEW OF OUR OPERATING PROJECTS

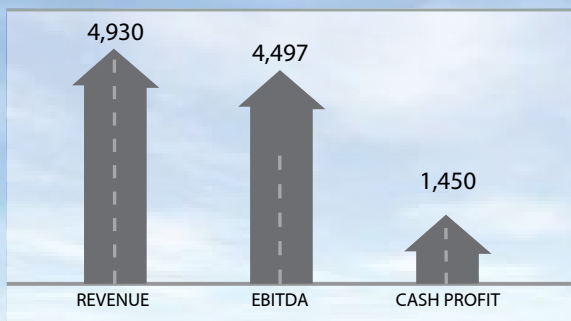
## ANDHRA EXPRESSWAY (₹ In Lakhs)



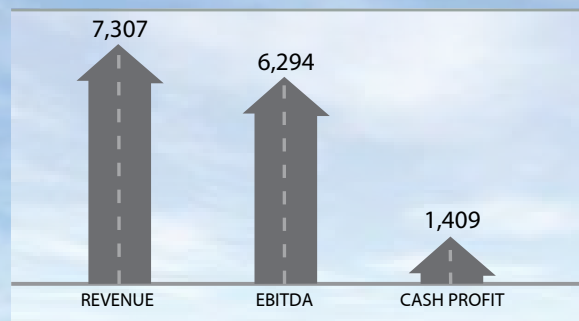
## RAJAHMUNDRY EXPRESSWAY (₹ In Lakhs)



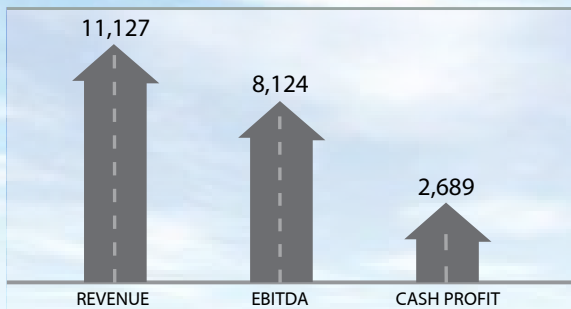
## KOSI BRIDGE INFRASTRUCTURE COMPANY (₹ In Lakhs)



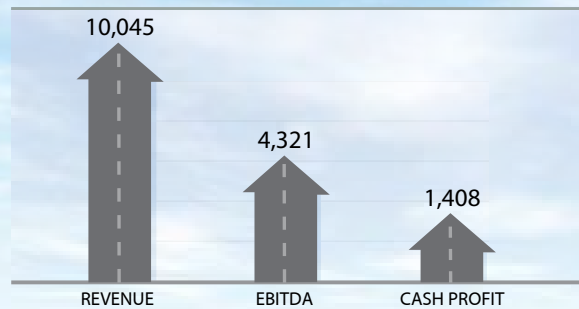
## GORAKHPUR INFRASTRUCTURE COMPANY (₹ In Lakhs)



## MUMBAI NASIK EXPRESSWAY (₹ In Lakhs)



## VIZAG SEAPORT PRIVATE LIMITED (₹ In Lakhs)



Revenue, EBITDA and Cash Profit are for the period of Apr'13 to Dec'13.  
Cash Profit = PAT + Depreciation and Amortisation



# STRATEGIES IN PLAY

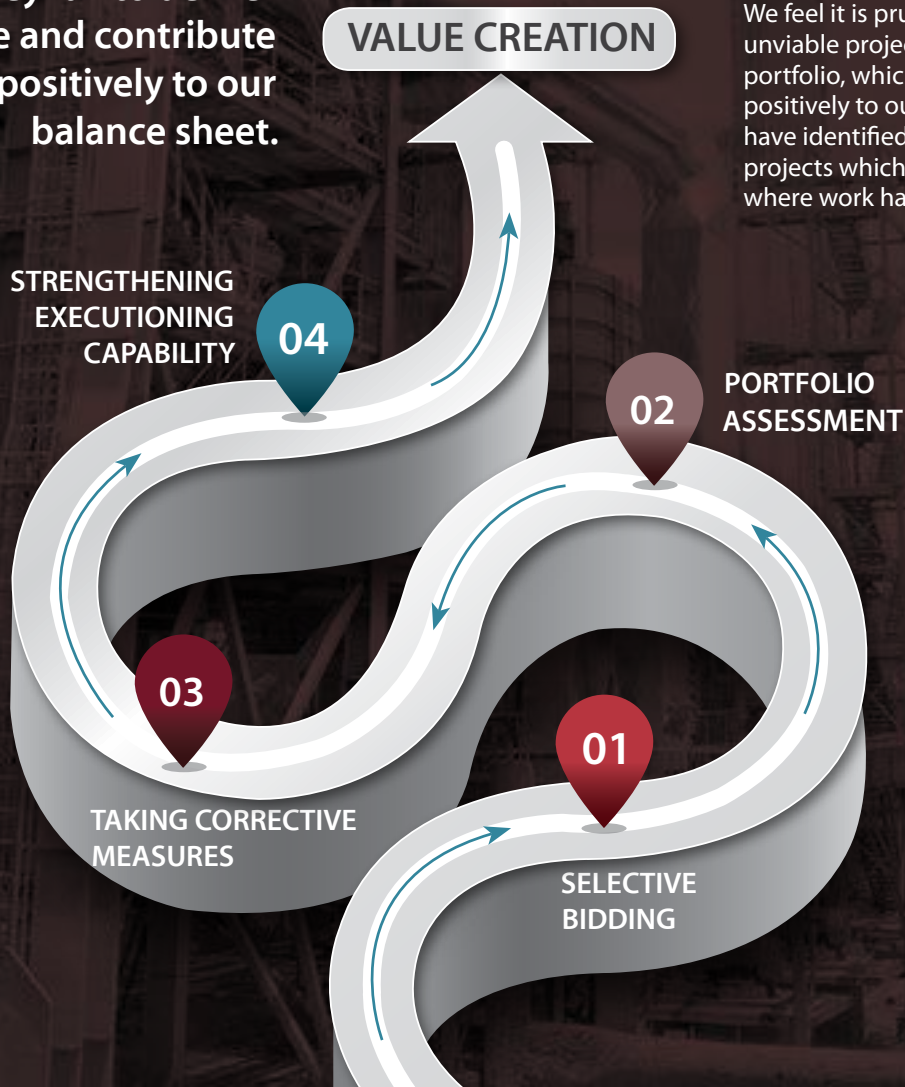
## CAUTIOUS AND PRUDENT APPROACH

**We identified projects which have not moved and are unviable. We have taken these away from our portfolio as they fail to deliver value and contribute positively to our balance sheet.**

Infrastructure projects, particularly in the road segment, have turned unviable. This is due to long delays in securing clearances, regulatory hurdles and policy uncertainties. This results in projects not being executed, stopping mid-way or getting mired in disputes. We have

written off projects that have become unviable due to land availability, lack of approvals and other issues which have impacted negatively on project execution.

We periodically assess the health of our portfolio and test viability of each project at regular frequency. We feel it is prudent to remove unviable projects from our portfolio, which do not contribute positively to our balance sheet. We have identified three such road projects which are unviable and where work hasn't started as yet.



STRATEGIES  
IN PLAYBEING LEAN AND FLEXIBLE...  
OUR KEY PRIORITY

**We adopted a pragmatic approach to navigate through the turbulent times. We cut down on our overhead expenses and optimally stretched our available resources.**

We made ourselves lean, yet effective. We regressed from projects which were no longer viable in delivering sufficient value to our shareholders. To improve our operational efficiencies, we further reduced our overheads and trimmed down our costs.

Although the diversity of our project pipeline has kept our portfolio ticking and we fare better vis-à-vis other players, we continue to face competitive pressure in these projects. Thus, we are ensuring we only execute projects that come with healthy margins.



## STRATEGIES IN PLAY

# STABILITY AND FUTURE VISIBILITY THROUGH FINANCIAL MANAGEMENT

**We are focusing on plucking the low-hanging fruits by completing three of our 'almost-finished' projects and getting them in the commissioning mode. We re-prioritised each project, re-scheduled our execution plans and optimised our delivery schedules.**

We recalibrated our business strategies and focused on financial engineering on our projects. Funds raised through these strategies will grant us the financial ability to recalibrate debt, improve liquidity, fulfil equity commitments for ongoing projects and fund any unexpected requirement. As India's economy gains traction post-General Elections and the infrastructure segment picks up speed yet again, we endeavour to churn this capital to increase our ability to bid for economically viable newer projects and meet our future expansion plans.

Going forward, creating an optimum blend of annuity and toll-based projects will be our objective. We aim to get clear future visibility with stable cash flows, healthy margins and assured revenue from our annuity projects. We will increase our share of toll-based projects to lead to sharper margins and better top line growth. Our toll projects grant minimum expected returns with an upside, based on the potential of these assets.

### OUR PILLARS OF STRENGTH



# AN OVERVIEW OF OUR BUSINESS VERTICALS

## ROADS

### Our Key Priorities

- ◆ Commissioning the projects nearing completion
- ◆ Improving operational efficiency
- ◆ Trimming off slow-moving projects

**Infrastructure slowdown is making us write off our slow-moving projects and trim our portfolio, as lack of approvals, slower decision-making and other issues has led to frozen project execution. Many road projects have turned unviable due to long delays in securing clearances, regulatory hurdles and policy uncertainty, resulting in project execution not having begun or stopping midway.**

### SHAREHOLDING STRUCTURE OF GIPL PROJECTS

REL	Rajahmundry Expressway Limited	100%
AEL	Andhra Expressway Limited	100%
KBICL	Kosi Bridge Infrastructure Company Limited	100%
PHPL	Patna Highway Projects Limited	100%
PBHL	Patna Buxar Highways Limited	100%
VGRPPL	Vijayawada Gundugolanu Road Project Private Limited	100%
SSRPL	Sidhi Singrauli Road Private Limited	100%
CBICL	Cochin Bridge Infrastructure Company Limited	97.6%
GICL	Gorakhpur Infrastructure Company Limited	96.5%
MNEL	Mumbai Nasik Expressway Limited	79.9%
RGBL	Rajahmundry Godavari Bridge Limited	63%

Our immediate priority is to ensure that the two road projects which are under advanced stages of development – Rajahmundry-Godavari Toll Bridge and Patna Highways – get commissioned and add to our revenue lines. We remain confident of earning good realisations and these will significantly add to our top and bottom line.

Our existing road projects are well on stream. Our Mumbai Nasik Expressway, commissioned in September 2011, is contributing fully to our top line and bottom line. Toll collection for this project averaged at Rs 34 lakhs per day during FYE - Dec' 13. Two of our annuity road projects, Kosi Mahasetu Project which is a four-lane bridge over Kosi River in Bihar and Gorakhpur Bypass Project, which commenced operations in early FY2013 are doing reasonably well.



## OUR ROADS PORTFOLIO

**Total Number of Projects: 11**

**Geographical presence: 6**

(States of India)

Operational: **6**

Construction: **2**

Development: **3**

**Estimated Portfolio: INR. 9,300 Cr**

Annuity Projects: INR. **2,700 Cr**

Toll Projects: INR. **6,500 Cr**

**Revenue Mix:**

Annuity Projects: **45%**

Toll Projects: **55%**

**Road Kms: 649**

**Road Lane Kms: 2,801**

**Operational Road Assets  
Lane Kms: 957**

This grants us an assurance on revenues and operational cash flows with a high degree of certainty.

We assess the health of our projects at regular frequency. We have reviewed our portfolio and identified projects that haven't moved and will potentially not start anytime in the near future. We are taking these away from our portfolio.

We mutually terminated our concession pact with the National Highways Authority of India (NHAI) for two projects – Birmitrapur Barkote project in Orissa and Yamunanagar Panchkula project in Haryana – due to delay in time taken for land clearances. These projects failed to take off despite two years since being awarded. We are also in touch with NHAI for terminating the Patna-Buxar concession on mutually agreeable terms.

Our other road projects awarded in FY2012 will get executed in terms of mobilising, implementing and roping in the right EPC contractor, with debt tied up and equity stitched.

Going forward, we endeavour to increase our share of annuity projects to gain clear future visibility and spur better top lines and sharper margins.

# AN OVERVIEW OF OUR BUSINESS VERTICALS

## PORTS

### Our Key Priorities

- ◆ Leveraging cargo demand
- ◆ Achieving efficient realisations
- ◆ Focus on project completion



**Demand for ports stays robust and continues to present various opportunities. We endeavour to stay innovative in making a positive impact on the ports vertical.**

Our Vizag port on Build, Operate and Transfer basis is generating reasonable surplus and performing as per expectations. We are equipped to handle any type of cargo, including outside cargo due to additional acres of land acquired close to the seaport. We have achieved tonnage of 4.22 million tonnes, while our average realisation per tonne stood at Rs. 177.

However, our Indra Container Terminal project at Mumbai port, having a capacity of 120,000 TEU, is still under development and will

take another 20-24 months for completion.

We also have the right to develop mechanised coal handling facilities at existing Berth 11 at the Mormugao Port Project in Goa.

Moving ahead, we endeavour to capitalise on the rising opportunities and participate in multiple port projects. Our objective is to enhance our realisation per tonne, given our capabilities in the ports sector.

### OUR PORTS PORTFOLIO

Estimated Portfolio : ₹ **1,900** Cr

Average Concession  
Period: **30** Years

Geographical presence: **3** States

Total Number of Projects: **3**

Operational: **1**

Construction: **1**

Development: **1**

Combined Capacity:

Bulk: **9.0** MTPA

Container: **1.2** Mn TEU

Bulk (Coal): **2.3** MTPA

# AN OVERVIEW OF OUR BUSINESS VERTICALS

## POWER

### Our Key Priorities

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



**Our Power vertical will become a significant contributor to our growth trajectory. We are enhancing our efforts to reiterate and strengthen our position in this segment.**

Our key focus is to get the Pravara Co-generation Power Project commissioned during this calendar year. The project includes facilities for Online Bagasse Handling System, Air Cooled Condenser, Water Intake & Storage, and Ash Handling, Storage & Disposal. Fuel requirement for the co-gen project at Ahmednagar, which is being developed in a BOOT basis, has been committed by a co-operative sugar factory, granting assurance of fuel supply and improving project viability.

The Rangit II Hydroelectric Power Project on BOOT basis has achieved financial closure and initial construction has begun. Our two other hydro-power projects are currently under different stages of implementation. For Youngthang Khab Hydro Power Project and Tidong Hydro Power Project, geological and ecological studies are being prepared, besides rehabilitation and environmental clearances been sought. Clearances have been received for our coal-based thermal power project, which marks our foray into thermal power generation.

### OUR POWER PORTFOLIO

**Total Number of Projects: 5**

**Geographical Presence: 3**  
(States of India)

Construction: **2**

Development: **3**

**Estimated Portfolio : ₹ 5,000 Cr**

Renewable: ₹ **240** Cr

Hydro: ₹ **3,346** Cr

Thermal: ₹ **1,400** Cr

**Capacity:**

Renewable: **30** MW

Hydro: **387** MW

Thermal: **250** MW

# MANAGEMENT DISCUSSION AND ANALYSIS

## INDIAN ECONOMY:

The Indian economy weathered the global financial crisis rather well and quickly recovered from the decline in growth rate in 2008-09 to a healthy growth that averaged around 8.7 per cent annually in 2009-10 and 2010-11. However, this recovery was short-lived and growth rate declined to 6.7 per cent in 2011-12 and 4.5 per cent in 2012-13, on account of both domestic and external factors. Despite some recovery in the growth of agriculture and industry sector, particularly in Q2 of the current financial year, the overall growth of

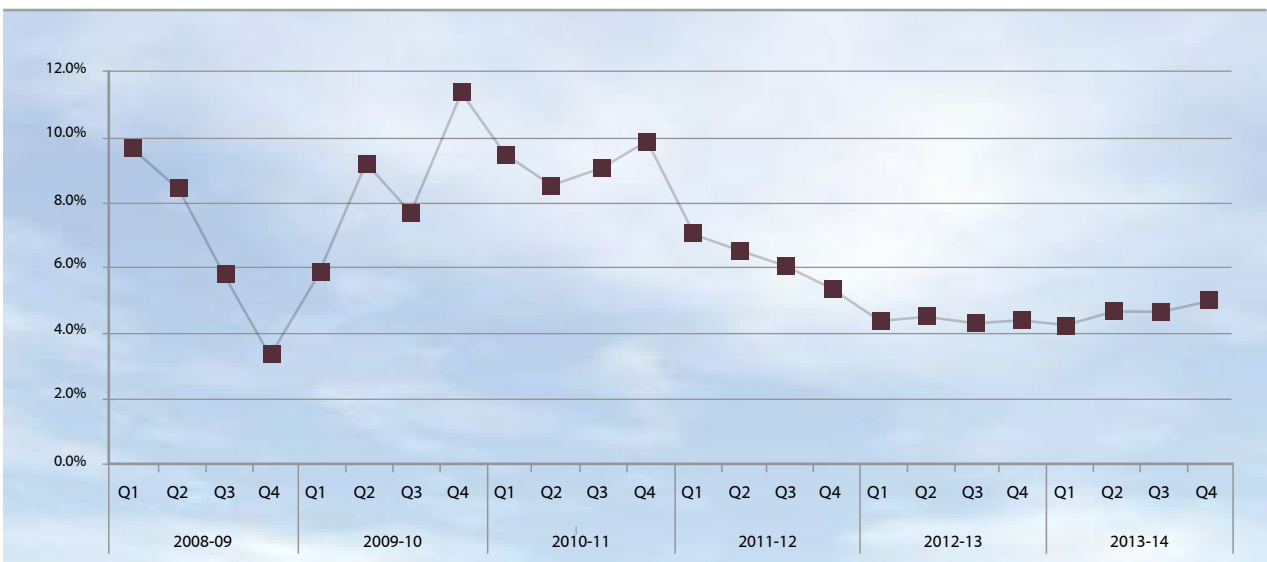
the economy has been a modest 4.6 per cent in the first half of the year. As per the Advance Estimates released by the Central Statistics Office (CSO), the Indian economy is estimated to register a growth rate of 4.9 per cent in 2013-14 (in terms of GDP at factor cost at constant prices).

According to RBI database, the headline WPI inflation in 2013-14 averaged 6.5 per cent vis-a-vis 7.4 per cent in the corresponding period last year. The better outcome in exports and lower imports led to a contraction in trade deficit for 2013-

14 to US\$ 138 billion from US\$ 190 billion in 2012-13.

The Budget for 2013-14 estimated a fiscal deficit level of ₹ 5,425 billion. The government has taken various measures on fiscal policy front including rationalization of expenditure and concerted efforts for mopping up resources, to ensure no fiscal target slippages. Revised estimates place fiscal deficit at 4.6 per cent of GDP in 2013-14, re-affirming government's strong commitment towards fiscal prudence.

## GROWTH RATE IN GDP AT FACTOR COST



Source: RBI Database \* Advance Estimate of CSO



The World Economic Outlook (WEO) update released by the IMF in January 2014 has estimated a better year ahead for Indian economy. Several reform measures have been undertaken including clearance of several large projects by the Cabinet Committee on Investment, which should help revive the economy and investment sentiments. In addition, resurgence of exports, prospects of revival in the global economy and moderation in inflation observed recently, point to a better outlook for the Indian economy in 2014-15 vis-à-vis 2013-14.

## INDIA 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 the nation, the pace of growth in infrastructure has not been commensurate to the demands and it continues to pose a major bottleneck and a challenge 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 12th Five Year Plan has accordingly allocated a total investment of USD 1 trillion in the infrastructure sector, nearly double as compared to that in 11th FYP, which would primarily be achieved through public-private partnership (PPP) model. The share of private investment is expected to increase to 48% in 12th FYP compared to 36.6% in 11th FYP. Over a period of time,

the Government of India has taken several initiatives to accommodate and accelerate private investments in the infrastructure sector. These include sector specific policies, providing incentives and tax holidays to attract private investments, permission of 100% FDI in the infrastructure sector, special provision of Viability Gap Funding (VGF) and PPP approach.



# MANAGEMENT DISCUSSION AND ANALYSIS

## ROADS:

India has the 3rd largest road network in the world, next to US and China, with a road length of 4.69 million km. 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 km, constitute 1.7% of the road length and carry 40% of total traffic.

Infrastructure spending by the government is expected to touch US \$ 1 trillion in the 12th Five-Year Plan (FY12-17). To promote the sector, the government has allowed 100 per cent foreign direct investment (FDI) under the automatic route. Development of national highways through Public-Private Partnership (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 US \$41 billion for national highways and around US \$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 Government of India has formulated a seven-phase programme known as 'National Highway Development Project (NHDP)', vested with NHAI, for the



## A LOOK AT ALL THE 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	7.0	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)

development of national highways in the country. The NHDP in India is the world's largest road development program based on a Public Private Partnership (PPP) model. The program is spread across 55,000 km (seven phases) with an estimated expenditure of ₹ 4,719.8 billion.

The Indian Government has been very pro-active in implementing new policy measures to give an impetus to the road infrastructure in the country. In order to give a pace to investments in the sector, the Government has modified its policy framework so that developers don't have to wait for long for clearance from forest authorities to start construction. Another positive step taken is that the central bank has decided to reclassify loans to road

builders as secured loans rather than unsecured loans, which would give more comfort to banks to lend to such projects.



# MANAGEMENT DISCUSSION AND ANALYSIS

## PORTS:

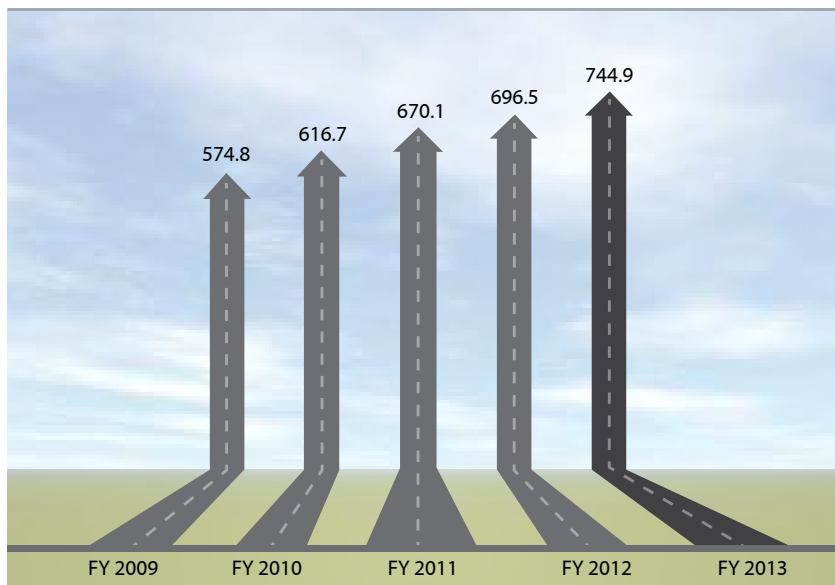
Ports in India play a vital role in the economic development of the country, facilitating the international trade and commerce, by providing an interface between the ocean transport and land-based transport. According to the Ministry of Shipping, around 95% of the country's trade by volume and 70% by value happens via maritime transport. This is further expected to increase in future as Indian emerges as a major manufacturing & outsourcing hub for the Western countries.

India currently ranks 16th among the maritime countries, having a long coastline of about 7,517 km with 13 major ports and about 200 non-major ports currently operating on the western and eastern coasts of India.

As shown in the above chart, the total capacity at major ports has increased at CAGR of 6.7% from FY09 to FY13. The total cargo traffic at both major and non-major ports has increased at CAGR of 5.9% from FY09 to FY13.

The Planning Commission of India in its 12th Five Year Plan (FYP) expects a total investment of ₹ 1,806.3 billion in the ports sector taking the total major port capacity to 1,229.24 MT by 2017, nearly 1.7 times of the FY13 capacity of 744.9 MT, and total minor port capacity to 1,059.8 MT by 2017, nearly twice the FY12 capacity of 544.7 MT.

## INDIA'S TOTAL PORT CAPACITY IN MT



Source: Ministry of Shipping, Government of India

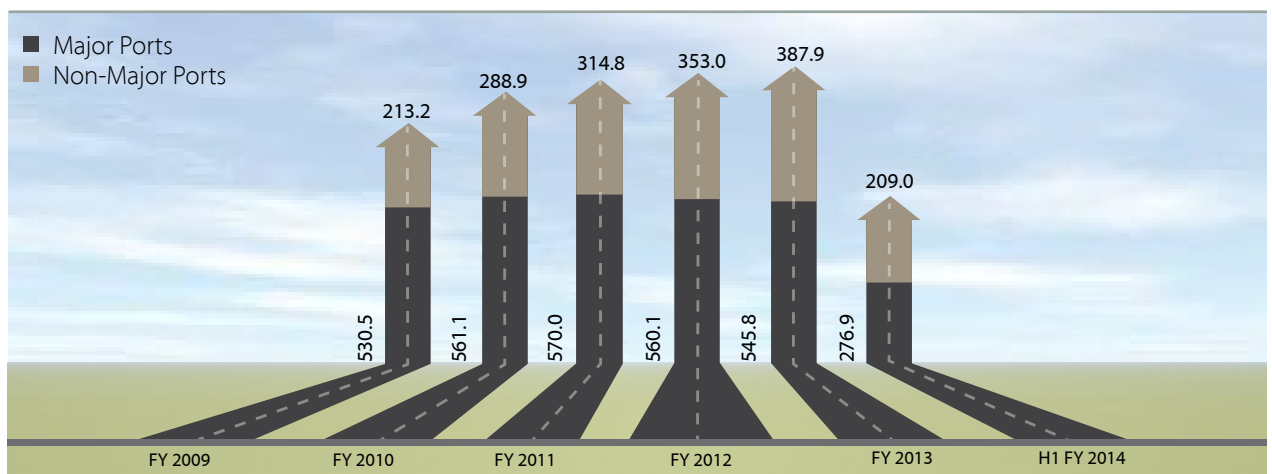


The Government of India has undertaken various initiatives to encourage investment in Indian Ports. It has already allowed 100 per cent foreign direct investment (FDI) under the automatic route for projects related to the construction and maintenance of ports and harbours. The Indian ports sector has received FDI worth US \$ 1,635.1 million between April 2000 and October 2013, according to the Department of Industrial Policy and Promotion (DIPP), Ministry of Commerce and Industry. A 10-year tax holiday has also been given to enterprises engaged in the business of developing, maintaining and operating ports, inland waterways and inland ports.

The Maritime Agenda 2010–2020 is an initiative of the Shipping Ministry to outline the framework for the 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 ₹1,094.5 billion, of which ₹ 728.8 billion have been estimated to come from private sector participation. In FY13, 29 Public Private Partnership (PPP) projects were awarded at an estimated cost of ₹ 135.5 billion for capacity addition of 208 MT in the port sector. During H1 FY14 4 PPP projects were awarded at an estimated cost of ₹ 20.9 billion for adding capacity of 40.79 MT at major ports.



### INDIAN PORTS: CARGO TRAFFIC IN MMT



Source: Ministry of Shipping, Government of India

# MANAGEMENT DISCUSSION AND ANALYSIS

## POWER:

India is today 5th largest in power generation and consumption in the world after US, China, Japan and Russia. Total power generation in India increased at CAGR of 4.0% over last 5 years, generating around 882.5 TWh during Apr-13 to Feb-14. Total installed power generation capacity increased by 12.2% to 237.7 GW, having grown at CAGR of 9.9% over last 5 years. The power generation in India majorly takes place in form of thermal power, wherein coal-fired power constitutes 59.2% and gas-fired power 9.0%. Other prominent and fast-growing sources of power are hydro power (16.9%), renewables (12.4%), and nuclear power (2.0%).

For the 12th Five-Year Plan, a total of 88.5 GW of power capacity addition is targeted, of which 72.3 GW constitutes thermal power, 10.8 GW of hydro power and 5.3GW of nuclear power. The capacity addition target for 2013–14 is 1,198 MW of hydro power, 15,234 MW of thermal power and 2,000 MW of nuclear power. Total capacity target is 18,432 MW.

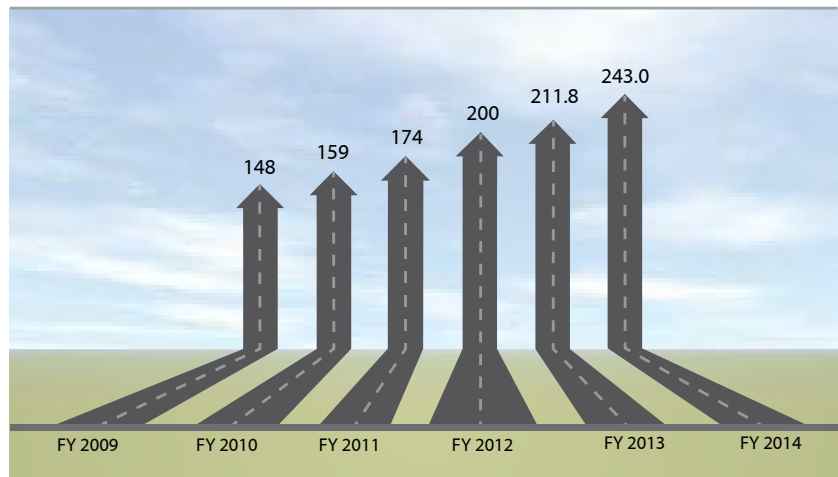
There has been an increased emphasis on renewable energy over recent years. According to the Ministry of New and Renewable Energy (MNRE), wind energy is one of the fastest-growing renewable energy sectors in the country. MNRE has in its 12th FYP envisaged renewable generation capacity addition of 15,000 MW for wind

power, 2,100 MW for small hydro power, 500 MW for biomass power, 1,400 MW for bagasse cogeneration, and 4,000 MW for solar power. This would result in the contribution of

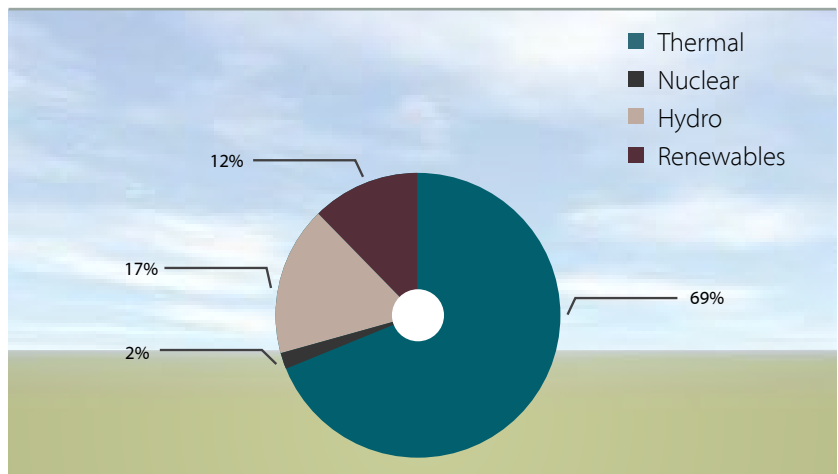
renewable power at 55,000 MW by end of 12th FYP.

The Working Group on Power for formulation of the 12th FYP has

## INSTALLED GENERATION CAPACITY IN GW



## GENERATION CAPACITY BREAKUP



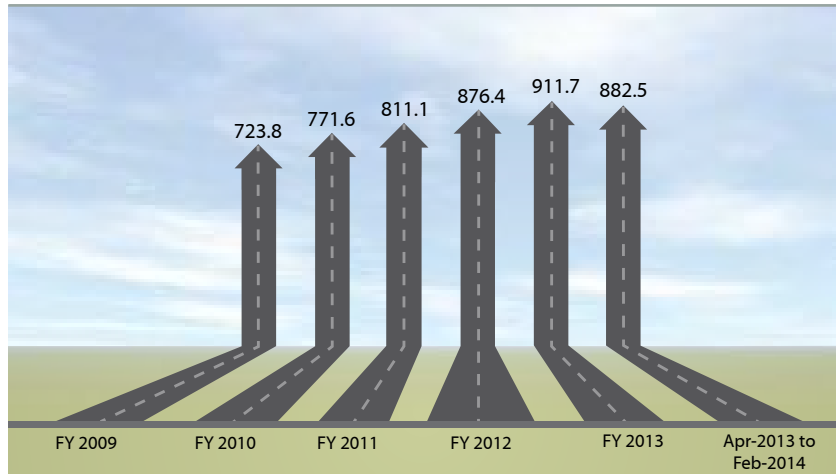
Source: Ministry of Power, Ministry of New and Renewable Energy, Government of India

estimated total fund requirement of ₹ 13,725.8 billion for the power sector. The industry attracted FDI worth ₹ 404.2 billion (US \$8.5 billion) during April 2000 to Jan 2014 according to DIPP. In order to attract foreign investments in the power sector, FDI up to 100% is permitted under automatic route for projects of electricity generation (except atomic energy), transmission, distribution and power trading.

**Business Outlook:**

The infrastructure sector has been through one of the toughest times during FY13 impacted by various economic and operating challenges. Despite the current slowdown in the infrastructure sector in India, the long term potential of the sector continues to remain intact. The long term growth of the infrastructure sector in India is crucial for the country to lead the growth amongst the emerging economies. Thus, the Government of India has made infrastructure development as its top priority. This is evident from its XIIth Five Year Plan (2012-17) which estimates an investment of around USD 1 trillion in the infrastructure sector. Further, the infrastructure sector investment is likely to witness a sizable contribution from private sector investments which are expected to contribute around 50 percent of the total investment planned under the XIIth Five Year Plan.

**POWER GENERATION IN INDIA (IN TWH)**



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

Going forward, the company shall continue to remain focussed on consolidation and execution, thus ensuring timely commissioning of ongoing projects. The company shall focus its efforts to enhance

and build upon its exiting footprint in the infrastructure segment. The company's strong expertise and long experience will help it deliver sustainable infrastructure assets for India in coming years.



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. Some points that make us different are enumerated below:

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







## OPERATIONAL OVERVIEW

### Projects Under Operation

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

REL is the SPV created for the project of widening and strengthening of the a 53 kms stretch between Rajahmundry and Dharmavaram in Andhra Pradesh on NH 5, 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 ₹ 25,642 Lakhs.

As of 31st December, 2013, REL has received 18 annuities from NHAI (each semi-annual annuity amounting to ₹ 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 - Dec '13	31-Mar-13
Total Income	4,491.38	5,984.54
EBITDA	2,722.53	3,869.48
Profit After Tax	448.95	642.49
Equity Share Capital	2,900.00	2,900.00
Reserves and Surplus	4,158.74	3,709.78

#### 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 5, 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 ₹ 24,807 Lakhs.

As of 31st December, 2013, AEL has received 18 annuities from NHAI (each semi-annual annuity amounting to ₹ 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.

## MANAGEMENT DISCUSSION AND ANALYSIS

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

	(₹ Lakhs)	
	FYE - Dec'13	31-Mar-13
Total Revenue	4,246.12	5,663.71
EBITDA	2,571.63	3,748.51
Profit After Tax	363.17	709.97
Equity Share Capital	2,900.00	2,900.00
Reserves and Surplus	3,463.69	3,100.51

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

CBICL is an SPV promoted for developing the New Mattancherry Bridge in Cochin, Kerala on BOT (Toll) basis. The 480 metre long bridge along with 200 metre approach road on both ends connects Fort Kochi (a heritage town and a famous tourist site) to Willingdon Island in the Cochin Port Trust area and is operational for nearly 13 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 ₹ 2,574 Lakhs.

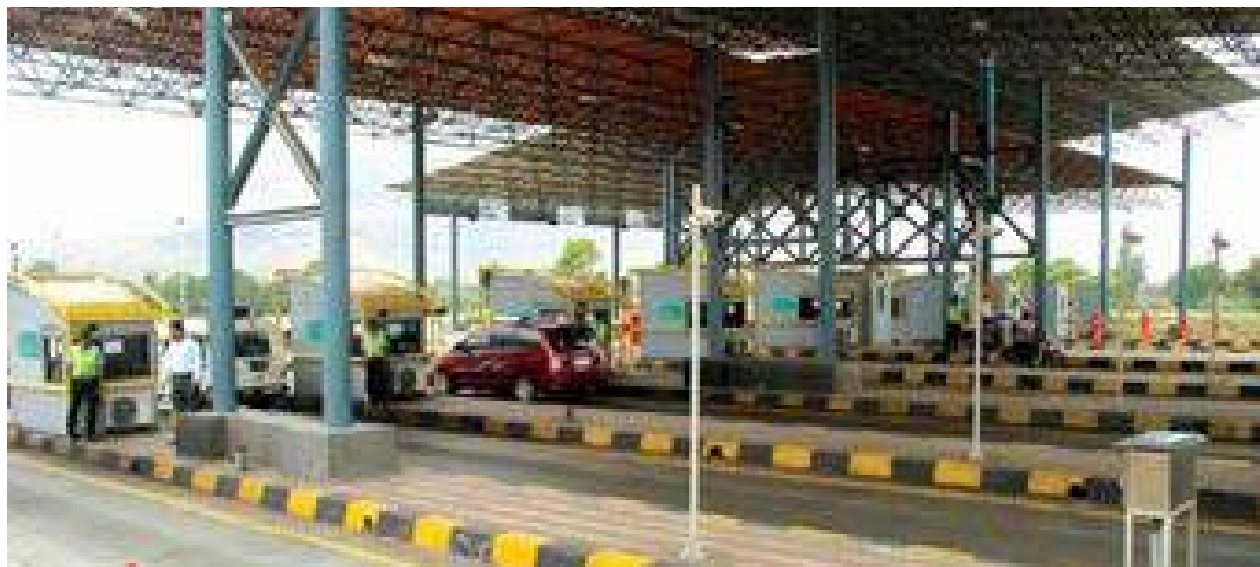
Financial performance highlights of CBICL during the last two fiscals are as under:

	(₹ Lakhs)	
	FYE - Dec'13	31-Mar-13
Total Revenue	357.08	526.66
EBITDA	190.75	323.72
Profit After Tax	(33.22)	1.39
Equity Share Capital	640.00	640.00
Reserves and Surplus	395.37	428.59

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 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, the 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, chosen 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 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 part of India. At the 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 operation on May 2010, while tolling on the entire stretch started on September 2011.

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

	(₹ Lakhs)	
	FYE - Dec '13	31-Mar-13
Total Revenue	11,127.02	15,126.79
EBITDA	8,123.74	11,175.59
Profit After Tax	76.51	4,098.42
Equity Share Capital	5,200.00	5,200.00
Reserves and Surplus	10,064.01	9,987.49



# MANAGEMENT DISCUSSION AND ANALYSIS

## 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 5.5 Million Tonne of cargo during Apr '13 to Mar '14. 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 ₹ 32,552 Lakhs.



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 - Dec'13	31-Mar-13
Total Revenue	10,044.60	14,973.49
EBITDA	4,320.84	6,494.23
Profit After Tax	386.62	1,243.77
Equity Share Capital	8,719.12	8,719.12
Reserves and Surplus	267.91	(118.70)

## 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 ₹ 3,190 Lakhs during the entire operations period. The project has been capitalised at ₹ 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 67 crores in February 2014 for the delay days. On 8th February, 2012, the project was inaugurated and achieved Provisional COD. KBICL received five annuity payments from NHAI till date.



Financial performance of KBICL is as under:

	(₹ Lakhs)	
	FYE - Dec '13	31-Mar-13
Total Revenue	4,930.04	9,061.89
EBITDA	4,496.88	8,141.52
Profit After Tax	(885.63)	(721.13)
Equity Share Capital	4,830.00	4,830.00
Reserves and Surplus	(1,920.00)	(1,034.36)



## 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 ₹ 72,129 Lakhs. The EPC contract for the project was awarded to Gammon India Limited.

GICL annuity receivable from NHAI semi-annually is ₹ 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 three annuity payments from NHAI till date.

Financial performance of GICL is as under:

	(₹ Lakhs)	
	FYE - Dec '13	31-Mar-13
Total Revenue	7,307.26	9,746.63
EBITDA	6,294.11	8,722.23
Profit After Tax	(1,780.09)	(3,789.17)
Equity Share Capital	5,428.70	5,428.70
Reserves and Surplus	(5,712.46)	(3,932.36)

## 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 ₹ 107,002 Lakhs.

The project is under its implementation phase with a total capitalisation of ₹ 87,533 Lakhs as on 31st December, 2013.

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

# MANAGEMENT DISCUSSION AND ANALYSIS

Commercial Operations Date (COD) until the expiry of the entire 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 ₹ 9,460 Lakhs from NHAI, semi-annually, in the entire operations period. The total project cost is estimated to be ₹ 100,345 Lakhs.

The project is under its implementation phase with a total capitalisation of ₹ 85,397 Lakhs as on 31st December, 2013. 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



metre 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.

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 ₹ 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 ₹ 52,882 Lakhs as on 31st December, 2013.

#### **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 August 2014 with estimated cost of ₹ 24,907 Lakhs. The total capitalisation of the project is ₹ 20,043 Lakhs as on 31st December, 2013.

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

## MANAGEMENT DISCUSSION AND ANALYSIS



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. It is expected to achieve the COD on 1st September 2014.

### **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 ₹ 49,644 Lakhs. The total capitalisation of the project is ₹ 8,931 Lakhs as on 31st December, 2013.

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.

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.

## Projects Under Development

### 1. 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 ₹ 1,09,416 Lakhs.

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.



### 2. 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 5 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. 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 from the Appointed Date which is expected to start from June 2014, including a construction period of 2.5 years. VGRPPL will start toll collection from the Appointed Date and it has to pay a premium of ₹ 5,757 Lakhs annually to NHAI 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 ₹ 208,750 Lakhs.

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 Simplex Infrastructures Limited and to your Company. The responsibilities for maintenance of the project during

## MANAGEMENT DISCUSSION AND ANALYSIS

construction period have been covered in the EPC contractor scope. The responsibilities of maintenance after the construction period will be with VGRPPL. The Project has not been able to start construction activities at the project due to non-availability of land. Providing required land and other clearances are the responsibility of the NHAI and we are in constant touch with them and construction activities shall commence shortly.

### 3. Patna Buxar Highways Limited (PBHL)

PBHL is the SPV incorporated for design, construction, finance and maintenance of a 125.44 kms long

four-lane dual carriageway on NH 30 and NH 84, which includes construction of new bypasses of Patna, Ara and Shahpura / Rani Sagar and realignment of certain stretches. The Project Road is located in the State of Bihar and is to be developed on BOT (Toll) basis.

The Concession Period is 20 years, including the construction period of 30 months. The total project cost is estimated to be ₹ 1,50,727 Lakhs. The Company will get a grant of ₹ 31,600 Lakhs from NHAI during the construction of the project. Entire debt has been tied up and financing documents have been executed for the same.

However, we are in talks with NHAI for terminating the project on amicable terms due to non-availability of land and governmental approvals.

### 4. 250 MW Thermal Power Project

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.

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

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

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

THPL, a Special Purpose Vehicle, has signed an agreement with GoHP 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 have been appointed for carrying out the Detailed Project Report and for preparation of Environmental Impact Assessment, these reports will be finalised soon.

### 7. 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 ₹ 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, which have been referred to competent court and your Company, has obtained stay order of termination of the project and invocation of Bank Guarantee.

## 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 the continues to delivers 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

# MANAGEMENT DISCUSSION AND ANALYSIS

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 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

# MANAGEMENT DISCUSSION AND ANALYSIS

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 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 thirteenth Annual Report together with the Audited Accounts of the Company, for the period 1st April, 2013 to 31st December, 2013 (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>December 31, 2013</b> (nine month period)	<b>March 31, 2013</b> (twelve month period)
Income	46,065.90	69,813.92
Earnings before interest, tax, depreciation and amortization	28,384.58	47,512.13
Financial costs	21,902.87	29,683.38
Depreciation and amortization	11,956.02	16,085.22
Tax expenses	94.85	(739.10)
Minority interest & share of profit of associates	75.24	1,010.01
Net Profit / (Loss)	(5,644.39)	1,472.63

As per Standalone Accounts:

(₹ in lacs)

<b>Particulars</b>	<b>December 31, 2013</b> (nine month period)	<b>March 31, 2013</b> (twelve month period)
Income	8,449.41	14,020.44
Earnings before interest, tax, depreciation and amortization	3,985.56	9,729.77
Financial costs	5,227.56	4,245.90
Depreciation and amortization	172.83	199.27
Tax expenses	(30.17)	2,241.93
Net Profit / (Loss)	(1,396.66)	3,042.68

## DIVIDEND

The infrastructure industry is passing through a tough phase of business cycle and your company is not insulated from this macro-economic scenario. The Board regrets that the Company is not in a position to declare any dividend for the Period in view of the losses made by the Company. However, with three projects getting operational in the near future and with overall improvement of business sentiments, we hope to perform better in the future and reward the members.

## COMPANY'S BUSINESS

Your Company has a basket of eleven projects in the Road Sector, three in the Port Sector and five in the Energy Sector, which are at various stages of construction and / or operation and management through project specific special purpose vehicles (SPVs).



### The SPVs in the Road Sector are:

#### (a) Toll based projects:

- (1) Cochin Bridge Infrastructure Company Ltd. (**CBICL**), the concessionaire which constructed the New Mattancherry Bridge connecting Fort Kochi with Willingdon Island in the Cochin Port Trust area in the State of Kerala and has been operating and managing the same since September, 2001.
- (2) Mumbai Nasik Expressway Ltd. (**MNEL**), the concessionaire which four laned the Vadape - Gonde stretch of the National Highway 3 between Mumbai and Nashik in the State of Maharashtra and has been operating and managing the same since May, 2010.
- (3) Rajahmundry Godavari Bridge Ltd. (**RGBL**), the concessionaire for constructing a four lane bridge across the Godavari River, with its approach road on either side, linking Rajahmundry to Kovvur in the State of Andhra Pradesh.
- (4) Patna Buxar Highways Ltd. (**PBHL**), the concessionaire for four laning the Patna to Buxar stretch of National Highway 30 in the State of Bihar.
- (5) Vijayawada Gundugolanu Road Project Pvt. Ltd. (**VGRPPL**), the concessionaire for six laning the Vijayawada to Gundugolanu stretch of National Highway 5, including a four lane bypass to Vijayawada town, in the State of Andhra Pradesh.
- (6) Sidhi Singrauli Road Project Ltd. (**SSRPL**), the concessionaire for four laning the Sidhi to Singrauli section of the National Highway 75E in the State of Madhya Pradesh.

#### (b) Annuity based projects:

- (1) Rajahmundry Expressway Ltd. (**REL**), the concessionaire which four laned the Rajahmundry - Dharmavaram stretch of National Highway 5 in the State of Andhra Pradesh and has been operating and managing the same since September, 2004.
- (2) Andhra Expressway Ltd. (**AEL**), the concessionaire which four laned the Dharmavaram to Tuni stretch of National Highway 5 in the State of Andhra Pradesh and has been operating and managing the same since October, 2004.
- (3) Kosi Bridge Infrastructure Company Ltd. (**KBICL**), the concessionaire which constructed a four lane bridge across the Kosi River on National Highway 57 in the State of Bihar and has been operating and managing the same since February, 2012.
- (4) Gorakhpur Infrastructure Company Ltd. (**GICL**), the concessionaire which constructed a four lane bypass to Gorakhpur Town on National Highway 28 in the State of Uttar Pradesh and has been operating and managing the same since 31st March, 2012.
- (5) Patna Highway Projects Ltd. (**PHPL**), the concessionaire for four laning the Patna to Muzafarpur stretch of the National Highway 77 including a bypass to the Muzafarpur town in the State of Bihar.

### Developments in the Road Sector during the Period

The SPV, Yamunanagar Panchkula Highway Pvt. Ltd. (**YPHPL**) has entered into an agreement with National Highways Authority of India (**NHAI**) for cancelling the concession for four laning the Uttar Pradesh/Haryana border to Panchkula stretch of National Highway 73 in the State of Haryana on amicable terms as YPHPL was unable to start construction activities at the project site on account of non-availability of land and certain government approvals. For similar reasons, the SPV, Birmitrapur Barkote Highway Pvt. Ltd. (**BBHPL**) has entered into an agreement with NHAI for cancelling the concession for the rehabilitation and upgradation of the Birmitrapur – Barkote section of National Highway 23 in the State of Orissa on amicable terms.

SSRPL has achieved financial closure and upon attaining 'appointed date' has started construction activities.

However, PBHL is in talks with NHAI for terminating the Patna-Buxar concession on amicable terms due to non-availability of land and government approvals.

VGRPPL has not been able to start construction activities at the project due to non-availability of land. Providing required land and other clearances are the responsibility of NHAI and we are in constant touch with them and construction activities shall commence shortly.

# DIRECTORS' REPORT

RGBL has so far been unable to complete the Godavari bridge project at Rajahmundry on account of unavailability of land due to litigation. Now, these issues have been resolved and we expect to complete the project within six months.

PHPL is in advanced stage of completion but has also not been able to complete the project due to non-availability of land. However, we have applied to NHA for a completion certificate based on the progress of work on land made available to us and hope to receive the same at the earliest.

The original concession period of CBICL was 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 had not revised the toll rates 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, the 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 as per the Government Order dated January 24, 2005. 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, chosen 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.

### The three SPVs in the Port Sector are:

- (1) Vizag Seaport Pvt. Ltd. (VSPL), which constructed two multipurpose berths in the inner harbor of the Visakhapatnam Port, capable of handling upto 9 MTPA, of which the first berth became operational in July, 2004 and the second in September, 2005.
- (2) Indira Container Terminal Pvt. Ltd. (ICTPL), the concessionaire for constructing two offshore container berths at the Mumbai harbor.
- (3) Mormugao Terminal Ltd. (MTL), the concessionaire for providing mechanized handling facilities for handling coal at one of the berths in the Mormugao Port.

### Developments in the Port Sector during the Period

VSPL has been successful in attaining a cargo volume of 4.22 million tons during the nine months period ending December, 2013 despite several operational constraints and severe competition. The dredging of the entrance channel to the inner harbor and the turning circle in the inner harbor by the Port Trust (to -16.10 meters) is expected to be completed by July, 2014. This should enable VSPL to receive Panamax type vessels of higher capacity in its two berths located in the inner harbor by October, 2014 after deepening its berths to the same level. Further, VSPL is increasing its storage capacity by developing the additional land of 30 acres allotted to it by the Port Trust at the EXIM Park. VSPL believes that it can, in the process, enhance its cargo handling capacity to at least 9 million tons per annum.

ICTPL 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 yard filling contract has recently been awarded by the Port Trust.

Certain disputes have arisen between MTL and the Mormugao Port Trust relating to non-compliance of conditions precedents and termination of concession agreement, which have been referred to competent court and your Company, has obtained stay order of termination of the project and invocation of Bank Guarantee.

### The five SPVs in the Energy Sector are:

- (1) Sikkim Hydro Power Ventures Ltd. (SHPVL), the concessionaire for the 66 MW hydro-electric power project in West Sikkim on the river Rimbhi.
- (2) Pravara Renewable Energy Ltd. (PREL), the concessionaire for setting up a 30 MW co-generation power project at Pravaranagar in Ahmednagar District of Maharashtra.
- (3) Youngthang Power Ventures Ltd. (YPVL), the concessionaire for setting up a 261 MW power project on the river Spiti in the State of Himachal Pradesh.
- (4) Tidong Hydro Power Ltd. (THPL), the concessionaire for setting up a 60 MW hydro-electric project on the Tidong River (tributary of Satluj) in the Kinnaur district of Himachal Pradesh.
- (5) Aparna Infraenergy India Pvt. Ltd. (AIPL) which has the coal linkage for setting up a 250 MW thermal power project in Chandrapur district of Maharashtra.

### Developments in the Energy Sector during the Period

Construction activities are in full swing at Pravaranagar and the co-generation power project is scheduled to start trial production by end of August, 2014. The amalgamation petition is pending in the Honorable High Court of Bombay.

YPVL 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.

THPL is in the process of conducting geological studies for preparation of DPR. THPL plans to submit the DPR to the Government of Himachal Pradesh for approval by end of December, 2014.

AIPL has the requisite land and has the water permission as well as all statutory clearances to proceed with its project. However, the coal linkage is now being reviewed by the Coal Ministry for approval of name change. AIPL expects a positive response from the Ministry in the near future.

### Other Sectors

#### Special Economic Zones

No progress has been achieved in the project to develop the auto-component SEZ over 90 acres of land at Adityapur in the State of Jharkhand. The project has been delayed for want of forest clearance. Your Company is a minority partner in the project.

The Company has decided to withdraw from the multi-purpose 'special economic zone' project at Tada in Andhra Pradesh in view of the unfavorable business climate for such projects. However, the Company has mutual agreement to receive a total consideration of ₹ 45 crores, out of which we have already received ₹ 16 crores and in the process of receiving the balance amount.

### Other Business

In addition to undertaking infrastructure development through SPVs, the Company undertakes operation & maintenance of the five road projects developed by AEL, REL, MNEL, KBICL and GICL.

The Company has also ventured into construction work at the Sidhi-Singrauli project through subcontractors.

### THE FUTURE

The Company and its 100% subsidiary Gammon Road Infrastructure Ltd. ("GRIL"), have been qualified to bid for all NHAI projects of an estimated cost not exceeding ₹ 3820 crores approx.

Further, the Company has qualified to bid for five projects in the Ports sector with an estimated total aggregate cost ₹ 5974 crores. It has also qualified for an Energy sector project with an estimated cost of ₹ 1200 crores and an urban infra-project with an estimated cost of ₹ 3235 crores.

There is a gap between the Company's requirement of funds and its internal accruals. The Company is also facing challenges in its cash position. The ability of the Company to raise external funds has also been affected due to adverse market conditions. However, the Company is actively following up with NHAI for realization of receivables and has also started discussion with potential investors for monetization of its matured assets at the right valuation to ease present and future fund requirements.

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 the 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.

# DIRECTORS' REPORT

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 ₹ 26,519 on foreign travel during the Period.

## SUBSIDIARIES

During the Period, Gammon Renewable Energy Infrastructure Ltd. has changed its name to Gammon Renewable Energy Infrastructure Projects Ltd.

During the Period, Dohan Renewable Energy Pvt. Ltd. (since struck off and dissolved as a defunct company), Ghaggar Renewable Energy Pvt. Ltd., Indori Renewable Energy Pvt. Ltd., Kasavati Renewable Energy Pvt. Ltd. (since struck off and dissolved as a defunct company), Markanda Renewable Energy Pvt. Ltd., Sirsa Renewable Energy Pvt. Ltd., Satluj Renewable Energy Pvt. Ltd., Tangri Renewable Energy Pvt. Ltd. and Yamuna Minor Minerals Pvt. Ltd. have become subsidiaries of the Company following the definition of the term 'subsidiary' in the Companies Act, 2013 being brought into force, as the Company and its other subsidiaries hold the entire equity stake in these companies.

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

Mr. Abhijit Rajan, on ceasing to be the Chairman & Managing Director of the Company, is liable to retire by rotation at the 13th Annual General Meeting and has offered himself for re-appointment.

Ms. H. Daruwalla, independent director, is liable to retire by rotation at the 13th Annual General Meeting. It is proposed to appoint her as an independent director of the Company for a consecutive term of five years from the 13th Annual General Meeting of the Company. Ms. Daruwalla has given her consent for her appointment as an independent director of the Company.

## 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) Shareholders/Investors Grievance Committee to, inter-alia, redress investor complaints;
- (iii) Remuneration Committee to approve appointments and remuneration of executive directors;
- (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; and
- (vi) Projects Review Committee to review implementation and working of projects under development and operation.

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 Shareholders 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. Veeraghavan, a 'practicing company secretary' on compliance with corporate governance requirements of the Listing Agreement is annexed to this Report as Annexure 4.

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

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

## AUDITORS

The Company's auditors, M/s. Natvarlal Vepari & Co. and M/s. S. R. Batliboi & Co. LLP retire at the Annual General Meeting and being eligible and willing to be re-appointed as Auditors of the Company, have submitted their certificates to the effect that their re-appointments, if made, will be within the limits prescribed under Section 224 (1B) of the Companies Act, 1956.

The Board recommends their reappointment.

## AUDITORS' REPORT

The Auditors have in their CARO Report pointed out that the Company has used short term funds to the tune of ₹ 248 crores approx. for investment in long term assets.

The Company proposes to monetize some of its mature assets as well as securitize some of its future receivables and is in active discussions with various lenders for long term debts. The Company will also generate income from internal sources by way of developer fees, contracting income and operation & maintenance income. These funds will be used for achieving an optimal balance between short term funds and long term funds in the business of the Company.

## 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

**Himanshu Parikh**  
Vice Chairman

**K.K. Mohanty**  
Managing Director

Place: Mumbai  
Date: May 03, 2014

# DIRECTORS' REPORT

## ANNEXURE 1

### EMPLOYEES STOCK OPTIONS (OPTIONS)

All balance options under the ESOP schemes issued in the previous years under ESOP Scheme 2007 and ESOP scheme 2008, have lapsed during the current period.

#### (A) ESOP Scheme 2013:

1	Options granted	6,160,000			
2	Date of Grant	September 23, 2013			
3	Pricing Formula/ Exercise Price (₹)	2/-			
4	Options vested	Nil			
5	Options exercised	Nil			
6	Total number of Equity Shares arising as a result of exercise of Options	Not Applicable			
7	Options lapsed /cancelled	840,000 (as on 31.12.2013)			
8	Variation of terms of Options	None			
9	Money realised by exercise of Options	Not Applicable			
10	Total number of options in force	5,320,000 (as on 31.12.2013)			
11	Weighted average exercise price (₹)	2/-			
12	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)			
13	Option pricing model used and underlying assumptions	Black-Scholes Option Pricing Model			
	Equity Share Price (₹)	6.40/-			
	Exercise Price (₹)	2/-			
	Assumptions	Options vesting on 01.10.2014	Options vesting on 01.10.2015	Options vesting on 01.10.2016	Options vesting on 01.10.2017
	Expected Volatility (in %)	39.31	44.25	42.29	41.78
	Weighted average of unexpired life of Options (in years)	1.02	2.02	3.02	4.02
	Expected dividend	Nil	Nil	Nil	Nil
	Risk Free Interest Rate (%)	9.86	9.02	8.96	9.03
14	Diluted earnings per share pursuant to issue of Equity Shares on exercise of option calculated in accordance with Accounting Standard (AS – 20)	(0.19)			
15	Employee-wise details of Options granted	<p><b>Senior managerial personnel (key managerial personnel)</b> Mr. Kishor Kumar Mohanty – 2,500,000 (40.58% of Options issued during the year) Mr. Parag Parikh – 400,000 (6.49% of Options issued during the year) Mr. G. Sathis Chandran – 280,000 (4.54% of Options issued during the year)</p> <p><b>Other Employees</b> Mr. Kshitiz Bhasker – 360,000 (5.84% of Options issued during the year) No employee has been granted Options exceeding 1% of the issued capital of the Company.</p>			

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

Financial Year	01.04.2013 to 31.12.2013	01.04.2012 to 31.03.2013
Diluted earnings per share pursuant to issue of Equity Shares on exercise of option calculated in accordance with Accounting Standard (AS – 20)	(0.19)	0.41

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

	01.04.2013 to 31.12.2013	01.04.2012 to 31.03.2013
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	₹ 195,988 Net Loss would come down from ₹ 1397 lakhs to ₹ 1395 lakhs. EPS would come down from (0.1893) to (0.1890)	₹ 186,948 Net Profit would come down from ₹ 3043 lakhs to ₹ 3041 lakhs. EPS would come down from 0.4144 to 0.4142

**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 December 31, 2013. 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, nothing came to our attention that caused us to believe that the Company has implemented the Scheme during the period ended December 31, 2013, in all material respects, in accordance with the aforementioned guidelines and the resolution.

For **Natvarlal Vepari & Co.**

Chartered Accountants

Firm Registration No. 106971W

(sd)

**N Jayendran.**

Partner

M.No.040441

Mumbai Dated: 3rd May 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 31st December, 2013

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	37/ 6	Executive Director & CFO	8,251,945	PGMBA (Fin), M.Com, B.Com. 14/5	14-Oct-99	--
2	Mr. Kshitiz R Bhasker	38/ 7	Head – Business Development	4,840,050	MBA (Fin) , B.E. (Civil), 14/6	1-Sep-04	Self Employed
3	Mr. Kishor Kumar Mohanty	56/ 9	Managing Director	19,674,984	MBA, B. Tech 35	24-Mar-11	SREI Infrastructure Finance Ltd.
4	Mr. Rajeev Malhotra *	61/ 7	Executive Director	1,885,412	Research Scholar (IIT Mumbai), M.Tech (Civil) , B.E. (Civil) 35	1-Apr-11	Gammon India Limited
5	Mr. Vishwanath Seshadri *	52/ 6	Chief Risk Officer	1,575,107	ICWA, CA, B.Com 30	1-Apr-11	Consultant on Banking (Self Employed)
6	Mr. Kaushik Chaudhuri	46/ 5	Chief Internal Auditor	4,742,330	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 ended 31st December, 2013 ( 1st April, 2013 to 31st December, 2013 ) 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.

(sd)

**Veeraraghavan. N**

Practising Company Secretary

C.P.No. 4334

Place: Mumbai

Date: 2nd May, 2014

# 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, 1st April, 2013 to 31st December, 2013 (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 eight Directors of which six are Non-Executive and two are Executive Directors. The Chairman is a Non- Executive Director. Out of the six Non-Executive Directors four are Independent Directors.

The two Executive Directors of the Company are Mr. Kishor Kumar Mohanty – Managing Director and Mr. Parag Parikh - Whole Time Director & Chief Financial Officer.

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 31st December, 2013.

During the financial year ended 31st December, 2013 the Board met four times on 24th May, 2013, 9th August, 2013, 20th September, 2013 and 14th November, 2013.

The composition of the Board of Directors as at 31st December, 2013 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 four Board Meetings held during the year the Director attended	Attendance at Last AGM	No. of Directorships in other public companies\$	No. of Committee Positions held in public companies including the Company*.	
				Chairman	Memberships including chairmanships
Mr. Naresh Chandra Chairman**	4	Yes	8	-	8
Mr. Himanshu Parikh Vice Chairman	3	Yes	4	1	1
Mr. Kishor Kumar Mohanty Managing Director	4	Yes	9	-	3

Name of Director	Out of four Board Meetings held during the year the Director attended	Attendance at Last AGM	No. of Directorships in other public companies\$	No. of Committee Positions held in public companies including the Company*.	
				Chairman	Memberships including chairmanships
Mr. Parag Parikh Whole Time Director	4	Yes	7	1	2
Mr. Abhijit Rajan Non-Executive Director***	4	Yes	6	-	-
Mr. C. C. Dayal Independent Director	4	Yes	10	3	8
Mr. S. C. Tripathi Independent Director	4	Yes	7	-	6
Ms. Homai A. Daruwalla Independent Director	4	Yes	7	2	6

\$ excludes private, foreign, unlimited liability companies and companies registered under section 25 of the Companies Act, 1956.

\* indicates membership of Audit & Shareholders'/Investors' Grievances Committees across all public limited companies.

\*\* Appointed as the Chairman w.e.f. September 20, 2013.

\*\*\* Resigned as the Chairman & Managing Director w.e.f. September 20, 2013.

### Remuneration of Directors

#### Executive Directors

Mr. Kishor Kumar Mohanty was appointed as the Managing Director of the Company for a period of three years with effect from 12th April, 2011.

He has been re-appointed by the Board for a further period of three years from 12th April, 2014, subject to the approval of shareholders. Remuneration payable to Mr. Mohanty for the Period is as follows:

	(In ₹)
Salary	17,142,900
Benefits	1,894,838
<b>Total</b>	<b>19,037,738</b>

During the Period, the Company has granted 2,500,000 stock options to Mr. Mohanty which will entitle him to apply for 2,500,000 equity shares of the Company at par.

Mr. Rajeevkumar Malhotra resigned as a Whole Time Director of the Company with effect from 7th May, 2013. Remuneration paid to Mr. Malhotra for the period 01.04.2013 to 07.05.2013 is as follows:

	(In ₹)
Salary	695,904
Benefits	153,048
<b>Total</b>	<b>848,952</b>

Mr. Parag Parikh was appointed as a Whole Time Director of the Company for a period of three years with effect from 25th August, 2011. Mr. Parikh's remuneration payable for the Period is as follows:

	(In ₹)
Salary	5,427,975
Benefits	2,075,884
<b>Total</b>	<b>7,503,859</b>

During the Period, the Company has granted 400,000 stock options to Mr. Parikh which will entitle him to apply for 400,000 equity shares of the Company at par.

# REPORT ON CORPORATE GOVERNANCE

## 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 non-executive directors are entitled to be paid sitting fees of ₹ 20,000/- (Rupees Twenty Thousand Only) per meeting, for the meeting(s) of the Board of Directors, the Audit Committee, the Remuneration Committee, the Compensation Committee, the Shareholders'/Investors' Grievance Committee and the Projects Review Committee. The details of sitting fees paid for the Period is as under:

Name	Sitting Fees (₹)
Mr. Naresh Chandra, Chairman and Independent Director	140,000
Mr. C. C. Dayal, Independent Director	200,000
Mr. S. C. Tripathi, Independent Director	180,000
Mr. Himanshu Parikh, Non-Executive Director	60,000
Ms. Homai A. Daruwalla, Independent Director	160,000
Mr. Abhijit Rajan, Non-Executive Director*	20,000

\* Resigned as the Chairman & Managing Director with effect from September 20, 2013

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 31st December, 2013 are as under:

Name	No. of Equity Shares held
Mr. Abhijit Rajan	6,000,000
Mr. Himanshu Parikh	3,814,517
Mr. Parag Parikh	252,206
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 Board Members 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.

## 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

During the Period, the Audit Committee conducted its business at three meetings held on 24th May, 2013, 9th August, 2013 and 14th November, 2013. Attendance of the Audit Committee members at such meetings is as follows:

Name	No. of Meetings attended by the current members during the year
Mr. C. C. Dayal	3
Mr. Kishor Kumar Mohanty	3
Mr. Naresh Chandra	3
Mr. Sushil C. Tripathi	3
Ms. H.A. Daruwalla	3

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

1. Discussions with the Auditors periodically about internal control systems and the scope of audit including observations of the Auditors;
2. Review of the quarterly, half yearly and annual financial statements and analyzing the performance of the Company, along with the management, before the same are forwarded to the Board with primary focus on accounting policies and practices, compliance with accounting standards and legal requirements having financial statement implications;
3. Recommending the appointment and removal of statutory and internal auditors, fixing the audit fees and approving payment of other services;
4. Discussions with the internal auditors regarding any significant findings and follow up thereon;
5. Monitoring the adequacy of the internal control environment including computerized information control system and security and management information systems;
6. To provide directions and oversee the operation of the total audit function in the Company (internal as well as external).

\*The terms of reference of the Committee have subsequently been amended after the Period, to make it in line with the provisions of the Companies Act, 2013 and the revised clause 49 of the Listing Agreement

#### 4.0 SHAREHOLDERS' / INVESTORS' GRIEVANCE COMMITTEE

The members of the Shareholders'/Investors' Grievance Committee are:

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

\*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 4 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.

During the Period, the Committee conducted its business at two meetings held on 10th April, 2013 and 7th June 2013.

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

# REPORT ON CORPORATE GOVERNANCE

## 5.0 REMUNERATION COMMITTEE

The Remuneration Committee comprises of three non-executive Directors viz. Mr. C.C. Dayal (Chairman), Mr. S. C. Tripathi and Ms. H. A. Daruwalla. The Committee has been constituted to oversee the appointment and terms of remuneration of Executive Directors.

During the Period, the Committee conducted its business by resolutions by circulation dated 16th May, 2013 and 29th November, 2013.

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

## 6.0 COMPENSATION COMMITTEE

The Compensation Committee comprises of 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 met only once on 18th September, 2013.

## 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 conducted its business by three meetings held on 20th July, 2013, 20th August, 2013 and 23rd December, 2013.

## 8.0 PROJECTS REVIEW COMMITTEE

The Board has on 24th May, 2013 constituted a Projects Review Committee to review the implementation and working of projects under development and operation.

The Committee comprises of two independent Directors viz: Mr. C. C. Dayal and Mr. S.C. Tripathi.

During the Period, the Committee conducted its business at two meetings held on 26th July, 2013 and 10th August 2013.

## 9.0 GENERAL BODY MEETING

### 9.1 Location, Date and Time of the Annual General Meetings ("AGM") held during the last 3 years

AGM	Year	Date	Time	Venue
10th	1st April, 2010 to 31st March, 2011	26th September, 2011	11.00 a.m.	Ravindra Natya Mandir, Ground Floor, Near Siddhivinayak Temple, Sayani Road, Prabhadevi, Mumbai 400025
11th	1st April, 2011 to 31st March, 2012	25th September, 2012	11.00 a.m.	Ravindra Natya Mandir, Ground Floor, Near Siddhivinayak Temple, Sayani Road, Prabhadevi, Mumbai 400025
12th	1st April, 2012 to 31st March, 2013	20th September, 2013	11.00 a.m.	Ravindra Natya Mandir, Ground Floor, Near Siddhivinayak Temple, Sayani Road, Prabhadevi, Mumbai 400025

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

AGM	Particulars of Special Resolutions passed
10th AGM	(a) appointment of Mr. Rajeevkumar Malhotra as a Director in Whole Time Employment of the Company. (b) appointment of Mr. Kishor Kumar Mohanty as a Managing Director of the Company. (c) appointment of Mr. Parag Parikh as a Director in Whole Time Employment of the Company.
11th AGM	(a) commencement of business specified in sub – clause 113 of Clause III C of the Memorandum of Association.
12th 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.

## 10.0 DISCLOSURES

- (i) 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.
- (ii) 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.

## 11.0 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.

## 12.0 GENERAL SHAREHOLDER INFORMATION

### 12.1 Annual General Meeting

Day and Date	Monday, June 30, 2014
Time	3.30 p.m.
Venue	Ravindra Natya Mandir, Ground Floor, Near Siddhivinayak Temple, Sayani Road, Prabhadevi, Mumbai 400025.

### 12.2 Financial Calendar

First quarterly results	:	on or before May 15, 2014
Second quarterly results	:	on or before August 14, 2014
Third quarterly results	:	on or before November 14, 2014
Financial Year ending Dec' 2014 (audited)	:	on or before March 01, 2015

### 12.3 Date of Book Closure

The Company will close its share transfer books on the date of the Annual General Meeting, namely June 30, 2014.

### 12.4 Dividend Payment Date

The Company has not declared any dividend for the year.

# REPORT ON CORPORATE GOVERNANCE

## 12.5 Listing on the Stock Exchanges

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

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

ISIN: INE181G01025 (Fully Paid)

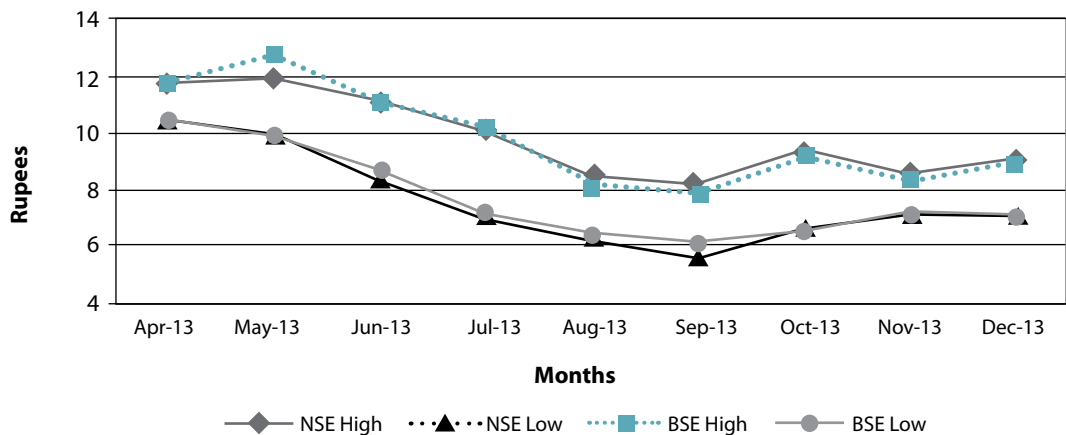
## 12.6 Listing fees for the year 2013

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

## 12.7 Stock market price data for the Period:

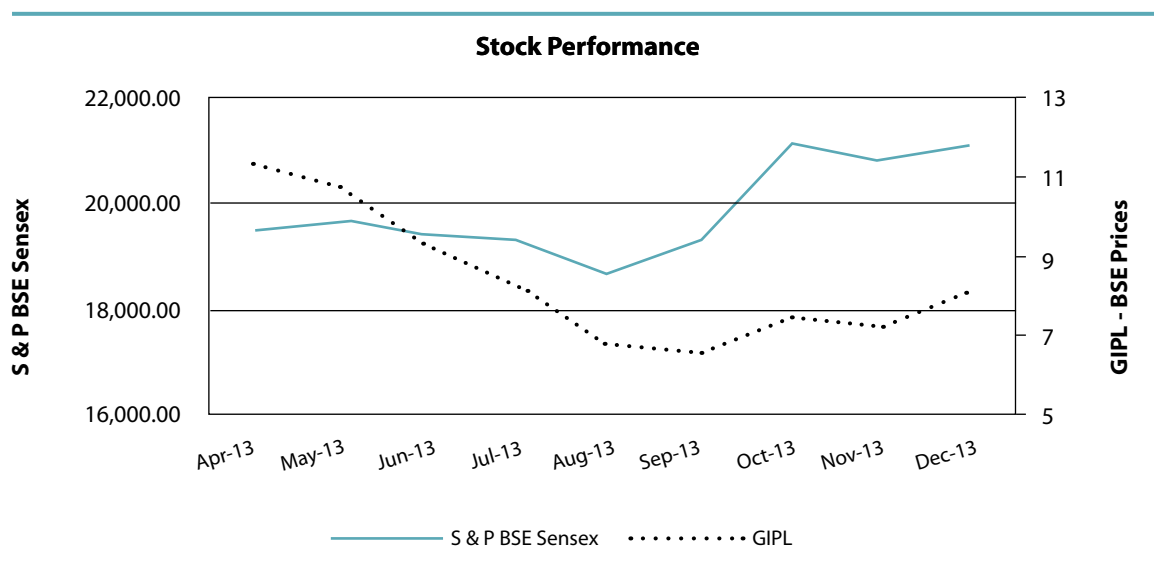
Month	National Stock Exchange of India Limited		Bombay Stock Exchange Limited	
	High (₹)	Low (₹)	High (₹)	Low (₹)
April'13	11.75	10.40	11.80	10.50
May'13	11.90	9.90	12.80	9.76
June'13	11.05	8.35	11.10	8.65
July'13	10.10	7.00	10.20	7.15
August'13	8.40	6.25	8.15	6.35
September'13	8.10	5.55	7.89	6.05
October'13	9.20	6.60	9.20	6.50
November'13	8.45	7.05	8.40	7.15
December'13	9.00	7.05	8.93	7.01

GIPL Comparative High Low Price on NSE & BSE





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



### 12.9 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

### 12.10 Share Transfer System

The Shareholders' & Investors' Grievance Committee looks after the share transfer system and other related issues in tandem with the Registrar and Share Transfer Agents.

### 12.11 Distribution of Shareholding as on December 31, 2013

No. of Equity Shares	Shareholders		No. of Shares	% of Total
	Number	% to Total		
1- 500	21,488	57.10	3,761,836	0.51
501 – 1000	7,069	18.79	4,464,734	0.61
1001 – 2000	4,885	12.98	6,110,681	0.83
2001 – 3000	2,423	6.44	5,803,020	0.79
3001 – 4000	431	1.15	1,432,596	0.20
4001 – 5000	241	0.64	1,068,657	0.15
5001 – 10000	618	1.64	3,959,357	0.54
10001 and above	474	1.26	707,425,557	96.37
<b>Total</b>	<b>37,629</b>	<b>100.00</b>	<b>734,026,438</b>	<b>100.00</b>

# REPORT ON CORPORATE GOVERNANCE

## 12.12 Shareholding Pattern as on 31st December, 2013

Category	Number of Shares Held	% of capital
<b>A) PROMOTER'S HOLDING</b>		
<b>1. Indian</b>		
Individual/HUF	Nil	Nil
Central/State Government	Nil	Nil
Bodies Corporate	528,000,000	71.93
Financial Institutions/Banks	Nil	Nil
Any Other		
Promoter Group	22,400,000	3.05
<b>2. Foreign Promoters</b>		
Individual	Nil	Nil
Bodies Corporate	Nil	Nil
Institutions	Nil	Nil
Any Other	Nil	Nil
<b>SUB – TOTAL (A) (1+2)</b>	<b>550,400,000</b>	<b>74.98</b>
<b>(B) PUBLIC SHAREHOLDING</b>		
<b>1. Institutions</b>		
Mutual Funds and UTI	31,676,695	4.32
Banks/ Financial Institutions	7,138,294	0.97
Insurance Companies (Central / State Government Institutions / Non – Government Institutions)	Nil	Nil
FIs	57,674,541	7.86
Venture Capital Funds	238,536	0.03
<b>SUB – TOTAL (B)(1)</b>	<b>96,728,066</b>	<b>13.18</b>
<b>2. Non Institutions</b>		
Bodies Corporate	36,519,188	4.98
Individuals		
(i) Individual Shareholders holding nominal share capital up to ₹ 1 Lakh	29,810,208	4.06
(ii) Individual Shareholders holding nominal share capital in excess of ₹ 1 Lakh	5,425,585	0.74
Any other		
(i) NRIs / OCBs	1,985,692	0.27
(ii) Directors & Relatives	10,196,456	1.39
(iii) Clearing Member	1,688,561	0.23
(iv) Office Bearers	1,269,644	0.17
(v) Trusts	3,038	0.00
<b>SUB – TOTAL (B) (2)</b>	<b>86,898,372</b>	<b>11.84</b>
Shares held by Custodians and against which Depository Receipts have been received	-	-
<b>GRAND TOTAL</b>	<b>734,026,438</b>	<b>100</b>

**12.13 Dematerialization of Shares**

The break- up of Company's shares in physical / dematerialized form as on 31st December, 2013 is as under:

<b>Particulars</b>	<b>No. of Equity Shares</b>	<b>% to Share Capital</b>
Electronic	734,024,733	99.99976
Physical	1,705	0.00024
<b>Total</b>	<b>734,026,438</b>	<b>100</b>

The free float of the Company's as on 31st December, 2013 is 25.02%.

**12.14 Details of unclaimed shares as on financial year ended 31st December, 2013 issued pursuant to the Initial Public Offer (IPO) are as follows (Pursuant to clause 5A of the Listing Agreement):**

<b>Sr. No</b>	<b>Particulars</b>	<b>Cases</b>	<b>No. of Shares</b>
1	Aggregate number of shareholders and the outstanding shares lying in the unclaimed suspense account at the beginning of the year i.e. 01.04.2013	23	23,058
2	Number of shareholders who approached for transfer of shares from unclaimed suspense account during 01.04.2013 to 31.12.2013	1	3,603
3	Number of shareholders to whom shares were transferred from Unclaimed suspense account during 01.04.2013 to 31.12.2013	1	3,603
4	Aggregate number of shareholders and the outstanding shares lying in the unclaimed suspense account at the end of the year i.e. 31.12.2013	22	19,455

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

None

**12.16 Plant Location**

None

**12.17 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, 5th Floor, Plot No. 952/954, New Prabhadevi Road, Prabhadevi, Mumbai - 400025

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

Mumbai

May 3, 2014

# REPORT ON CORPORATE GOVERNANCE

## 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 31st December, 2013.

**Kishor Kumar Mohanty**

Managing Director

Mumbai: May 3, 2014

## Independent Auditor's 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, Jointly Controlled Entities and Associates (GIPL Group), which comprise the Consolidated Balance Sheet as at December 31, 2013, and 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.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the Consolidated Financial Statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- in the case of the Consolidated Balance Sheet, of the state of affairs of the GIPL Group as at December 31, 2013;
- 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
- 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 invite attention to Note 35 to the Consolidated Financial Statements, in relation to notice served by the Company's subsidiaries for closure of two projects. The Company's exposure including Equity contributions and advances is amounting to ₹ 406,881,213 (excluding guarantees of ₹ 389,100,000). Pending conclusion between the parties, no adjustments have been made in the Consolidated Financial Statements.
- The group incurred a net loss after tax of ₹ 564,438,626/- during the nine months period ended December 31, 2013 and, as of that date, the group's current liabilities exceeded its current assets by ₹ 6,089,713,519/- Management's plans to address the uncertainty as to the timing and realisation of cash flows are discussed in Note 34 to the Consolidated Financial Statements. Our opinion is not qualified in this matter

### Other Matter

We did not audit the Financial Statements of

- certain subsidiaries whose Financial Statements reflect total assets of ₹ 15,604,332,953/- as at December 31, 2013, total income of ₹ 1,080,200,404/- and cash flows of ₹ (15,054,886/-) for the period then ended and;
- certain associates whose Financial Statements reflect a total loss of ₹ 3,802,694/- for the period ended December 31, 2013, the Company's share in the loss of such associates being ₹ 1,178,037/-.

The above mentioned financial statements have been audited by other auditors whose reports have been furnished to us, and our opinion is based solely on the report of other auditors; and

- certain joint venture companies whose Financial Statements reflect total assets of ₹ 1,404,305/- as at December 31, 2013, total income of ₹ 24,492/- and cash flows amounting to ₹ (28,98,526/-) for the period then ended, the Company's share of such total assets, total income and total cash flows being ₹ 190,064/-, ₹ 2,478/- and ₹ (317,485/-), respectively are based on unaudited Financial Statements certified by the respective managements of the joint ventures.

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

### For Natvarlal Vepari & Co.

ICAI Firm Registration Number: 106971W  
Chartered Accountants

### N Jayendran

M. No. 40441  
Partner  
Mumbai, Dated : March 1, 2014

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

ICAI Firm Registration Number : 301003E  
Chartered Accountants

### per Hemal Shah

M. No. 42650  
Partner  
Mumbai, Dated : March 1, 2014

## Consolidated Balance Sheet as at December 31, 2013

(All amounts in Indian Rupees unless otherwise stated)

Particulars	Notes	As at December 31, 2013	As at March 31, 2013
<b>Equity and liabilities</b>			
<b>Shareholders' funds</b>			
Share capital	4	1,476,155,376	1,476,155,376
Reserves and surplus	5	5,232,918,005	5,650,993,240
		<b>6,709,073,381</b>	<b>7,127,148,616</b>
<b>Minority interest</b>	6	<b>1,577,253,098</b>	<b>1,801,958,234</b>
<b>Non-current liabilities</b>			
Long-term borrowings	7	37,301,647,526	36,117,195,795
Deferred tax liabilities (net)	8	24,920,735	20,837,532
Other long-term liabilities	9	8,850,000	8,850,000
Long-term provisions	10	558,245,702	750,244,309
		<b>37,893,663,963</b>	<b>36,897,127,636</b>
<b>Current liabilities</b>			
Short-term borrowings	11	779,812,313	787,812,481
Trade payables, current	12	197,452,236	242,379,703
Other current liabilities	12	7,158,086,195	5,426,881,971
Short-term provisions	10	758,362,123	243,301,926
		<b>8,893,712,867</b>	<b>6,700,376,081</b>
		<b>55,073,703,310</b>	<b>52,526,610,567</b>
<b>TOTAL Assets</b>			
<b>Non-current assets</b>			
Fixed assets :			
Tangible assets (net)	13	1,186,718,455	1,202,912,236
Intangible assets (net)	14	23,228,498,822	24,377,473,644
Capital work in progress	15	127,144,496	106,855,898
Intangible assets under development	16	24,443,484,972	20,467,065,343
Goodwill on consolidation	17	533,649,910	452,995,586
Deferred tax asset (net)	8	340,603,137	325,383,157
Non-current investments	18	7,924,865	9,102,903
Long-term loans and advances	19	2,118,368,833	2,307,718,653
<b>Non-current trade receivables</b>	20	163,066,739	558,704
Other non-current assets	21	120,243,733	153,271,997
		<b>52,269,703,962</b>	<b>49,403,338,121</b>
<b>Current assets</b>			
Current investments	22	236,478,084	27,184,279
Inventories	23	115,386,547	63,124,288
Trade receivables	20	179,722,911	378,448,939
Cash and bank balances	24	950,387,121	692,496,270
Short-term loans and advances	19	556,713,070	335,492,759
Other current assets	21	765,311,615	1,626,525,912
		<b>2,803,999,348</b>	<b>3,123,272,447</b>
		<b>55,073,703,310</b>	<b>52,526,610,567</b>
<b>TOTAL</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 and on behalf of the Board of Directors of  
**Gammon Infrastructure Projects Limited****For Natvarlal Vepari & Co.**  
ICAI Firm Regn. No.: 106971W  
Chartered Accountants**For S. R. Batliboi & Co. LLP**  
ICAI Firm Regn. No. : 301003E  
Chartered Accountants**Kishor Kumar Mohanty**  
Managing Director**Parag Parikh**  
Whole-time Director and CFO**N Jayendran**  
Partner  
Membership No. : 40441**per Hemal Shah**  
Partner  
Membership No. : 42650**Abhijit Rajan**  
Director**C. C. Dayal**  
Director**Homai A. Daruwalla**  
Director**G. Sathis Chandran**  
Company SecretaryPlace : Mumbai  
Date : March 1, 2014Place : Mumbai  
Date : March 1, 2014

## Consolidated Statement of Profit and Loss for the period from April 1, 2013 to December 31, 2013

(All amounts in Indian Rupees unless otherwise stated)

Particulars	Notes	Period ended December 31, 2013	Year ended March 31, 2013
<b>Income</b>			
Revenue from operations:			
Revenue from projects	25	4,413,236,853	6,621,935,116
Other operating revenues	26	128,543,158	281,832,258
Other income	27	64,810,510	77,624,988
<b>Total income</b>		<b>4,606,590,521</b>	<b>6,981,392,362</b>
<b>Expenses</b>			
Project expenses	28	1,310,015,386	1,661,946,293
Employee benefits expenses	29	243,530,013	289,254,079
Other expenses	30	214,586,540	278,978,668
<b>Total expenses</b>		<b>1,768,131,939</b>	<b>2,230,179,040</b>
<b>Earnings before interest, tax, depreciation and amortisation (EBITDA)</b>		<b>2,838,458,582</b>	<b>4,751,213,322</b>
Finance costs	31	2,190,286,876	2,968,337,583
Depreciation/amortisation	13,14	1,195,601,954	1,608,521,955
Share of (profit)/loss from investment in associates		1,178,038	(371,976)
<b>Profit/(Loss) before tax</b>		<b>(548,608,286)</b>	<b>174,725,760</b>
Less: Tax expenses			
Current tax		33,813,740	303,296,990
Deferred tax (credit)/charge		(11,136,776)	(330,190,418)
MAT credit entitlement		(22,924,650)	(48,696,179)
Short provision for earlier years		9,732,255	1,678,786
Net tax expense		9,484,569	(73,910,821)
<b>Profit/(Loss) after tax</b>		<b>(558,092,855)</b>	<b>248,636,581</b>
Less : Profit after tax attributable to minority interest		6,345,771	101,373,328
<b>Profit / (Loss) attributable to group shareholders</b>		<b>(564,438,626)</b>	<b>147,263,253</b>
<b>Earnings per share ('EPS')</b>	32		
Basic		(0.77)	0.20
Diluted		(0.77)	0.20
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

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

Place : Mumbai  
Date : March 1, 2014

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

**per Hemal Shah**  
Partner  
Membership No. : 42650

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

**Kishor Kumar Mohanty**  
Managing Director

**Abhijit Rajan**  
Director

**Homai A. Daruwalla**  
Director

Place : Mumbai  
Date : March 1, 2014

**Parag Parikh**  
Whole-time Director and CFO

**C. C. Dayal**  
Director

**G. Sathis Chandran**  
Company Secretary

## Consolidated Cash Flow Statement for the period from April 1, 2013 To December 31, 2013

(All amounts in Indian Rupees unless otherwise stated)

Particulars	Period ended December 31, 2013	Year ended March 31, 2013
<b>A. CASH FLOW FROM OPERATING ACTIVITIES :</b>		
Profit before tax	(548,608,286)	174,725,760
Adjustments for :		
Employees stock options	2,456,974	(3,519,002)
Cash alternative settlement for ESOP scheme	(1,741,294)	4,285,167
Depreciation and amortisation	1,195,601,954	1,608,521,955
Gratuity and leave encashment	9,126,098	8,515,166
Interest income	(33,263,051)	(46,669,168)
Interest	2,190,286,876	2,968,337,583
(Profit)/Loss on sale of investments	(21,766,577)	(25,012,560)
Share of (profit) / loss from investment in associates	1,178,038	(371,976)
Loss on sale of assets	2,547,796	5,860,832
Assets written off	3,271,896	9,914,535
Provision for periodic maintenance expenses	375,313,000	441,869,728
Provision for loans and advances/other assets	20,007,812	458,495
Provision for diminution in value of investment	-	(2,300,000)
Preliminary and share issue expenses written off	-	30,339
	3,743,019,522	4,969,921,094
<b>Operating profit before working capital changes</b>	<b>3,194,411,236</b>	<b>5,144,646,854</b>
Adjustments for :		
Trade and other receivables	937,695,500	(1,171,513,711)
Inventories	(52,262,259)	(28,052,942)
Trade payables and working capital finance	190,377,243	(31,915,665)
	1,075,810,484	(1,231,482,318)
<b>Cash generated from the operations</b>	<b>4,270,221,720</b>	<b>3,913,164,536</b>
Cash Compensation paid	-	(22,050,000)
Direct taxes paid	(190,292,763)	(281,365,030)
<b>Net cash from operating activities</b>	<b>4,079,928,957</b>	<b>3,609,749,506</b>
<b>B. CASH FLOW FROM INVESTMENT ACTIVITIES :</b>		
Capital purchases after adjusting capital creditors	(3,531,230,259)	(5,985,747,046)
Proceeds on sale of fixed assets	12,282,294	15,342,800
Purchase of investments :		
- Mutual funds	(5,023,850,000)	(2,979,328,997)
Sale of investments :		
- Mutual funds	4,876,138,490	2,977,157,278
Intercompany deposits given:		
- Granted during the period	22,077,511	(493,490,746)
- Refund of intercompany deposit	(230,462,394)	448,926,534
Payment towards debt service reserve	(73,500,001)	-
Advances from/(to) joint venture companies	-	(62,508,350)
Advance paid for acquisition of stake in a subsidiary	-	(134,793,534)
Amount received from/(paid) to minority shareholders	(129,720,000)	49,000,000
Disposal/(acquisition) of stake in a subsidiary/joint venture companies	(38,413,126)	42,578,538
Interest received	24,647,438	37,207,166
<b>Net cash used in investment activities</b>	<b>(4,092,030,047)</b>	<b>(6,085,656,357)</b>



## Consolidated Cash Flow Statement for the period from April 1, 2013 To December 31, 2013

(All amounts in Indian Rupees unless otherwise stated)

Particulars	Period ended December 31, 2013	Year ended March 31, 2013
<b>C. CASH FLOW FROM FINANCING ACTIVITIES :</b>		
Proceeds from equity share capital	-	-
Capital grant received	-	182,500,000
Proceeds from borrowings	5,095,719,408	12,170,527,917
Repayment of loans	(2,814,367,969)	(8,268,014,401)
Disposal/(Acquisition) of equity stake to minority share holder	-	<b>(171,637,077)</b>
Interest paid	<b>(2,047,163,927)</b>	<b>(3,064,716,117)</b>
Dividend paid (including Dividend distribution tax)	(37,695,572)	-
Preliminary and share issue expenses	-	(1,437,059)
<b>Net cash from financing activities</b>	<b>196,491,940</b>	<b>847,223,263</b>
<b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>184,390,850</b>	<b>(1,628,683,587)</b>
Cash and cash equivalents, end of the period	876,887,120	692,496,270
Cash and cash equivalents, beginning of the period	692,496,270	2,321,179,857
<b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>184,390,850</b>	<b>(1,628,683,587)</b>
<b>COMPONENTS OF CASH AND CASH EQUIVALENTS :</b>		
Cash and cheques on hand	10,798,361	10,687,136
With banks :		
On current accounts	801,088,759	568,659,619
On deposit accounts	65,000,000	113,149,515
<b>Cash and cash equivalents, end of the period</b>	<b>876,887,120</b>	<b>692,496,270</b>
Summary of significant accounting policies		
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

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

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

**per Hemal Shah**  
Partner  
Membership No. : 42650

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

**Kishor Kumar Mohanty**  
Managing Director

**Abhijit Rajan**  
Director

**Homai A. Daruwalla**  
Director

Place : Mumbai  
Date : March 1, 2014

**Parag Parikh**  
Whole-time Director and CFO

**C. C. Dayal**  
Director

**G. Sathis Chandran**  
Company Secretary

Place : Mumbai  
Date : March 1, 2014

## Notes

### to the Consolidated financial statements for the period from April 1, 2013 to December 31, 2013

(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 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 read with General Circular 15/2013 dated September 13, 2013, issued by the Ministry of Corporate Affairs, in respect of section 133 of the Companies Act, 2013. The consolidated financial statements have been prepared under the historical cost convention, on an accrual basis of accounting. The accounting policies are consistent with those used in the previous year.

##### b. Principles of consolidation

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

The Consolidated Financial Statements comprise the financial statements of GAMMON INFRASTRUCTURE PROJECTS LTD. ("the Company") and its Subsidiary companies (the Company and its subsidiaries are hereinafter referred to as 'the Group'). The Consolidated Financial Statement 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 ie. December 31, 2013.

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 period from April 1, 2013 to December 31, 2013

(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 construction services rendered. Since the 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 economic 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 period from April 1, 2013 to December 31, 2013

(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 period from April 1, 2013 to December 31, 2013

(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 period from April 1, 2013 to December 31, 2013

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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.

#### 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 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

## Notes

### to the Consolidated financial statements for the period from April 1, 2013 to December 31, 2013

(All amounts in Indian Rupees unless otherwise stated)

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 year, 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 period from April 1, 2013 to December 31, 2013

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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



## Notes

### to the Consolidated financial statements for the period from April 1, 2013 to December 31, 2013

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obligation that is not recognised because it is not probable that an outflow of resources will be required to settle an 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.

#### a. Subsidiaries :

Following subsidiary companies (incorporated in India) have been consolidated in these financial statement as per AS-21 as on December 31, 2013:

Particulars	Voting power & beneficial interest	
	As at December 31, 2013	As at March 31, 2013
Andhra Expressway Limited ('AEL')	100.00%	100.00%
Aparna Infraenergy India Private Limited ('AIPL')	100.00%	100.00%
Birmiltrapur 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')	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 Limited ('GREIL')	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')	100.00%	100.00%
Jaguar Projects Developers Limited ('JPDL')	100.00%	100.00%
Kasavati Renewable Energy Private Limited ('KREPL')	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')	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%

## Notes

### to the Consolidated financial statements for the period from April 1, 2013 to December 31, 2013

(All amounts in Indian Rupees unless otherwise stated)

Particulars	Voting power & beneficial interest	
	As at December 31, 2013	As at March 31, 2013
Pravara Renewable Energy Limited ('PREL')	100.00%	100.00%
Ras Cities and Townships Private Limited ('RCTPL')	100.00%	100.00%
Rajahmundry Expressway Limited ('REL')	100.00%	100.00%
Rajahmundry Godavari Bridge Limited ('RGBL')	63.00%	55.65%
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) The Company has executed an agreement on August 30, 2013 with Simplex Infrastructures Limited to terminate the shareholders agreement for selling 49% in Vijaywada Gundugolanu Road Project Private Limited (VGRPPL). Accordingly, the Company shall hold 100% equity in VGRPPL.
- ii) 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 December 31, 2013			As at March 31, 2013		
	Equity shares Nos.	Value ₹	Beneficial interest %	Equity shares Nos.	Value ₹	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%

#### 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 December 31, 2013.

## Notes

### to the Consolidated financial statements for the period from April 1, 2013 to December 31, 2013

(All amounts in Indian Rupees unless otherwise stated)

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

Particulars	% of Interest As at December 31, 2013	% of Interest As at March 31, 2013
Joint venture companies		
Blue Water Iron Ore Terminal Private Limited ('BWOTPL')*	10.12%	10.12%
Indira Container Terminal Private Limited ('ICTPL')	50.00%	50.00%
G IPL - GIL JV	95.00%	-
Maa Durga Expressway Private Limited ('MDEPL') **	-	49.00%
SEZ Adityapur Limited ('SEZAL')*	38.00%	38.00%

\* Based on the un-audited management accounts for the period ended December 31, 2013.

\*\* The Company has executed an agreement on August 30, 2013 with Simplex Infrastructures Limited to terminate the shareholders agreement for buying 49% in Maa Durga Expressway Private Limited. Accordingly, the Company shall not hold any equity in MDEPL.

#### ii) The proportionate share of assets, liabilities, income and expenditure of the Joint Ventures consolidated in the accounts is tabulated hereunder:

Particulars	As at December 31, 2013	As at March 31, 2013
<b>Assets</b>		
<b>Non-current assets</b>		
Fixed assets :		
Tangible assets (net)	12,690,951	13,309,171
Intangible assets (net)	125,000,000	125,000,000
Intangible assets under development	2,502,325,036	2,281,750,418
Long-term loans and advances	72,218,197	79,491,729
<b>Current assets</b>		
Current investments	-	9,184,279
Trade receivables	6,547,837	3,922,489
Cash and cash equivalents	22,024,398	33,435,132
Short-term loans and advances	13,686,956	13,424,331
Other current assets	186,454	7,345,878
<b>Total Assets</b>	<b>2,754,679,828</b>	<b>2,566,863,427</b>
<b>Liabilities</b>		
<b>Non-current liabilities</b>		
Long-term borrowings	2,086,184,386	1,961,861,013
Long-term provisions	-	702,405
<b>Current Liabilities</b>		
Trade payables, current	176,566	67,360,477
Other current liabilities	337,636,290	157,433,393
Short-term provisions	13,657	68,009
<b>Total liabilities</b>	<b>2,424,010,899</b>	<b>2,187,425,297</b>
<b>Reserves and surplus</b>		
Deficit in the statement of profit and loss :		
Opening balance	(249,595,907)	(202,537,505)
Loss during the current period	(18,741,356)	(47,692,714)
Total reserves and surplus	(268,337,263)	(250,230,219)
<b>Total reserves, surplus and liabilities</b>	<b>2,155,673,636</b>	<b>1,937,195,078</b>

## Notes

### to the Consolidated financial statements for the period from April 1, 2013 to December 31, 2013

(All amounts in Indian Rupees unless otherwise stated)

Particulars	Period ended December 31, 2013	Year ended March 31, 2013
<b>Income</b>		
Revenue from projects	25,394,902	26,531,767
Other income	94,652	942,327
<b>Total income</b>	<b>25,489,554</b>	<b>27,474,094</b>
<b>Expenses</b>		
Project expenses	17,490,906	39,506,967
Employee benefit expenses	3,394,512	9,660,258
Other expenses	20,159,649	14,629,299
Exceptional items	-	-
Finance cost	2,800,000	3,650,000
Depreciation and amortisation	449,103	7,650,461
<b>Total expenses</b>	<b>44,294,170</b>	<b>75,096,986</b>
<b>Profit before tax</b>	<b>(18,804,616)</b>	<b>(47,622,892)</b>
Provision for tax	(63,260)	-
<b>Profit after tax</b>	<b>(18,741,356)</b>	<b>(47,622,892)</b>
<b>Capital commitments</b>	<b>1,325,565,941</b>	<b>1,332,012,768</b>

The above figures pertaining to the joint venture companies are based on the audited accounts of ICTPL and GIPL-GIL JV and unaudited management accounts of BWIOTPL and SEZAL for the period ended December 31, 2013. 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 December 31, 2013	% of Interest As at March 31, 2013
ATSL Infrastructure Projects Limited ('AIPL')*	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 December 31, 2013.

## Notes

### to the Consolidated financial statements for the period from April 1, 2013 to December 31, 2013

(All amounts in Indian Rupees unless otherwise stated)

#### 4 Share capital

Particulars	As at	As at
	December 31, 2013	March 31, 2013
<b>i) Authorised equity share capital :</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 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>		
734,836,688 (Previous year : 734,836,688 ) equity shares of ₹ 2 each	1,469,673,376	1,469,673,376
<b>Total issued and subscribed equity share capital</b>	<b>1,469,673,376</b>	<b>1,469,673,376</b>
<b>iii) Paid-up equity shares :</b>		
734,026,438 (Previous year : 734,026,438) equity shares of ₹ 2 each fully paid-up	1,468,052,876	1,468,052,876
<b>Total paid-up equity shares</b>	<b>1,468,052,876</b>	<b>1,468,052,876</b>
<b>iv) Forfeiture of equity shares :</b>		
Money received in respect of 162,050 (Previous year :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</b>	<b>1,476,155,376</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	
	December 31, 2013		March 31, 2013	
	Numbers	₹	Numbers	₹
Equity shares of ₹ 2 each fully paid-up				
Balance, beginning of the period	734,026,438	1,468,052,876	728,763,618	1,457,527,236
Issued during the year on exercise of Employee Stock Options ('ESOP')	-	-	-	-
Issued during the period as bonus shares	-	-	5,262,820	10,525,640
<b>Balance, end of the period</b>	<b>734,026,438</b>	<b>1,468,052,876</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. The Company has issued bonus shares during the previous year 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 /-

## Notes

### to the Consolidated financial statements for the period from April 1, 2013 to December 31, 2013

(All amounts in Indian Rupees unless otherwise stated)

**d. Shares held by the 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 December 31, 2013		As at March 31, 2013	
	Numbers	₹	Numbers	₹
Equity shares of ₹ 2/- each fully paid-up Gammon India Limited ('GIL'), holding company	528,000,000	1,056,000,000	528,000,000	1,056,000,000
Gactel Turnkey Projects Limited ('GTPL'), subsidiary of the holding company	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>

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

Registered shareholders holding more than 5%	As at December 31, 2013		As at March 31, 2013	
	Numbers	% of holding	Numbers	% of holding
Equity shares of ₹ 2/- each fully paid-up GIL	528,000,000	71.93%	528,000,000	71.93%
<b>Total</b>	<b>528,000,000</b>	<b>71.93%</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.

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

5,320,000 (Previous year : 1,146,670) 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 December 31, 2013	As at March 31, 2013
<b>Capital reserve :</b>		
<b>Capital grant :</b>		
Balance, beginning of the period	946,279,496	1,373,650,000
Add : Capital grant received during the period	-	182,500,000
Add : Capital grant transferred by minority share holders	119,521,980	-
Less : Capital grant transferred to minority share holders	-	609,870,504
<b>Balance, end of the period (A)</b>	<b>1,065,801,476</b>	<b>946,279,496</b>
<b>Securities premium account :</b>		
Balance, beginning of the period	<b>3,497,510,764</b>	<b>3,509,443,124</b>
Less : Utilised on issuance of bonus shares	-	(10,525,640)
Less : Share issue expenses during the period	-	(1,406,720)
<b>Balance, end of the period (B)</b>	<b>3,497,510,764</b>	<b>3,497,510,764</b>

## Notes

### to the Consolidated financial statements for the period from April 1, 2013 to December 31, 2013

(All amounts in Indian Rupees unless otherwise stated)

Particulars	As at December 31, 2013	As at March 31, 2013
<b>Employee stock options :</b>		
Opening Balance	3,059,000	6,578,002
Less : Employee stock options lapsed	3,059,000	3,565,249
Add : Employee stock options outstanding - ESOP 2013	29,568,000	-
<b>Less : Employee stock options forfeited</b>	<b>4,032,000</b>	<b>-</b>
Less : Deferred Employee compensation outstanding	20,020,026	(46,247)
<b>Balance, end of the period</b> (C)	<b>5,515,974</b>	<b>3,059,000</b>
<b>Other reserves :</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</b> (D)	<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	890,895,904	781,328,222
Add : Profit /(Loss) for the period	(564,438,626)	147,263,253
Add : Losses from Joint Venture reversed on termination of JV agreement	334,312	-
Less: Proposed dividend for minority shareholders (refer note 44)	-	22,877,417
Less: Tax on proposed dividend	-	14,818,155
Add: Losses of previous year attributable to Minority Interest	26,765,434	-
Add: Minority interest in profits/(losses) of subsidiaries for the earlier years	(2,715,309)	-
<b>Balance, end of the period</b> (E)	<b>350,841,715</b>	<b>890,895,904</b>
<b>Total reserves and surplus</b> (A+B+C+D+E)	<b>5,232,918,005</b>	<b>5,650,993,240</b>

**a. Capital grant :**

Capital grant includes group's portion 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') :**

All balance options under the ESOP schemes issued in the previous years (ESOP Scheme 2007 and ESOP scheme 2008), have lapsed during the current period.

During the current 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. During the current period, 840,000 options were forfeited / lapsed and balance 5,320,000 options are outstanding.

## Notes

### to the Consolidated financial statements for the period from April 1, 2013 to December 31, 2013

(All amounts in Indian Rupees unless otherwise stated)

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

#### ESOP scheme 2013:

	<b>For the period 2013</b>
Grant Date	23-Sep-13
Market Price as on grant date of equity shares granted (Rupees)	6.80
Exercise Price of Options granted during the period (Rupees)	2.00
Options outstanding at the beginning of the period	-
Options granted during the period	6,160,000
Options lapsed /forfeited during the period	840,000
Options exercised during the period	-
<b>Options granted and outstanding at the end of the period</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 for the period ended December 31, 2013 as reported would have been changed to amounts indicated below:

Particulars	Period ended December 31, 2013	Year ended March 31, 2013
Net Income as reported	(564,438,626)	147,263,253
Add: Stock based compensation expense included in the reported income	5,515,974	46,247
Less: Stock based compensation expenses determined using fair value of options	5,319,986	233,195
Net profit / (loss) (adjusted)	<b>(564,242,638)</b>	<b>147,076,305</b>
Basic earnings per share as reported	(0.77)	0.20
Basic earnings per share (adjusted)	(0.77)	0.20
Diluted earnings per share as reported	(0.77)	0.20
Diluted earnings per share (adjusted)	*(0.77)	0.20
Weighted average number of equity shares at the end of the year	734,026,438	734,026,438
Weighted average number of shares considered for diluted earnings per share (adjusted)	737,781,732	734,180,933

\* 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:

	Period ended December 31, 2013			
	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 period from April 1, 2013 to December 31, 2013

(All amounts in Indian Rupees unless otherwise stated)

#### 6 Minority interest

Particulars	As at	
	December 31, 2013	March 31, 2013
Balance, beginning of the period	1,801,958,234	1,219,772,941
Add: Minority interest in equity :		
(Decrease) / Increase in minority's share in equity capital of subsidiaries in the current period	(129,720,000)	(129,058,538)
Profit / (loss) balance transferred to / (from) minority share holders	(26,765,434)	-
Capital grant transferred to / (from) minority share holders	(77,280,782)	609,870,504
	<b>(233,766,216)</b>	<b>480,811,965</b>
Add: Minority interest in profits/(losses) of subsidiaries :		
Minority interest in profits/(losses) of subsidiaries for the current period	6,345,771	101,373,328
Minority interest in profits/(losses) of subsidiaries for the earlier years	2,715,309	-
Changes in Minority interest in profits/(losses) of subsidiaries on sale of stake by minority	-	-
	<b>9,061,080</b>	<b>101,373,328</b>
<b>Balance, end of the period</b>	<b>1,577,253,098</b>	<b>1,801,958,234</b>

#### 7 Long-term borrowings

Particulars	Non-current		Current	
	As at December 31, 2013	As at March 31, 2013	As at December 31, 2013	As at March 31, 2013
<b>I Term loans</b>				
[refer below for details of security]				
Indian rupee loans from banks	26,831,127,896	22,215,844,008	1,000,005,372	1,917,333,716
From financial institutions	9,133,364,630	12,564,196,787	3,134,492,925	1,112,264,705
From others	-	-	250,000,000	250,000,000
	<b>35,964,492,526</b>	<b>34,780,040,795</b>	<b>4,384,498,297</b>	<b>3,279,598,421</b>
<b>II 10.3% intercorporate loan, unsecured</b>				
From a minority shareholder	<b>137,155,000</b>	<b>137,155,000</b>	-	-
<b>III Deferred payment liability, unsecured</b>				
Negative grant payable to NHAI	<b>1,200,000,000</b>	<b>1,200,000,000</b>	-	-
Amount disclosed under "Other Current Liabilities" (note 12)	-	-	(4,384,498,297)	(3,279,598,421)
<b>Total long term borrowings</b>	<b>37,301,647,526</b>	<b>36,117,195,795</b>	<b>-</b>	<b>-</b>
<b>The above term loans includes :</b>				
Secured borrowings	35,428,939,927	34,205,562,616	4,384,498,297	3,279,598,421
Unsecured borrowings	535,552,599	574,478,179	-	-
<b>Total</b>	<b>35,964,492,526</b>	<b>34,780,040,795</b>	<b>4,384,498,297</b>	<b>3,279,598,421</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 and all bank accounts (including escrow bank accounts) save and except the project assets of each individual borrowing company in the Group.
- 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). This loan carries interest rate in the range of 13% p.a. The loan is repaid on February 14, 2014.

## Notes

### to the Consolidated financial statements for the period from April 1, 2013 to December 31, 2013

(All amounts in Indian Rupees unless otherwise stated)

- c. One of the Group SPV had obtained a secured term loan from a financial institution for which charge is yet to be created as at December 31, 2013. The financial institution has levied a penal interest of ₹ 45,155,223 upto December 31, 2013 which has not been paid. Delay in creation of Mortgage is also on account of non-functioning of Registration Department from past three months due to State wide agitation and the Company is seeking waiver of penal interest as a matter of force majeure.
- d. One of the SPV has defaulted in repayment of debt to a financial institution to the extent of ₹ 420,000,000/- as at December 31, 2013.
- e. Term loan from financial institution also includes loan availed by GIPL and is secured by a) Pledge of equity shares of one of the SPV for an aggregate value of ₹ 1,433,447,400 (previous year - ₹ 2,194,500,000), b) a first and exclusive charge on the Designated account, Debt Service Reserve aggregating to ₹ 73,500,001 as on December 31, 2013, (previous year ₹ 101,021,821), Surplus Monies and the sale proceeds to be received by the Borrower due to 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. The balance is secured by equity shares of GIPL pledged by the holding company, hence is shown as unsecured portion. This term loan carries an interest rate of 14.00% pa. It's repayment is entirely due on September 15, 2014.
- f. 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	
		December 31, 2013 Numbers	March 31, 2013 Numbers
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	13,000
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	89,573,750	89,573,750
SSRPL	10.00	26,236,600	-
VSPL	10.00	63,770,015	61,515,633
<b>Total</b>		<b>328,410,942</b>	<b>285,343,137</b>

The change in the balances between March 31, 2013 and December 31, 2013 represent addition /reduction of pledged during the current period.

- g. Interest rates :  
The above mentioned long-term loans carry an interest rate which is at a spread above/below the bank's base rate or bank prime lending rate or G-sec rate or at a negotiated rate. The spread ranges from 50 to 300 bases 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 rate in the range of 10% p.a. to 14% p.a.

## Notes

### to the Consolidated financial statements for the period from April 1, 2013 to December 31, 2013

(All amounts in Indian Rupees unless otherwise stated)

- h. Schedule of repayments of the term loans :

	As at December 31, 2013	As at March 31, 2013
Installments payable within next one year	4,384,498,297	3,279,598,421
Installments payable between 2 to 5 years	14,323,081,693	15,541,645,534
Installments payable beyond 5 years	21,641,410,833	19,238,395,261
<b>Total</b>	<b>40,348,990,823</b>	<b>38,059,639,216</b>

- i. Unsecured intercorporate loan :  
The repayment of the same is due on March 31, 2015.

- j. Unsecured, deferred payment liability :  
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 (i.e. March, 2026). The same is capitalised as toll concession rights and is represented as deferred payment liability in the financial statements.

- k. 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/- extended by a financial institution to GIPL that these subsidiaries shall not raise any further funds till the loan is outstanding.

## 8 Deferred tax liabilities (net)

Particulars	As at December 31, 2013	As at March 31, 2013
Deferred tax asset	340,603,137	325,383,157
Deferred tax liability	24,920,735	20,837,532
<b>Net deferred tax asset/(liability)</b>	<b>315,682,402</b>	<b>304,545,625</b>
<b>Deferred tax asset</b>		
On unabsorbed depreciation	603,409,150	604,603,209
On account of employee benefits	20,557,677	10,422,736
<b>Deferred tax liability</b>		
On account of depreciation/amortisation	<b>308,284,426</b>	<b>310,480,320</b>
<b>Net deferred tax asset/(liability)</b>	<b>315,682,401</b>	<b>304,545,625</b>

One of the SPV has unabsorbed depreciation as per tax returns which is available for set off against taxable income. The SPV has recognised the deferred tax asset credit estimating its future taxable income on the basis of the actual traffic plying on the road during the balance period of the Concession 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 SPV had obtained an independent expert's opinion about the satisfaction of the convincing evidence as required by Accounting Standard (AS) - 22 on Accounting for taxes on income. The deferred tax asset recognised amounts to ₹ 345,486,267 (Previous year : ₹ 330,266,288) on the unabsorbed depreciation as per the tax returns available for set off from future taxable income.

## 9 Other long-term liabilities

Particulars	As at December 31, 2013	As at March 31, 2013
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>8,850,000</b>	<b>8,850,000</b>

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

## Notes

### to the Consolidated financial statements for the period from April 1, 2013 to December 31, 2013

(All amounts in Indian Rupees unless otherwise stated)

#### 10 Provisions

Particulars	As at December 31, 2013		As at March 31, 2013	
	Long-term	Short-term	Long-term	Short-term
<b>Provision for employee benefits</b>				
Provision for gratuity (refer note (a) below)	8,279,214	663,764	7,415,139	306,093
Provision for leave encashment	18,180,635	5,305,269	18,856,442	4,003,951
Provision for cash compensation scheme (refer note (b) below)	-	-	-	1,741,294
	<b>26,459,849</b>	<b>5,969,033</b>	<b>26,271,581</b>	<b>6,051,338</b>
<b>Other provisions</b>				
Proposed dividend	-	-	-	22,877,417
Dividend distribution tax on proposed dividend	-	-	-	14,818,155
Provision for taxation (refer note (c) below)	-	184,893,215	-	199,555,016
Provision for periodic maintenance (refer note (b) below)	531,785,853	567,499,875	723,972,728	-
	<b>531,785,853</b>	<b>752,393,090</b>	<b>723,972,728</b>	<b>237,250,588</b>
<b>Total provisions</b>	<b>558,245,702</b>	<b>758,362,123</b>	<b>750,244,309</b>	<b>243,301,926</b>

#### a. Gratuity :

The revised AS -15 (Employee Benefits) is applicable to the Group.

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	December 31, 2013	March 31, 2013
Current service cost	1,734,833	2,284,418
Interest cost on benefit obligation	539,257	559,594
Expected return on plan asset	-	(71,823)
Actuarial (gain)/loss	(905,468)	(463,818)
Past service cost	-	-
	<b>1,368,623</b>	<b>2,308,371</b>
Less : Gratuity capitalised	389,896	361,454
<b>Net benefit expense</b>	<b>978,727</b>	<b>1,946,917</b>

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

Particulars	December 31, 2013	March 31, 2013
<b>Opening defined benefit obligation</b>	<b>8,485,148</b>	<b>6,533,966</b>
Current service cost	1,612,418	2,983,681
Interest cost on benefit obligation	497,007	704,309
Actuarial (gain)/loss	(1,003,418)	(1,175,419)
Past service cost	-	-
Less : Benefit paid	648,177	561,390
<b>Closing defined benefit obligation</b>	<b>8,942,978</b>	<b>8,485,148</b>

## Notes

### to the Consolidated financial statements for the period from April 1, 2013 to December 31, 2013

(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	December 31, 2013	March 31, 2013
Fair value of plan assets at the beginning of the period	921,648	844,977
Expected return on plan assets	57,027	71,823
Contributions	(648,965)	188,511
Actuarial gain/(loss) on plan assets	(296,481)	(179,438)
Prior year value of plan assets	153,225	(4,225)
<b>Fair value of plan assets at the end of the period</b>	<b>186,454</b>	<b>921,648</b>

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

Particulars	Period ended December 31, 2013	Year ended March 31, 2013	Year ended March 31, 2012	Year ended March 31, 2011	Year ended March 31, 2010
Actuarial (gain)/loss	(1,016,016)	(1,175,419)	264,881	1,076,164	(134,208)
Experience adjustment	(175,392)	(1,718,246)	392,746	745,251	(209,553)
Changes in actuarial assumptions	840,624	(542,827)	(127,865)	328,929	78,767

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

Particulars	Period ended December 31, 2013	Year ended March 31, 2013
Discount rate	9.50%	8.75%
Expected rate of return on planned assets	Not applicable	Not applicable
Attrition rate	2%	2%
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 Employee cash compensation scheme and Periodic maintenance :

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	Employee cash compensation scheme		Periodic maintenance expenses	
	December 31, 2013	March 31, 2013	December 31, 2013	March 31, 2013
Balance, beginning of the period	1,741,294	19,506,127	723,972,728	282,103,000
Add: Additions during the period	-	5,013,918	375,313,000	441,869,728
Less : Reversed during the period	-	-	-	-
Less : adjusted to reserves	1,741,294	728,751	-	-
Less : Utilised during the period	-	22,050,000	-	-
Balance, end of the period	-	<b>1,741,294</b>	<b>1,099,285,728</b>	<b>723,972,728</b>

- c. 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 ₹16,000,000 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 Consolidated financial statements for the period from April 1, 2013 to December 31, 2013

(All amounts in Indian Rupees unless otherwise stated)

#### 11 Short-term borrowings

Particulars	As at December 31, 2013	As at March 31, 2013
Bank overdraft (Unsecured except to the extent of ₹50,000,000/- which is against pledge of fixed deposits) (Interest rate on this overdraft facility is currently 13.25%)	779,812,313	787,812,481
<b>Total short-term borrowings</b>	<b>779,812,313</b>	<b>787,812,481</b>

#### 12 Other current liabilities

Particulars	As at December 31, 2013	As at March 31, 2013
<b>Total trade payables (A)</b>	<b>197,452,236</b>	<b>242,379,703</b>
<b>Other liabilities</b>		
Current maturities of long-term borrowings (note 7)	4,384,498,297	3,279,598,421
<u>Interest accrued :-</u>		
to related party - ICTPL	1,226,992	1,000,966
to financial institution	43,416,069	49,550,337
to banks	1,137,163	-
to minority shareholders	23,357,872	-
<u>Advances received from clients :-</u>		
from related party - GIL	86,123,970	-
from others	65,009,817	26,597,631
<u>Dues against capital expenditure :-</u>		
to related party - GIL	1,412,667,677	1,123,839,198
to others	237,624,758	208,475,849
Dues to related parties (refer note c below)	276,209,070	198,689,909
Amount of share application money received in subsidiaries	219,001,000	219,001,000
Duties and taxes payable	19,117,336	55,593,256
Book overdraft*	2,805	-
Others	388,693,369	264,535,404
<b>Total other liabilities (B)</b>	<b>7,158,086,195</b>	<b>5,426,881,971</b>
<b>Total other current liabilities (A + B)</b>	<b>7,355,538,431</b>	<b>5,669,261,674</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 December 31, 2013	As at March 31, 2013
GIL, the holding company	97,077,762	18,946,161
GIPL - GIL JV	180,979	-
BWIOTPL, joint venture entity	74,034	182,706
ICTPL, joint venture entity	2,356,295	3,041,042
Modern Tollroads Limited, an associate company	26,520,000	26,520,000
Ansaldocaldaie Boilers India Private Limited, a subsidiary of the holding company	150,000,000	150,000,000
<b>Total dues to related parties</b>	<b>276,209,070</b>	<b>198,689,909</b>

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

## Notes

to the Consolidated financial statements for the period from April 1, 2013 to December 31, 2013

(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 1, 2012	237,647,966	151,340,709	27,042,263	1,007,818,563	120,797	25,841,997	-	17,964,141	40,332,409	36,216,697	1,544,325,542
Additions	-	33,995,168	-	13,699,129	-	1,469,314	-	2,795,301	4,310,295	1,408,650	57,677,857
Sales/disposals/adjustments	-	-	-	49,230,132	-	511,018	-	340,144	724,308	2,629,113	53,434,715
As at March 31, 2013	237,647,966	185,335,877	27,042,263	972,287,560	120,797	26,800,293	-	20,419,298	43,918,396	34,996,234	1,548,568,684
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	-	16,810,781	-	3,178,267	1,564,495	357,375	21,917,697
<b>As at December 31, 2013</b>	<b>237,647,966</b>	<b>188,358,707</b>	<b>27,042,263</b>	<b>974,051,861</b>	<b>120,797</b>	<b>21,538,401</b>	<b>-</b>	<b>21,186,366</b>	<b>44,037,305</b>	<b>60,435,050</b>	<b>1,574,418,716</b>
<b>Accumulated Depreciation</b>											
As at April 1, 2012	-	-	12,836,921	264,493,855	51,243	3,713,513	-	2,248,013	15,495,678	8,374,116	307,213,339
Charge for the year	-	-	3,535,816	50,023,666	13,662	4,372,940	-	1,151,154	6,664,891	3,527,944	69,290,073
On sale/disposals/adjustments	-	-	-	29,372,181	-	49,302	-	54,155	540,125	831,200	30,846,963
As at March 31, 2013	-	-	16,372,737	285,145,340	64,905	8,037,151	-	3,345,012	21,620,444	11,070,860	345,656,448
Charge for the period	-	-	1,890,252	34,980,403	10,293	3,177,744	-	1,234,428	4,964,850	2,873,456	49,131,426
<b>On sale/disposals/adjustments</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>16,900</b>	<b>-</b>	<b>5,826,897</b>	<b>-</b>	<b>421,914</b>	<b>540,403</b>	<b>281,499</b>	<b>7,087,613</b>
<b>As at December 31, 2013</b>	<b>-</b>	<b>-</b>	<b>18,262,989</b>	<b>320,108,843</b>	<b>75,198</b>	<b>5,387,998</b>	<b>-</b>	<b>4,157,526</b>	<b>26,044,891</b>	<b>13,662,817</b>	<b>387,700,261</b>
<b>Net Block</b>											
<b>As at March 31, 2013</b>	<b>237,647,966</b>	<b>185,335,877</b>	<b>10,669,526</b>	<b>687,142,220</b>	<b>55,892</b>	<b>18,763,142</b>	<b>-</b>	<b>17,074,286</b>	<b>22,297,952</b>	<b>23,925,374</b>	<b>1,202,912,236</b>
<b>As at December 31, 2013</b>	<b>237,647,966</b>	<b>188,358,707</b>	<b>8,779,274</b>	<b>653,943,018</b>	<b>45,599</b>	<b>16,150,403</b>	<b>-</b>	<b>17,028,840</b>	<b>17,992,414</b>	<b>46,772,233</b>	<b>1,186,718,455</b>

Depreciation charge for the period includes an amount of ₹ 762,692 (previous year : ₹ 1,654,156) capitalised to intangible asset under development and an amount of ₹ 63,666 (previous year : ₹ 84,502) capitalised to capital work in progress

## Notes

## to the Consolidated financial statements for the period from April 1, 2013 to December 31, 2013

(All amounts in Indian Rupees unless otherwise stated)

Particulars	Project roads	Project bridges	Project berths	Toll concession rights	Operations & maintenance rights	License fees	Total
	Refer Note A	Refer Note B	Refer Note C	Refer Note D	Refer Note E	Refer Note F	
<b>Cost or valuation</b>							
As at April 1, 2012	5,044,982,312	5,392,900,445	2,240,749,416	9,200,670,385	250,000,000	125,000,000	22,254,302,558
Additions	7,212,878,487	50,000,000	18,314,851	71,091,570	-	-	7,352,284,908
Sales/disposals/adjustments	-	-	-	-	-	-	-
As at March 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	-	-	-	-	-	-	-
Sales/disposals/adjustments	-	-	-	-	-	-	-
<b>As at December 31, 2013</b>	<b>12,257,860,799</b>	<b>5,442,900,445</b>	<b>2,259,064,267</b>	<b>9,271,761,955</b>	<b>250,000,000</b>	<b>125,000,000</b>	<b>29,606,587,466</b>
Amortisation							
As at April 1, 2012	2,491,130,762	187,708,604	551,952,099	347,362,372	109,797,635	-	3,687,951,472
Charge for the year	746,050,901	421,675,712	87,201,771	268,942,786	18,282,910	-	1,542,154,080
On sale/disposals/adjustments	-	-	991,730	-	-	-	991,730
As at March 31, 2013	3,237,181,663	609,384,316	638,162,140	616,305,158	128,080,545	-	5,229,113,822
Charge for the period	569,801,926	243,844,954	65,436,769	256,116,378	13,774,796	-	1,148,974,823
On sale/disposals/adjustments	-	-	-	-	-	-	-
<b>As at December 31, 2013</b>	<b>3,806,983,589</b>	<b>853,229,270</b>	<b>703,598,909</b>	<b>872,421,536</b>	<b>141,855,340</b>	<b>-</b>	<b>6,378,088,644</b>
<b>Net Block</b>							
<b>As at March 31, 2013</b>	<b>9,020,679,136</b>	<b>4,833,516,129</b>	<b>1,620,902,127</b>	<b>8,655,456,797</b>	<b>121,919,455</b>	<b>125,000,000</b>	<b>24,377,473,644</b>
<b>As at December 31, 2013</b>	<b>8,450,877,210</b>	<b>4,589,671,175</b>	<b>1,555,465,358</b>	<b>8,399,340,419</b>	<b>108,144,660</b>	<b>125,000,000</b>	<b>23,228,498,822</b>

Notes:

- A. Project roads pertain to all the costs incurred by three SPVs of the Company, AEL, REL and GCL, 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.
- B. Project bridges pertain to the costs for construction of separate bridge projects by the two SPVs of the Company CBICL and NBICL. The details are as under:
- It includes costs incurred by CBICL for construction of a road bridge across the Mattancherry river in Cochin in the state of Kerala as per the concession agreement entered into between the said SPV and Greater Cochin Development Authority (GCDA). This agreement encompasses the construction, operation and maintenance of the said bridge on a Build, Operate and Transfer (Toll) basis. The ownership of the bridge is with the Government of Kerala and the SPV has an intangible right to collect toll from the users of the said bridge upto June 6, 2020 from the date of commencement of the commercial operations. The SPV on certification from GCDA commenced the commercial operations from September 26, 2001.
  - It includes costs incurred by NBICL for construction of a road bridge across the Kosi 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 said highway road 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.
- C. Project berths pertain to all the costs incurred by the SPV of the Company, VSPL 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 VSPL 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.
- D. Toll concession rights pertain to the costs incurred by a SPV of the Company, MNEI for construction of a highway road as per the concession agreement signed between MNEI 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 commencement 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.
- E. Operations & maintenance rights include upfront amount paid by the Company to its holding company, GL, 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 have been capitalised as an intangible asset which will be amortised over the life of the said agreement upto November 2019.
- F. License fees pertain to the fees paid by a SPV of the Company, ICTPL to Mumbai Port Trust (MPT) as per the concession agreement signed between them for providing the license to construct, operate and maintain a offshore container terminal in the Mumbai Port. The said intangible will provide the right to the SPV to charge the users of the offshore container terminal when it commences operations. The intangible will be amortised from the date the commercial operations commences.



## Notes

### to the Consolidated financial statements for the period from April 1, 2013 to December 31, 2013

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#### 15 Capital work-in-progress

Particulars	As at December 31, 2013	As at March 31, 2013
Expenses incurred on construction, acquisition of self owned asset :	68,451,652	53,255,902
Borrowing costs	16,291,912	15,007,057
Employee benefit expenses	9,199,769	6,643,967
Other expenses	34,044,459	32,855,934
Depreciation	231,217	167,551
	<b>128,219,009</b>	<b>107,930,411</b>
Less : Capital work-in-progress written off	1,074,513	1,074,513
<b>Total capital work-in-progress</b>	<b>127,144,496</b>	<b>106,855,898</b>

#### 16 Intangible assets under development

Particulars	As at December 31, 2013	As at March 31, 2013
Contract expenditure	17,974,184,299	21,007,854,599
Developer fees	997,425,038	1,406,629,964
Concession fees	97,837,335	53,617,905
Borrowing costs	4,617,651,118	4,641,295,795
Employee benefit expenses	159,955,421	104,295,516
Other expenses	607,297,804	549,615,611
Depreciation	3,209,458	2,446,766
	<b>24,457,560,473</b>	<b>27,765,756,156</b>
Less :		
Miscellaneous income	6,958,962	7,551,717
	<b>24,450,601,511</b>	<b>27,758,204,439</b>
Less : Capitalised during the period	7,116,539	7,291,139,096
<b>Total intangible assets under development</b>	<b>24,443,484,972</b>	<b>20,467,065,343</b>

#### 17 Goodwill on consolidation

Particulars	As at December 31, 2013	As at March 31, 2013
<b>Goodwill on consolidation</b>	701,275,173	620,620,849
Less : Capital reserve on consolidation	163,895,788	163,895,788
Net of goodwill over capital reserve	<b>537,379,385</b>	<b>456,725,061</b>
Goodwill amortised upto September 30, 2007	3,729,475	3,729,475
<b>Total goodwill on consolidation</b>	<b>533,649,910</b>	<b>452,995,586</b>

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

## Notes

### to the Consolidated financial statements for the period from April 1, 2013 to December 31, 2013

(All amounts in Indian Rupees unless otherwise stated)

#### 18 Non-current investments

Particulars	As at	As at	As at	As at
	December 31, 2013 Nos	March 31, 2013 Nos	December 31, 2013 ₹	March 31, 2013 ₹
<b>Trade investments in associates</b> (Unquoted ordinary equity shares of ₹10 each, unless otherwise stated)				
ESMSPL	2,143,950	2,143,950	13,114,517	14,284,420
Modern Tollroads Limited	24,470	24,470	184,113	192,248
AIPL	24,450	24,450	178,601	178,601
			13,477,231	14,655,269
Less : Provision for diminution in value of investment			5,552,366	5,552,366
<b>Total non-current investments</b>			<b>7,924,865</b>	<b>9,102,903</b>

Carrying amount of investments in associate companies :

Particulars	ESMSPL		Modern Tollroads Limited		AIPL*	
	December 31, 2013	March 31, 2013	December 31, 2013	March 31, 2013	December 31, 2013	March 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	(7,155,080)	(7,543,266)	(52,452)	(41,088)	(65,899)	(61,054)
Add : Profit/(Losses) during the period	177,403	110,300	(8,135)	(11,364)	-	(4,845)
Add : Adjustments during the period	(1,347,306)	277,886				
Closing balance of accumulated losses	<b>(8,324,983)</b>	<b>(7,155,080)</b>	<b>(60,587)</b>	<b>(52,452)</b>	<b>(65,899)</b>	<b>(65,899)</b>
Carrying amount of investment	<b>13,114,517</b>	<b>14,284,420</b>	<b>184,113</b>	<b>192,248</b>	<b>178,601</b>	<b>178,601</b>

\* Based on the un-audited management accounts for the period ended December 31, 2013.

#### 19 Loans and advances :

Unsecured, considered good unless stated otherwise

Particulars	As at December 31, 2013		As at March 31, 2013	
	Non-current	Current	Non-current	Current
<b>Capital advances</b>				
to related parties:-				
Gammon India Limited	305,928,858	-	450,143,009	-
Gammon Power Limited	20,000,000	-	20,000,000	-
to Others (refer note (a) below)	795,956,356	-	964,547,244	-
<b>(A)</b>	<b>1,121,885,214</b>	<b>-</b>	<b>1,434,690,253</b>	<b>-</b>

## Notes

### to the Consolidated financial statements for the period from April 1, 2013 to December 31, 2013

(All amounts in Indian Rupees unless otherwise stated)

	As at December 31, 2013		As at March 31, 2013	
	Non-current	Current	Non-current	Current
<b>Deposits</b>				
Security deposits	19,993,772	213,537	15,433,493	1,234,399
Other deposits	5,999,100	473,060	10,227,729	127,500
<b>(B)</b>	<b>25,992,872</b>	<b>686,597</b>	<b>25,661,222</b>	<b>1,361,899</b>
<b>Advance recoverable in cash or in kind</b>				
from related parties (refer note (b) below)	46,827,118	84,293,601	-	33,507,286
from others	96,385,819	188,498,286	91,503,662	187,940,694
Considered doubtful	3,871,308	-	3,626,704	-
	147,084,245	272,791,887	95,130,366	221,447,980
Less : Provision made towards doubtful advances	(3,871,308)		(3,626,704)	
<b>(C)</b>	<b>143,212,937</b>	<b>272,791,887</b>	<b>91,503,662</b>	<b>221,447,980</b>
<b>Intercompany loans given</b>				
to related parties				
- ICTPL	60,975,643	-	30,513,248	-
- GIL	1,073,466		1,073,466	
Others	40,999,987	200,000,000	63,077,498	-
Considered doubtful	3,892,000		3,892,000	
	106,941,096	200,000,000	98,556,212	-
Provision for doubtful deposits	(3,892,000)		(3,892,000)	
<b>(D)</b>	<b>103,049,096</b>	<b>200,000,000</b>	<b>94,664,212</b>	<b>-</b>
<b>Advance income-tax, net of tax provision</b>	<b>(E)</b>	<b>398,041,469</b>	<b>-</b>	<b>266,434,011</b>
<b>MAT credit entitlement</b> (refer note (c) below)	<b>(F)</b>	<b>218,638,006</b>	<b>-</b>	<b>195,235,847</b>
<b>Advance towards equity commitment</b>				
Related party - Mordern Toll roads	12,994,800	-	12,994,800	-
Advance for purchase of shares	88,909,787		168,183,126	
<b>(G)</b>	<b>101,904,587</b>	<b>-</b>	<b>181,177,926</b>	<b>-</b>
<b>Other loans and advances</b>				
Cenvat/VAT/Service tax recoverable	25,000	46,156,944	25,000	47,702,411
Prepaid expenses	5,619,652	37,077,642	18,326,520	64,980,469
<b>(H)</b>	<b>5,644,652</b>	<b>83,234,586</b>	<b>18,351,520</b>	<b>112,682,880</b>
<b>Total Loans and Advances</b>				
<b>(A + B + C + D + E + F + G + H)</b>	<b>2,118,368,833</b>	<b>556,713,070</b>	<b>2,307,718,653</b>	<b>335,492,759</b>

- a. During the period, some of the Group Companies have entered into an agreement for cancellation of purchase of land. An amount of ₹ 450,000,000 is receivable towards this cancellation by the Group over a period of 15 months.

## Notes

### to the Consolidated financial statements for the period from April 1, 2013 to December 31, 2013

(All amounts in Indian Rupees unless otherwise stated)

#### b. Dues from related parties :

Particulars	As at December 31, 2013		As at March 31, 2013	
	Non-current	Current	Non-current	Current
GIL	46,827,118	84,227,325	-	30,288,938
ICTPL	-	-	-	3,155,077
GIPL - GIL JV	-	18,005	-	-
MDEPL	-	-	-	15,000
Modern Tollroads Limited	-	48,271	-	48,271
	<b>46,827,118</b>	<b>84,293,601</b>	-	<b>33,507,286</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. The total amount of MAT credit entitlement to these SPVs is ₹218,638,006 (Previous year : ₹ 195,235,847).

#### 20 Trade receivables

Unsecured, considered good unless stated otherwise

Particulars	As at December 31, 2013		As at March 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 38)	163,066,739	13,761,284	558,704	185,051,167
- considered doubtful	-	3,306,087	21,013,096	1,834,688
	<b>163,066,739</b>	<b>25,328,482</b>	<b>21,571,800</b>	<b>195,146,966</b>
Less : Provision for doubtful debts	-	(3,306,087)	(21,013,096)	(1,834,688)
	<b>163,066,739</b>	<b>22,022,395</b>	<b>558,704</b>	<b>193,312,278</b>
Other receivables				
From related parties				
- GIL	-	-	-	41,556,772
- MDEPL	-	-	-	14,938,360
From others	-	157,700,516	-	128,641,529
	-	<b>157,700,516</b>	-	<b>185,136,661</b>
<b>Total trade receivables</b>	<b>163,066,739</b>	<b>179,722,911</b>	<b>558,704</b>	<b>378,448,939</b>

## Notes

### to the Consolidated financial statements for the period from April 1, 2013 to December 31, 2013

(All amounts in Indian Rupees unless otherwise stated)

#### 21 Other assets

Unsecured, considered good unless stated otherwise

Particulars	As at December 31, 2013		As at March 31, 2013	
	Non-current	Current	Non-current	Current
Accrued income	-	622,192,461	-	1,409,425,533
Balances in escrow bank accounts (Refer note 24)	55,059,203	132,048,600	151,055,327	151,677,578
(A)	<b>55,059,203</b>	<b>754,241,061</b>	<b>151,055,327</b>	<b>1,561,103,111</b>
<b>Interest accrued receivable</b>				
Considered good :				
Related parties				
GIL	743,290	-	594,888	-
ICTPL	11,251,625		1,621,782	
Others	53,189,615	11,070,554	-	65,422,801
Considered doubtful	-	692,183	-	692,183
	65,184,530	11,762,737	2,216,670	66,114,984
Less : Provision made	-	(692,183)	-	(692,183)
(B)	<b>65,184,530</b>	<b>11,070,554</b>	<b>2,216,670</b>	<b>65,422,801</b>
<b>Total other assets</b>	<b>(A + B)</b>	<b>120,243,733</b>	<b>765,311,615</b>	<b>153,271,997</b>
		<b>765,311,615</b>	<b>153,271,997</b>	<b>1,626,525,912</b>

- a. Accrued income includes amounts of ₹493,358,653 (Previous year : ₹1,174,884,534) receivable from NHAI against the annuities, ₹123,374,488 (Previous year : ₹219,460,403) towards grant from NHAI, ₹5,459,320 (Previous year : ₹11,409,681) from a client and balance from others. These are unbilled revenues accrued as on December 31, 2013 to the SPVs of the Group.
- b. Balances in escrow bank accounts includes an amount of ₹33,505 (Previous year : ₹33,505) of the Initial Public Offer, made by the holding company of the Group, 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 December 31, 2013	As at March 31, 2013	As at December 31, 2013	As at March 31, 2013
	Nos	Nos	₹	₹
<b>Non-trade investments (valued at cost unless otherwise stated )</b>				
Investment in mutual fund				
Birla Mutual Fund - Growth schemes	251,692.71	40,834.46	50,296,183	8,500,000
Birla Mutual Fund - Growth schemes	307,014.99	45,638.52	61,351,315	9,500,000
Axis Liquid Fund - Daily Dividend Reinvestment		18,741.35		9,184,279
ICICI Prudential Liquid - Regular Plan - Growth	414,339.02	-	75,830,587	-
<b>Trade investments (valued at cost unless otherwise stated)</b>				
Investment in equity shares of Maa Durga Expressway Private Limited	4,900,000	-	49,000,000	-
<b>Total current investments</b>	<b>5,873,046.72</b>	<b>105,214.33</b>	<b>236,478,084</b>	<b>27,184,279</b>
Market value as at December 31, 2013			189,281,797	28,514,778

## Notes

### to the Consolidated financial statements for the period from April 1, 2013 to December 31, 2013

(All amounts in Indian Rupees unless otherwise stated)

#### 23 Inventories

Particulars	As at	As at
	December 31, 2013	March 31, 2013
Raw material	17,845,487	9,105,231
Stores and consumables	35,290,326	34,276,795
(at lower of cost computed at weighted average rate and net realisable value)		
Scrap steel	-	7,107,060
Construction work in progress (EPC) (refer note below)	62,250,734	12,635,202
<b>Total inventories</b>	<b>115,386,547</b>	<b>63,124,288</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	As at	As at
	December 31, 2013	March 31, 2013
Turnover for the period	103,882,507	-
Aggregate Expenditure (Net of inventory adjustments) for contracts existing as at the period end,	103,882,507	12,635,202
Aggregate Contract Profits/Losses recognized for contracts existing as at the period end,	-	-
Contract Advances (Net)	3,163,685,465	822,550,263
Gross Amount due from Customers for contract work	103,882,507	-
Gross Amount due to customers for contract work	-	-

#### 24 Cash and bank balances

Particulars	As at		As at	
	December 31, 2013		March 31, 2013	
	Non-current	Current	Non-current	Current
<b>Cash and cash equivalents</b>				
Balances with Scheduled Banks :				
in Current Accounts	-	801,088,759	-	568,659,619
Cash on hand	-	6,352,453	-	10,593,736
Cheques on hand	-	4,445,908	-	93,400
Fixed Deposit with banks for a period less than three months	-	65,000,000	-	113,149,515
	-	876,887,120	-	692,496,270
<b>Other bank balances</b>				
Balances in escrow account	43,045	-	33,505	-
Debt service reserve account		73,500,001	101,021,822	-
Fixed Deposit with banks for a period exceeding three months	-	132,048,600	-	151,677,578
Fixed Deposit under lien (refer note 11)	55,016,158	-	50,000,000	-
Amounts disclosed under Other assets (Refer note 21)	(55,059,203)	(132,048,600)	(151,055,327)	(151,677,578)
	-	73,500,001	-	-
<b>Total Cash and bank balances</b>	-	<b>950,387,121</b>	-	<b>692,496,270</b>

## Notes

### to the Consolidated financial statements for the period from April 1, 2013 to December 31, 2013

(All amounts in Indian Rupees unless otherwise stated)

#### 25 Revenue from projects

Particulars	Period ended December 31, 2013	Year ended March 31, 2013
Annuity income	2,084,199,931	3,001,808,697
Toll revenue	962,711,059	1,339,611,301
Revenue from advisory activities	-	59,271,844
Revenue from port operations	863,049,782	1,350,898,363
Revenue from road maintenance	152,306,852	193,567,860
Revenue from developer activities	221,691,820	676,777,051
Revenue from Contract income (refer note 23)	129,277,409	-
<b>Total revenue from projects</b>	<b>4,413,236,853</b>	<b>6,621,935,116</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 ₹350,969,229 (previous year : ₹ 676,777,051).

During the previous year, one of the SPV had received bunched up annuity amounting to ₹ 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.

#### 26 Other operating revenue

Particulars	Period ended December 31, 2013	Year ended March 31, 2013
Operating grant received	105,384,852	206,201,653
Income from change of scope	2,804,190	38,528,735
Others	20,354,116	37,101,870
<b>Total other operating revenue</b>	<b>128,543,158</b>	<b>281,832,258</b>

#### 27 Other income

Particulars	Period ended December 31, 2013	Year ended March 31, 2013
<b>Interest income on :</b>		
Intercompany deposits	6,589,933	7,160,901
Bank deposits	26,375,710	33,104,480
Others	297,408	6,403,787
	<b>33,263,051</b>	<b>46,669,168</b>
<b>Miscellaneous income :</b>		
Net gain on sale of current investments	21,766,577	25,012,560
Others	9,780,882	5,943,260
	<b>31,547,459</b>	<b>30,955,820</b>
<b>Total other income</b>	<b>64,810,510</b>	<b>77,624,988</b>

## Notes

### to the Consolidated financial statements for the period from April 1, 2013 to December 31, 2013

(All amounts in Indian Rupees unless otherwise stated)

#### 28 Project expenses

Particulars	Period ended December 31, 2013	Year ended March 31, 2013
<b>Changes in inventory of materials used in maintenance activities :</b>		
Opening stock of materials	4,208,978	4,440,914
Less : Closing stock of materials	62,650,488	4,208,978
	<b>(58,441,510)</b>	<b>231,936</b>
Sub-contracting expenses	386,412,391	352,814,240
Expenses towards change of scope	-	38,528,735
Material handling system's maintenance expenses (refer note 43)	149,439,971	117,098,647
Port cargo handling expenses	266,963,356	471,088,122
Power and fuel expenses	39,295,455	50,589,268
Royalty on revenue	41,173,289	65,385,870
Penalty on shortfall of minimum guarantee throughput	-	11,295,732
Other project expenses	109,859,434	113,044,015
Periodic maintenance expenses	375,313,000	441,869,728
	<b>1,368,456,896</b>	<b>1,661,714,357</b>
<b>Total project expenses</b>	<b>1,310,015,386</b>	<b>1,661,946,293</b>

#### 29 Employee benefits expense

Particulars	Period ended December 31, 2013	Year ended March 31, 2013
Salaries, wages and bonus	184,536,529	209,859,947
Contributions to provident fund	6,517,847	8,626,209
Directors' remuneration including contributions to provident fund (refer note 40)	35,886,014	51,145,954
Staff welfare expenses	6,747,845	10,340,638
Provision for leave encashment	8,147,371	6,568,249
Provision for gratuity (refer note 10(a))	978,727	1,946,917
Employees 'ESOP' compensation cost	2,456,974	(3,519,002)
Cash alternative settlement of ESOP scheme (refer note 10(b))	(1,741,294)	4,285,167
<b>Total employee benefits expense</b>	<b>243,530,013</b>	<b>289,254,079</b>



## Notes

### to the Consolidated financial statements for the period from April 1, 2013 to December 31, 2013

(All amounts in Indian Rupees unless otherwise stated)

#### 30 Other expenses

Particulars	Period ended December 31, 2013	Year ended March 31, 2013
Professional and consultancy fees (refer note 46)	54,015,919	89,732,227
Insurance charges	15,442,686	5,290,311
Directors' fees and commission	1,971,236	830,000
Office rent	11,320,145	13,784,347
Hire of equipments	4,089,086	3,971,430
Fuel charges	5,894,197	2,799,461
Travelling and motor car expenses (refer note 43)	15,038,970	24,287,028
Tender document expenses	992,865	15,525,626
Payment to auditors	8,912,987	8,402,608
Preliminary and share issue expenses	-	30,339
Guarantee bond commission	2,423,281	4,412,226
Miscellaneous expenses	50,009,700	46,355,716
Assets written off	3,271,896	9,914,535
Loss on sale of fixed assets	2,547,796	5,860,832
Loss from joint venture*	18,647,964	39,945,070
Loss on foreign currency fluctuation	-	1,802,716
Intangible asset written off	-	5,575,701
Provision for doubtful debts, advances & bad debts	20,007,812	458,495
	<b>214,586,540</b>	<b>278,978,668</b>
Less : Transfer to intangible asset under development	-	-
<b>Total other expenses</b>	<b>214,586,540</b>	<b>278,978,668</b>

\* 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	Period ended December 31, 2013	Year ended March 31, 2013
Interest expense		
- to banks, financial institution and others	2,133,231,440	2,877,147,413
- to related parties		
- GIL on intercorporate loans	-	37,050,612
- ICTPL on margin money	452,055	300,000
- to joint venture partners	-	14,126,965
Other finance costs	56,603,381	39,712,593
<b>Total finance cost</b>	<b>2,190,286,876</b>	<b>2,968,337,583</b>

## Notes

### to the Consolidated financial statements for the period from April 1, 2013 to December 31, 2013

(All amounts in Indian Rupees unless otherwise stated)

#### 32 Earnings per share (EPS)

Particulars	Period ended December 31, 2013	Year ended March 31, 2013
Profit/(loss) after tax	(564,438,626)	147,263,253
Outstanding equity shares at the end of the period	734,026,438	734,026,438
Weighted average number of equity shares outstanding during the period - Basic	734,026,438	734,026,438
Weighted average number of equity shares outstanding during the period - Diluted	737,781,732	734,180,933
Earnings Per Share - Basic (₹)	(0.77)	0.20
Earnings Per Share - Diluted (₹)	*(0.77)	0.20

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

Particulars	As at December 31, 2013	As at March 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	728,763,618
Add : Issue of equity shares against options granted to employees	-	-
Add : Issue of Bonus Shares during the period	-	5,262,820
Total number of equity shares outstanding at the end of period	734,026,438	734,026,438
<b>Weighted average number of equity shares at the end of the period</b>	<b>734,026,438</b>	<b>734,026,438</b>
<b>For Dilutive EPS :</b>		
Weighted average number of shares used in calculating basic EPS	734,026,438	734,026,438
Add : Equity shares for no consideration arising on grant of stock options under ESOP	4,348,235	3,565,448
Less : Equity shares for no consideration arising on grant of stock options under ESOP forfeited / lapsed (included above)	592,941	3,410,953
Weighted average number of equity shares used in calculating diluted EPS	<b>737,781,732</b>	<b>734,180,933</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 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 As on December 31, 2013, current liabilities exceed current assets by ₹ 6,089,713,519. The Group is taking various steps to meet its commitments, both, short term and long term in nature. The Group is actively pursuing various payments from the client including bonuses, grants, and claims for its projects. Subsequent to the Balance Sheet Date, in one such case, it has received such bonus payment amounting to ₹673,444,444. Further the Group intends to monetize some of its mature assets, as well as securitize some of its future receivables. The Group is in active discussions with various lenders for raising additional long term debts. The Group will also generate contracting income and developer fees out of the new projects that it has been awarded. 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 financial statements are appropriate. Accordingly the accompanying financial statements do not include any adjustments that may result from these uncertainties.

## Notes

### to the Consolidated financial statements for the period from April 1, 2013 to December 31, 2013

(All amounts in Indian Rupees unless otherwise stated)

- 35** During the current period two wholly owned subsidiaries of the Group have initiated correspondence with NHAI for closure of its projects viz. Birmitrapur to Barkote of NH-23 and Yamunanagar to Panchkula of NH-73 on mutually acceptable terms on account NHAI's inability to fulfill conditions precedent due to non-availability of Right of Way to the Site and non-receipt of Environment and Forest Clearances. The group's exposure to these two projects includes expenditure towards projects of ₹ 406,881,213 and guarantees of ₹ 389,100,000. The closure is subject to confirmation by NHAI and involves a process of discussions and settlement between the Company and NHAI to determine the terms of closure or continuance of the project, pending which, no adjustments have been made in the financial statements.
- 36** Pravara Renewable Energy Limited (PREL - a wholly owned subsidiary of the Company) has filed the requisite petition in the Hon. Bombay High Court for approval of the Scheme for its merger with the Company. Pending the approval of the Hon. Bombay High Court the above results do not contain any effect of the Scheme of the merger.
- 37** Subsequent to the end of the period, one of the subsidiaries of the Company namely Kosi Bridge Infrastructure Company Limited has received an amount from National Highways Authority of India ('NHAI') approving a bonus of ₹ 6,73,444,444, which will be accounted in the period in which it is received along with related expenditure.
- 38** Under the Concession Agreement dated 27th October, 1999, executed between CBICL, GIL the holding company of the Group, Government of Kerala (GOK) and Greater Cochin Development Authority (GCDA) dated January 6th, 2001; the entire project has been assigned to CBICL as a Concessionaire for the purpose of developing, operating and maintaining the infrastructure facility on BOT basis for 13 years and nine months.

Subsequently, a Supplementary Concession Agreement was to be executed as per the Government of Kerala's Order Nos. G.O. (M.S.) No. 11/2005/PWD dated 24th January, 2005 and G.O. (M.S.) No. 16/2005/PWD dated 1st March, 2005 between the Government of Kerala, Greater Cochin Development Authority and CBICL. In terms of the order, the period of concession has been increased by 6 years and CBICL is entitled to yearly annuity receipts of ₹ 15,400,000 which it is accounting as Trade receivables. The annuities have not been collected till date and in respect of which CBICL has initiated arbitration procedures. CBICL has not made any provision against the said receivables as it is confident of receiving a favourable award.

#### 39 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 ₹ 4,407,974 (Previous year: ₹ 9,210,235) and under cancellable operating leases was ₹ 698,774 (Previous year: ₹ 818,810) which has been disclosed as lease rentals in the statement of profit and loss.

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

Particulars	December 31, 2013	March 31, 2013
Minimum lease payments :		
Payable not later than 1 year	13,110,000	12,084,000
Payable later than 1 year and not later than 5 years	13,110,000	34,086,000
Payable later than 5 years	-	-
Lease payment recognised in the statement of profit and loss	905,026	1,299,713

## Notes

### to the Consolidated financial statements for the period from April 1, 2013 to December 31, 2013

(All amounts in Indian Rupees unless otherwise stated)

#### 40 Related party transactions

a. Names of the related parties and related party relationships

**i) Entities where control exists :**

GIL the holding company

**ii) Fellow subsidiary :**

GPL  
ACBIPL

**iii) Associates :**

AIAIPL  
ESMSPL  
MTRL

**iv) Key management personnel :**

Abhijit Rajan  
Kishor Kumar Mohanty  
Parag Parikh  
Rajeevkumar Malhotra (upto May 7, 2013)

b. Related party transactions

Transactions	Entities where control exists	Associates	Fellow subsidiary	Key management personnel	Total
Operations and maintenance income from :					
GIL	152,306,852 (192,104,620)				152,306,852 (192,104,620)
Operations & maintenance expenses :					
GIL	152,307,391 (192,068,481)				152,307,391 (192,068,481)
Intangible asset development (materials supply) :					
GIL	9,409,768 (105,298,277)				9,409,768 (105,298,277)
Intangible asset development (contract expenditure) :					
GIL	1,969,933,581 (2,936,192,456)				1,969,933,581 (2,936,192,456)
Advances given against EPC contracts to :					
GIL	95,885,982 (112,311,912)				95,885,982 (112,311,912)
Advances recovered against EPC contracts from :					
GIL	- (204,859,918)				- (204,859,918)
Advance against labour recovered :					
GIL	- (135,000,000)				- (135,000,000)
Advance against material supply recovered :					
GIL	- (124,915,434)				- (124,915,434)
Insurance claims transferred to :					
GIL	- (1,626,398)				- (1,626,398)

## Notes

### to the Consolidated financial statements for the period from April 1, 2013 to December 31, 2013

(All amounts in Indian Rupees unless otherwise stated)

Transactions	Entities where control exists	Associates	Fellow subsidiary	Key management personnel	Total
<u>Managerial remuneration :</u>					
- Mr. Kishor Kumar Mohanty				19,037,738 (25,845,378)	19,037,738 (25,845,378)
- Mr. Parag Parikh				7,943,859 (16,999,844)	7,943,859 (16,999,844)
- Mr. R.K. Malhotra				804,417 (8,300,732)	804,417 (8,300,732)
<u>ESOP Compensation Cost:</u>					
- Mr. Kishor Kumar Mohanty				12,000,000 -	12,000,000 -
- Mr. Parag Parikh				19,200,000 -	19,200,000 -
<u>Bonus shares issued (no. of shares):</u>					
- Mr. Abhijit Rajan				- (836,602)	- (836,602)
- Mr. K. K. Mohanty				- (2,956)	- (2,956)
- Mr. R. K. Malhotra				- (2,648)	- (2,648)
- Mr. Parag Parikh				- (7,206)	- (7,206)
<u>Loans given to:</u>					
GIL	- (750,000,000)				- (750,000,000)
Refund of loans given to:					
GIL	- (748,926,534)				- (748,926,534)
Finance provided for expenses and on account payments :					
GIL	9,345,465 (7,696,902)				9,345,465 (7,696,902)
Intercompany borrowings from :					
GIL	- (190,000,000)				- (190,000,000)
Finance received for expenses & on account payments :					
GIL	96,400 (1,022,507)				96,400 (1,022,507)
Refund of intercompany borrowings to :					
GIL	- (926,404,066)				- (926,404,066)
Interest income during the period :					
GIL	- (936,986)				- (936,986)

## Notes

### to the Consolidated financial statements for the period from April 1, 2013 to December 31, 2013

(All amounts in Indian Rupees unless otherwise stated)

Transactions	Entities where control exists	Associates	Fellow subsidiary	Key management personnel	Total
Interest paid during the year to :					
GIL	- (37,050,612)				- (37,050,612)
Retention money recovered / recovered:					
GIL	- (14,843,554)				- (14,843,554)
Intercompany borrowings including interest to :					
ESMSPL		11,381,886 (7,632,997)			11,381,886 (7,632,997)
<u>Outstanding balances receivable :</u>					
- Modern Tollroads Limited		13,043,071 (13,043,071)			13,043,071 (13,043,071)
- Gammon Power Limited			20,000,000 (20,000,000)		20,000,000 (20,000,000)
- "Eversun Sparkle Maritime Services Private Limited"		9,321,195 (18,077,498)			9,321,195 (18,077,498)
<u>Outstanding balances payable :</u>					
- GIL	1,152,068,381 (671,356,789)				1,152,068,381 (671,356,789)
- Modern Tollroads Limited		26,520,000 (26,520,000)			26,520,000 (26,520,000)
- ACBIPL			150,000,000 (150,000,000)		150,000,000 (150,000,000)

(Previous year's figures in brackets)

#### 41 Contingent liabilities

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

Particulars	As at	As at
	December 31, 2013	March 31, 2013
Income tax matters (refer note (a) below)	764,913,874	756,113,922
Disputed statutory liabilities (refer note (b) below)	177,699,900	177,699,900
Claims against group not acknowledged as debt (refer note (c) below)	113,129,410	1,017,672,971
Counter guarantees given to the bankers	3,748,060,200	2,964,822,400
<b>Total</b>	<b>4,803,803,384</b>	<b>4,916,309,193</b>

- a. During the previous year, some of the subsidiaries of the Group has 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 totalling to ₹ 764,913,874 (Previous year: ₹ 7,561,139,22). 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.

## Notes

### to the Consolidated financial statements for the period from April 1, 2013 to December 31, 2013

(All amounts in Indian Rupees unless otherwise stated)

- b. 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.
- c. Claims against the SPVs 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.

#### 42 Commitments

##### a. Capital commitments

The total capital commitment as on December 31, 2013 is ₹78,818,258,937 (Previous year :₹76,437,229,519).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 December 31, 2013	As at March 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 December 31, 2013 is ₹65,000,000 (Previous year :₹65,000,000).
- iii) Buyback / purchase of shares of subsidiaries ₹ 1,314,733,521 (previous year ₹ 1,288,048,291)

#### 43 Expenditure in foreign currency

Particulars	Period ended December 31, 2013	As at March 31, 2013
Technical services (net of taxes)	14,648,451	31,722,827
Travelling expenses	26,519	46,130
<b>Total</b>	<b>14,674,970</b>	<b>31,768,957</b>

## Notes

### to the Consolidated financial statements for the period from April 1, 2013 to December 31, 2013

(All amounts in Indian Rupees unless otherwise stated)

#### 44 Dividend remittance in foreign currency

Particulars	Period ended December 31, 2013	As at March 31, 2013
Year to which the dividend relates	2012-13	-
Amount remitted during the period	22,877,417	-
Number of non-resident shareholders	-	-
Number of shares on which dividend was due	22,877,417	-

#### 45 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.

#### 46 Remuneration to auditors of the subsidiaries and joint ventures not audited by any of the joint auditors of the Company is grouped with professional fees.

#### 47 Prior Period comparatives

Current period's figures are for the period from April 1, 2013 to December 31, 2013 and that of previous year are for the period from April 1, 2012 to March 31, 2013. Therefore, the figures for the current period are not comparable with those of the previous year, however previous year's figures have been regrouped and rearranged wherever necessary to conform to this period's classification.

As per our report of even date

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

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

Place : Mumbai  
Date : March 1, 2014

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

**per Hemal Shah**  
Partner  
Membership No. : 42650

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

**Kishor Kumar Mohanty**  
Managing Director

**Abhijit Rajan**  
Director

**Homai A. Daruwalla**  
Director

Place : Mumbai  
Date : March 1, 2014

**Parag Parikh**  
Whole-time Director and CFO

**C. C. Dayal**  
Director

**G. Sathis Chandran**  
Company Secretary



## 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 the Balance sheet as at December 31, 2013 and the Statement of Profit and Loss and the Cash Flow Statement for the period April 1, 2013 to December 31, 2013 ("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 15/2013 dated September 13, 2013, issued by the Ministry of Corporate Affairs, in respect of Section 133 of the Companies Act, 2013. 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.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us 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 December 31, 2013;
- (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:

- a. Without qualifying our opinion, we invite attention to Note 35 to the financial statements, in relation to notice served by the Company's subsidiaries for closure of two projects. The Company's exposure including Equity contributions and advances is amounting to ₹ 40,60,52,000/- (excluding guarantees of ₹ 38,91,00,000/-). Pending conclusion between the parties, no adjustments have been made in the financial statements.
- b. The Company incurred a net loss after tax of ₹ 139,666,403/- during the nine months period ended December 31, 2013 and, as of that date, the Company's current liabilities exceeded its current assets by ₹ 4,570,946,831/-. Management's plans to address the uncertainty as to the timing and realisation of cash flows are discussed in Note 36. Our opinion is not qualified in this matter

### 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 enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
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 account 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 and Cash Flow Statement dealt with by this report are in agreement with the books of accounts;
  - iv) 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 15/2013 dated 13 September 2013, issued by the Ministry of Corporate Affairs, in respect of Section 133 of the Companies Act, 2013; 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 are disqualified as on December 31, 2013 from being appointed as a director in terms of Clause (g) of Sub-section (1) of section 274 of the Companies Act, 1956 on the said date.

For **Natvarlal Vepari & Co.**  
ICAI Firm Registration Number: 106971W  
Chartered Accountants

**N Jayendran**  
Partner  
M.No. 40441  
Mumbai, Dated : March 1, 2014

For **S.R. Batliboi & Co. LLP**  
ICAI Firm Registration Number : 301003E  
Chartered Accountants

per **Hemal Shah**  
Partner  
M.No. 42650  
Mumbai, Dated : March 1, 2014

## Annexure to the Auditors' Report (Referred to in 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 13 parties covered in the register maintained under Section 301 of the Companies Act, 1956. The maximum amount involved during the period was ₹ 6,089,578,427/- and the period-end balance of loans granted to such parties was ₹ 4,598,398,794/-.
- (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, repayment of the principal amount and interest is as stipulated.
- (d) There is 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 4 companies covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the period was ₹ 2,908,583,977/- and the period-end balance of loans taken from such parties was ₹ 2,873,183,977/-.
- (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) The payment of the principal and interest is as stipulated. Where the loans taken are re-payable on demand, as informed to us, the lenders have not demanded repayment of any such loan during the period, and thus, there has been no default on the part of the Company.
- (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 audit, 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 accounts 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, and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained.
- (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.

## Annexure to the Auditors' Report

### (Referred to in our report of even date)

#### Re: Gammon Infrastructure Projects Limited

(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 under u/s 153A	18,90,89,058	A.Y. 2005-06 to A.Y. 2011-12	Commissioner of Income-Tax (Appeals)
Income Tax Act, 1961	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 and *it has incurred cash losses in the current period*, however it has not incurred any cash losses in immediately preceding financial year.
- (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 financial institution or bank. 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, 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 ₹ 2,482,721,831/-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.
- (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.**  
ICAI Firm Registration Number: 106971W  
Chartered Accountants

**N Jayendran**  
Partner  
M.No. 40441  
Mumbai, Dated : March 1, 2014

For **S.R. Batliboi & Co. LLP**  
ICAI Firm Registration Number : 301003E  
Chartered Accountants

per **Hemal Shah**  
Partner  
M.No. 42650  
Mumbai, Dated : March 1, 2014

## Balance Sheet as at December 31, 2013

(All amounts in Indian Rupees unless otherwise stated)

Particulars	Notes	As at December 31, 2013	As at March 31, 2013
<b>Equity and liabilities</b>			
<b>Shareholders' funds</b>			
Share capital	3	1,476,155,376	1,476,155,376
Reserves and surplus	4	4,845,440,399	4,982,649,828
		<b>6,321,595,775</b>	<b>6,458,805,204</b>
<b>Non-current liabilities</b>			
Long-term borrowings	5	2,827,458,977	3,985,100,000
Deferred tax liabilities, net	6	17,159,504	20,176,400
Other long-term liabilities	10	1,732,837,806	276,000,000
Long-term provisions	7	13,311,093	15,657,291
		<b>4,590,767,380</b>	<b>4,296,933,691</b>
<b>Current liabilities</b>			
Short-term borrowings	8	779,812,313	1,314,557,772
Trade payables	9	125,703,025	41,823,350
Other current liabilities	10	4,015,265,830	924,890,331
Short-term provisions	7	184,410,329	198,687,982
		<b>5,105,191,497</b>	<b>2,479,959,435</b>
		<b>16,017,554,652</b>	<b>13,235,698,330</b>
<b>TOTAL</b>			
<b>Assets</b>			
<b>Non-current assets</b>			
Fixed assets :			
Tangible assets	11	21,692,978	10,505,436
Intangible assets	12	108,144,660	121,919,455
Non-current investments	13.1	7,360,441,285	5,637,087,739
Long-term loans and advances	14	7,909,833,322	6,810,951,837
Other non-current assets	15	83,197,741	240,673,336
		<b>15,483,309,986</b>	<b>12,821,137,803</b>
<b>Current assets</b>			
Current investments	13.2	49,000,000	-
Inventories	16	5,915,734	14,232,210
Trade receivables	17	189,778,276	288,614,817
Cash and bank balances	18	205,699,510	40,848,713
Short-term loans and advances	14	81,008,296	67,193,872
Other current assets	15	2,842,850	3,670,915
		<b>534,244,666</b>	<b>414,560,527</b>
		<b>16,017,554,652</b>	<b>13,235,698,330</b>
<b>TOTAL</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

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

Place : Mumbai  
Date : March 1, 2014

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

**per Hemal Shah**  
Partner  
Membership No. : 42650

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

**Kishor Kumar Mohanty**  
Managing Director

**Abhijit Rajan**  
Director

**Homai A. Daruwalla**  
Director

Place : Mumbai  
Date : March 1, 2014

**Parag Parikh**  
Whole-time Director and CFO

**C. C. Dayal**  
Director

**G. Sathis Chandran**  
Company Secretary

## Statement of Profit and Loss for the Nine months ended December 31, 2013

(All amounts in Indian Rupees unless otherwise stated)

Particulars	Notes	Nine months ended December 31, 2013	Year ended March 31, 2013
<b>Income</b>			
Revenue from operations:			
Revenue	19	725,620,653	1,243,406,537
Other operating income	20	64,313,847	-
		789,934,500	1,243,406,537
Other income	21	55,006,362	158,637,936
<b>Total Income (I)</b>		<b>844,940,862</b>	<b>1,402,044,473</b>
<b>Expenditure</b>			
Project expenses	22	150,652,704	75,402,594
Employee benefits expenses	23	173,048,104	196,465,529
Other expenses	24	122,684,086	157,199,376
<b>Total Expenditure (II)</b>		<b>446,384,894</b>	<b>429,067,499</b>
<b>Earnings before interest, tax, depreciation and amortisation (I)-(II)</b>		<b>398,555,968</b>	<b>972,976,974</b>
Depreciation and amortisation expenses	11 & 12	17,283,057	19,926,608
Finance costs	25	522,756,211	424,589,783
<b>Profit/(Loss) before tax</b>		<b>(141,483,300)</b>	<b>528,460,583</b>
Prior period adjustment	24.1	1,200,000	-
<b>Profit/(Loss) before tax</b>		<b>(142,683,300)</b>	<b>528,460,583</b>
<b>Tax expenses</b>			
Current tax		-	229,000,000
Deferred tax		(3,016,897)	(4,807,262)
<b>Total tax expense</b>		<b>(3,016,897)</b>	<b>224,192,738</b>
<b>Profit/(Loss) after tax</b>		<b>(139,666,403)</b>	<b>304,267,845</b>
<b>Earnings per equity share [nominal value of share ₹ 2/-]</b>	26		
Basic		<b>(0.19)</b>	0.41
Diluted		<b>(0.19)</b>	0.41
Summary of significant accounting policies			
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

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

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

**per Hemal Shah**  
Partner  
Membership No. : 42650

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

**Kishor Kumar Mohanty**  
Managing Director

**Abhijit Rajan**  
Director

**Homai A. Daruwalla**  
Director

**Parag Parikh**  
Whole-time Director and CFO

**C. C. Dayal**  
Director

**G. Sathis Chandran**  
Company Secretary

Place : Mumbai  
Date : March 1, 2014

Place : Mumbai  
Date : March 1, 2014

## Cash Flow Statements for the period ended December 31, 2013

(All amounts in Indian Rupees unless otherwise stated)

Particulars	Nine months ended December 31, 2013		Year ended March 31, 2013
<b>A CASH FLOW FROM OPERATING ACTIVITIES :</b>			
Net Profit before tax		(142,683,300)	528,460,583
Adjustments for :			
Depreciation and Amortisation	17,283,057		19,926,608
Dividend Income	(64,313,847)		-
Profit on Sale of Investments	(6,022,834)		(8,984,492)
Interest expense and other finance costs	522,756,211		424,589,783
Interest income	(17,729,707)		(140,093,903)
Employee Stock Options	2,456,974		(3,519,002)
Cash Alternative Settlement for ESOP Scheme	(1,741,294)		4,285,167
Sundry balances written off	-		93,527
Provisions against Current Assets, Loans and Advances	-		1,409,916
Bad debts written-off	32,544,793		-
Provision for gratuity and leave encashment	(1,886,047)		6,804,870
Loss on sale of assets	3,986		1,346
Provision for Diminution in the Value of Investment	-		30,000,000
Write-back of provision	(30,500,000)		-
		452,851,292	334,513,820
<b>Operating profit before working capital changes</b>		<b>310,167,992</b>	<b>862,974,403</b>
Movement in working capital :			
(Increase) / Decrease in Trade and Other Receivables	142,980,199		(170,144,989)
(Increase) / Decrease in Inventories	8,316,476		(12,441,419)
Increase / (Decrease) in Trade Payables and other liabilities	2,530,441,177		1,090,829,577
		2,681,737,852	908,243,169
Cash Generated from the Operations		2,991,905,844	1,771,217,572
Cash compensation expenses paid		-	(22,050,000)
Direct Taxes paid		(104,491,521)	(161,706,266)
<b>Net cash from operating activities</b>		<b>2,887,414,323</b>	<b>1,587,461,306</b>
<b>B CASH FLOW FROM INVESTMENT ACTIVITIES :</b>			
Purchase of Fixed Assets	(14,702,790)		(1,027,467)
Proceeds from sale of Fixed Assets	3,000		20,000
Investments :			
Subscription towards share capital:			
Subsidiaries	(1,772,353,546)		(847,915,976)
Joint Ventures	-		(49,000,000)
Purchase of Other Investments :			
Mutual Fund Units	(3,204,000,000)		(1,810,000,000)
Fixed Deposit	(4,416,158)		(50,000,000)
Payment towards debt service reserve	-		(101,021,822)
Refund of debt service reserve	27,521,821		-
Proceeds from sale of other investments :			
Mutual Fund Units	3,210,022,834		1,818,984,492
Payment towards equity commitment	-		(219,033,126)
Intercompany Deposits :			
Granted	(2,697,305,807)		(5,155,144,855)
Refunds received	1,634,916,459		1,668,897,334
Interest received	79,427,702		74,574,387
Dividend received	64,313,847		-
<b>Net Cash (used in) Investing Activities</b>		<b>(2,676,572,638)</b>	<b>(4,670,667,033)</b>

## Cash Flow Statements

### for the period ended December 31, 2013

(All amounts in Indian Rupees unless otherwise stated)

Particulars	Nine months ended December 31, 2013		Year ended March 31, 2013
<b>C CASH FLOW FROM FINANCING ACTIVITIES :</b>			
Proceeds from long term borrowings	1,221,238,686		4,050,000,000
Proceeds from short term borrowings	359,260,432		1,648,545,543
Repayment of long term borrowings	(1,035,400,000)		(29,500,000)
Repayment of short term borrowings	(184,660,600)		(2,098,933,062)
Interest paid	(479,929,407)		(483,655,811)
Share issue expenses	-		(1,406,720)
<b>Net Cash from / (used in) Financing Activities</b>		(119,490,889)	3,085,049,950
<b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>91,350,796</b>	<b>1,844,223</b>
Closing Balances		132,199,509	40,848,713
Opening Balances		40,848,713	39,004,490
<b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>91,350,796</b>	<b>1,844,223</b>
Note : Figures in brackets denote outflows.			
Components of Cash and Cash Equivalents			
Cash on hand		239,351	239,904
With Banks :			
On Current Account		131,960,158	40,608,809
		132,199,509	40,848,713
Refer Note 2.1 for summary of significant accounting policies			

As per our report of even date

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

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

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

**per Hemal Shah**  
Partner  
Membership No. : 42650

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

**Kishor Kumar Mohanty**  
Managing Director

**Abhijit Rajan**  
Director

**Homai A. Daruwalla**  
Director

Place : Mumbai  
Date : March 1, 2014

**Parag Parikh**  
Whole-time Director and CFO

**C. C. Dayal**  
Director

**G. Sathis Chandran**  
Company Secretary

Place : Mumbai  
Date : March 1, 2014

## Notes

### to the financial statements for the nine months ended December 31, 2013

(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 which as per a clarification issued by the Ministry of Corporate Affairs would continue to apply under Section 133 of The Companies Act 2013. 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 represents work certified upto and after taking into consideration the actual cost incurred and profit evaluated by adopting the percentage of the work completion method of accounting. 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 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.



## Notes

### to the financial statements for the nine months ended December 31, 2013

(All amounts in Indian Rupees unless otherwise stated)

#### Dividend income:

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

#### 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 ended December 31, 2013

(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.

#### 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)

## Notes

### to the financial statements for the nine months ended December 31, 2013

(All amounts in Indian Rupees unless otherwise stated)

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 December 31, 2013	As at March 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>		
734,836,688 (previous year : 734,836,688) Equity Shares of ₹ 2/- each	1,469,673,376	1,469,673,376
<b>Total</b>	<b>1,469,673,376</b>	<b>1,469,673,376</b>
<b>iii) Paid-up shares :</b>		
734,026,438 (previous year : 734,026,438) Equity Shares of ₹ 2/- each	1,468,052,876	1,468,052,876
<b>Total</b>	<b>1,468,052,876</b>	<b>1,468,052,876</b>
<b>iv) Shares forfeited :</b>		
Amount received 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>1,476,155,376</b>	<b>1,476,155,376</b>

## Notes

### to the financial statements for the nine months ended December 31, 2013

(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 December 31, 2013		As at March 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	728,763,618	1,457,527,236
Issued during the period				
- Bonus issue	-	-	5,262,820	10,525,640
Balance, end of the period	734,026,438	1,468,052,876	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 had issued bonus shares in the previous year 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) 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 December 31, 2013		As at March 31, 2013	
	Number	Amount	Number	Amount
<b>Equity shares of ₹ 2/- each fully paid up</b>				
Gammon India Limited, Holding Company	528,000,000	1,056,000,000	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>

**e) Details of shareholders holding more than 5% shares in the Company**

Shareholders holding more than 5% shares in the Company	As at December 31, 2013		As at March 31, 2013	
	Number	Percentage	Number	Percentage
<b>Equity shares of ₹ 2/- each fully paid up</b>				
Gammon India Limited, Holding Company	528,000,000	71.93%	528,000,000	71.93%
	<b>528,000,000</b>	<b>71.93%</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 ownerships of the shares.

**f) Shares reserved under options to be given.**

5,320,000 (previous year : 1,146,670) equity shares have been reserved for issue as ESOP. For further details refer note 4.1

## Notes

### to the financial statements for the nine months ended December 31, 2013

(All amounts in Indian Rupees unless otherwise stated)

#### 4. Reserves and Surplus

Particulars	As at December 31, 2013	As at March 31, 2013
<b>Securities premium account:</b>		
Balance, beginning of the period	3,497,510,764	3,509,443,124
Less : Bonus shares issued	-	10,525,640
Less : Bonus Share issue expenses	-	1,406,720
	<b>3,497,510,764</b>	<b>3,497,510,764</b>
<b>Employee stock options outstanding:</b>		
Opening Balance	3,059,000	6,578,002
Less : Employee stock options lapsed	3,059,000	3,565,249
Add : Employee stock options outstanding - ESOP 2013	29,568,000	-
Less : Employee stock options forfeited	4,032,000	-
Less : Deferred Employee compensation outstanding	20,020,026	(46,247)
Closing Balance	<b>5,515,974</b>	<b>3,059,000</b>
<b>Other Reserves:</b>		
General Reserve		
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	1,479,684,564	1,175,416,719
Add : Profit / (loss) for the period	(139,666,403)	304,267,845
<b>Net surplus in the statement of profit and loss</b>	<b>1,340,018,161</b>	<b>1,479,684,564</b>
<b>Total Reserves and Surplus</b>	<b>4,845,440,399</b>	<b>4,982,649,828</b>

#### 4.1 Employees Stock Options Scheme ('ESOP')

All balance options under the ESOP schemes issued in the previous years (ESOP Scheme 2007 and ESOP scheme 2008), have lapsed during the current period.

During the current 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. During the current period, 840,000 options were forfeited / lapsed and balance 5,320,000 options are outstanding.

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

##### GIPL ESOP 2013 :

	Period ended Dec'13
Grant Date	23-Sep-13
Market Price considered (Rupees)	6.80
Exercise Price of Options granted during the period (Rupees)	2.00
Options outstanding at the beginning of the period	-
Options granted during the period	6,160,000
Options lapsed /forfeited during the period	840,000
Options exercised during the period	-
<b>Options granted and outstanding at the end of the period</b>	<b>5,320,000</b>

## Notes

### to the financial statements for the nine months ended December 31, 2013

(All amounts in Indian Rupees unless otherwise stated)

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 for the period ended December 31, 2013 as reported would have been changed to amounts indicated below:

Particulars	Period ended December 31, 2013	Year ended March 31, 2013
Net Income as reported	(139,666,403)	304,267,845
Add: Stock based compensation expense included in the reported income	5,515,974	46,247
Less: Stock based compensation expenses determined using fair value of options	5,319,986	233,195
Net profit (adjusted)	<b>(139,470,415)</b>	<b>304,080,897</b>
Basic earnings per share as reported	(0.19)	0.41
Basic earnings per share (adjusted)	<b>(0.19)</b>	<b>0.41</b>
Diluted earnings per share as reported	(0.19)	0.41
Diluted earnings per share (adjusted)	<b>(0.19)</b>	<b>0.41</b>
Weighted average number of equity shares at the end of the period	734,026,438	734,026,438
Weighted average number of shares considered for diluted earnings per share	737,781,732	734,180,933

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	Period ended December 31, 2013			
	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

#### 5. Long Term Borrowings

Particulars	Non-current portion		Current maturities	
	December 31, 2013	March 31, 2013	December 31, 2013	March 31, 2013
<b>Term loans</b>				
Inter-corporate deposit from subsidiaries :				
- Vizag Seaport Pvt Ltd (VSPL)	1,069,375,000	1,115,100,000	45,725,000	35,400,000
- Mumbai Nasik Expressway Ltd (MNEL)	1,048,738,686	-	-	-
- Andhra Expressway Ltd (AEL)	195,189,466	-	-	-
- Rajahmundry Expressway Ltd (REL)	514,155,825	-	-	-
Term loan from Financial institution	-	2,870,000,000	2,042,500,000	-
(disclosed as Other Current liabilities				
-See Note 10)	-	-	(2,088,225,000)	(35,400,000)
	<b>2,827,458,977</b>	<b>3,985,100,000</b>	-	-

## Notes

### to the financial statements for the nine months ended December 31, 2013

(All amounts in Indian Rupees unless otherwise stated)

#### I Details of Inter-corporate deposit 'ICD' from VSPL :

This unsecured ICD currently carries an interest rate of 12.45% pa (PY 12.75% pa). It's repayment is in 13 structured quarterly installments from July 2012 to July 2015.

Schedule of repayment of ICD	As at December 31, 2013	As at March 31, 2013
Installments payable within 1 year	45,725,000	35,400,000
Installments payable within 2 to 5 years	1,069,375,000	1,115,100,000
<b>Total</b>	<b>1,115,100,000</b>	<b>1,150,500,000</b>

#### II Details of Inter-corporate deposit 'ICD' from MNEL :

This unsecured 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 Inter-corporate deposit 'ICD' from AEL and REL :

These are unsecured interest free ICD's repayable on March 31, 2016.

#### IV Details of Term loan from Financial Institution :

	As at December 31, 2013	As at March 31, 2013
Secured portion	1,506,947,401	2,295,521,821
Unsecured portion	535,552,599	574,478,179
<b>Total Loan balance</b>	<b>2,042,500,000</b>	<b>2,870,000,000</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: ₹ 2,194,500,000/-)
  - 2) A first and exclusive charge on the:
    - (i) Designated account
    - (ii) Debt Service Reserve aggregating to ₹ 73,500,001/- as on December 31, 2013 (₹ 101,021,821/- as on March 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.  
The balance is secured by equity shares pledged by the promoter Company, hence is shown as unsecured portion.
- b) This term loan carries an interest rate of 14.00% p.a. It's repayment is due on September 15, 2014.

#### 6. Deferred Tax Liability

The major components of deferred tax assets and liabilities are as given below:

	As at December 31, 2013	As at March 31, 2013
Deferred Tax Liability on account of :		
- Depreciation	24,431,196	30,374,405
Deferred Tax Asset on account of :		
- Employee benefits	7,271,692	10,198,005
<b>Deferred Tax Liability, net</b>	<b>17,159,504</b>	<b>20,176,400</b>

## Notes

### to the financial statements for the nine months ended December 31, 2013

(All amounts in Indian Rupees unless otherwise stated)

#### 7. Provisions

Particulars	Non-current		Current	
	December 31, 2013	March 31, 2013	December 31, 2013	March 31, 2013
<b>Provision for employee benefits :</b>				
- Cash Alternative Settlement of ESOP Scheme (refer note 7.1)	-	-	-	1,741,294
- Leave Encashment	9,798,246	12,130,273	2,975,142	2,524,507
- Gratuity	3,512,847	3,527,018	89,381	79,865
	13,311,093	15,657,291	3,064,523	4,345,666
<b>Provision for taxation, net of advance tax *</b>	-	-	181,345,806	194,342,316
	-	-	<b>181,345,806</b>	<b>194,342,316</b>
<b>Total Provisions</b>	<b>13,311,093</b>	<b>15,657,291</b>	<b>184,410,329</b>	<b>198,687,982</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 ₹ 16,000,000 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.

#### 7.1 Movement in Cash Alternative Settlement of ESOP Scheme balance :

Particulars	Period ended December 31, 2013	Year ended March 31, 2013
Balance, beginning of the period	1,741,294	19,506,127
Add: Charge for the period	-	5,013,918
Less: Adjustments in Statement of Profit and Loss	1,741,294	728,751
Less: Paid during the period	-	22,050,000
Balance, end of the period	-	1,741,294

#### 7.2 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 December 31, 2013	Year ended March 31, 2013
Current service cost	879,712	979,230
Interest cost	223,176	226,898
Actuarial (gain)/loss	(1,052,032)	(201,096)
<b>Total</b>	<b>50,856</b>	<b>1,005,032</b>

Particulars	Period ended December 31, 2013	Year ended March 31, 2013	Year ended March 31, 2012	Year ended March 31, 2011	Year ended March 31, 2010
Actuarial (gain)/loss	(1,052,032)	(201,096)	337,441	715,877	(186,559)
Experience adjustment	(568,820)	(389,191)	493,895	767,540	(186,559)
Changes in actuarial assumptions	(483,212)	188,095	(156,454)	(51,663)	-

The provision for gratuity as at December 31, 2013 is ₹ 3,602,228 (Previous year: ₹ 3,606,883).



## Notes

### to the financial statements for the nine months ended December 31, 2013

(All amounts in Indian Rupees unless otherwise stated)

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

Particulars	Period ended	Year ended
	December 31, 2013	March 31, 2013
Defined benefit obligation at the beginning	3,606,883	2,593,121
Expense for the period	50,856	1,005,032
Net liability transfer in	31,027	31,807
Less : Benefit paid	86,538	23,077
Defined benefit obligation at the end	<b>3,602,228</b>	<b>3,606,883</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	Year ended	Year ended
	December 31, 2013	March 31, 2013
Discount rate	9.50%	8.25%
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	As at
	December 31, 2013	March 31, 2013
Inter-corporate deposits (unsecured and repayable on demand)	-	526,745,291
Interest free Inter-corporate deposit from subsidiary companies	-	787,812,481
Bank overdraft (Unsecured except to the extent of ₹ 50,000,000/- which is against pledge of fixed deposits) (Interest rate on this overdraft facility is currently 13.25%)	779,812,313	
<b>Total Short Term Borrowings</b>	<b>779,812,313</b>	<b>1,314,557,772</b>

#### 9. Trade payables

Particulars	Current	
	As at	As at
	December 31, 2013	March 31, 2013
Trade payables - Micro, small and medium enterprises	-	-
Trade payables - Others	125,703,025	41,823,350
<b>Total trade payables</b>	<b>125,703,025</b>	<b>41,823,350</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.

## Notes

### to the financial statements for the nine months ended December 31, 2013

(All amounts in Indian Rupees unless otherwise stated)

#### 10. Other liabilities

Particulars	Non-current		Current	
	As at December 31, 2013	As at March 31, 2013	As at December 31, 2013	As at March 31, 2013
(a) Current maturities of long-term borrowings (note 5)	-	-	2,088,225,000	35,400,000
(b.i) Interest accrued but not due from related parties	-	-	65,965,303	3,280,579
(b.ii) Interest accrued but not due from others	-	-	14,428,200	19,857,920
(c) Other dues - related parties	-	-	58,098,193	49,992,780
(d) Mobilisation advance received from related parties	1,722,229,465	266,000,000	1,545,956,000	669,185,465
(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	-	-	4,300,112	7,848,128
(h) Advance from customers - related parties	-	-	164,914,827	90,286,199
(i) Other Liabilities	608,341	-	46,858,195	22,519,260
<b>Total other current liabilities:</b>	<b>1,732,837,806</b>	<b>276,000,000</b>	<b>4,015,265,830</b>	<b>924,890,331</b>

## Notes

to the financial statements for the nine months ended December 31, 2013

(All amounts in Indian Rupees unless otherwise stated)

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, 2012	1,357,236	120,797	962,855	1,767,854	4,294,806	8,227,685	-	16,731,233
Additions	-	-	313,574	349,543	364,350	-	-	1,027,467
Sales/Disposals	-	-	-	-	32,750	-	-	32,750
<b>As at March 31, 2013</b>	<b>1,357,236</b>	<b>120,797</b>	<b>1,276,429</b>	<b>2,117,397</b>	<b>4,626,406</b>	<b>8,227,685</b>	-	<b>17,725,950</b>
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>
<b>Accumulated Depreciation</b>								
As at April 1, 2012	240,874	51,243	337,681	264,465	2,157,468	2,536,489	-	5,588,220
Charge for the period	64,469	13,662	52,583	100,541	630,813	781,630	-	1,643,698
On Sale/Disposals	-	-	-	-	11,404	-	-	11,404
<b>As at March 31, 2013</b>	<b>305,343</b>	<b>64,905</b>	<b>390,264</b>	<b>365,006</b>	<b>2,776,877</b>	<b>3,318,119</b>	-	<b>7,220,514</b>
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>
<b>Net Block</b>								
As at March 31, 2013	1,051,893	55,892	886,165	1,752,391	1,849,529	4,909,566	-	10,505,436
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

## 12. INTANGIBLE ASSETS

Particulars	O & M Rights (refer note 2.1 c)
<b>Cost or valuation</b>	
As at April 1, 2012	250,000,000
Additions	-
Sales/Disposals	-
<b>As at March 31, 2013</b>	<b>250,000,000</b>
Additions	-
Sales/Disposals	-
<b>As at December 31, 2013</b>	<b>250,000,000</b>
<b>Accumulated Ammortisation</b>	
As at April 1, 2012	109,797,635
Charge for the year	18,282,910
On Sale/Disposals	-
<b>As at March 31, 2013</b>	<b>128,080,545</b>
Charge for the period	13,774,795
On Sale/Disposals	-
<b>As at December 31, 2013</b>	<b>141,855,340</b>
<b>Net Block</b>	
As at March 31, 2013	121,919,455
As at December 31, 2013	108,144,660

## 11. TANGIBLE ASSETS

## Notes

### to the financial statements for the nine months ended December 31, 2013

(All amounts in Indian Rupees unless otherwise stated)

#### 13.1 Non-current investments

Particulars	Face Value Rupees	As at December 31, 2013		As at March 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
Birmatrapur 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 (fully provided)	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 Projects 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 (fully provided)	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	111,198,750	1,159,589,572	98,226,750	991,456,446
Satluj Renewable Energy Private Limited	10	4,000	40,000	4,000	40,000
Sidhi Singrauli Road Projects Ltd	10	100,910,000	1,009,100,000	50,000	500,000
Sikkim Hydro Power Ventures Limited	10	62,735,942	627,359,420	3,173,900	31,739,000
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
Yamanagar 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>6,361,491,169</b>		<b>4,589,137,623</b>
Beneficial Interest in Equity Shares :					
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
Maa Durga Expressways Private Limited (reclassified as current)	10	-	-	4,900,000	49,000,000
SEZ Adityapur Limited	10	19,000	190,000	19,000	190,000
			<b>274,466,480</b>		<b>323,466,480</b>
Beneficial Interest in Equity Shares :					
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>
Less: Provision for diminution in value of Investment in					
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
			<b>83,400,000</b>		<b>83,400,000</b>
<b>Total non-current investments</b>			<b>7,360,441,285</b>		<b>5,637,087,739</b>

#### 13.2. Current investments :

Particulars	Face Value Rupees	As at December 31, 2013		As at March 31, 2013	
		Nos.	Amount	Nos.	Amount
<b>Trade Investments in Joint venture entities :</b>					
(lower of cost and net realisable value)					
Maa Durga Expressways Private Limited (refer note 33)	10	4,900,000	49,000,000		-
<b>Total current investments</b>			<b>49,000,000</b>		<b>-</b>
Aggregate Book Value of Unquoted Investments			<b>7,409,441,285</b>		<b>5,637,087,739</b>

## Notes

### to the financial statements for the nine months ended December 31, 2013

(All amounts in Indian Rupees unless otherwise stated)

#### 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	
		December 31, 2013	March 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/-	6,37,70,015	61,515,633
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	13,000
Rajahmundry Godavari Bridge Limited	10/-	89,573,750	89,573,750
Indira Container Terminal Private Limited	10/-	16,500,000	16,500,000
Sidhi Singrauli Road Project Limited	10/-	2,62,36,600	-
Birmiltrapur Barkote Highway Private Limited	10/-	2,600	2,600

The change in the balances between March 31, 2013 and December 31, 2013 represent additional / reduction of pledge during the period ended December 31, 2013.

#### 14. Loans and Advances

Particulars	Non-current		Current	
	As at December 31, 2013	As at March 31, 2013	As at December 31, 2013	As at March 31, 2013
<b>Security Deposit</b>				
Unsecured, Considered good				
- Accomodation	1,010,000	1,010,000	-	-
- O & M Contract Deposit	3,330,649	3,214,929	-	-
- Others	4,700	4,700	-	-
<b>(A)</b>	<b>4,345,349</b>	<b>4,229,629</b>	-	-
<b>Intercorporate Deposits paid</b>				
Related parties (refer note 14.1)				
- Unsecured, Considered good	7,624,553,217	6,526,663,869	-	-
- Unsecured, Considered doubtful	1,807,102	37,307,102	-	-
Others				
- Unsecured, Considered doubtful	3,892,000	3,892,000	-	-
	<b>7,630,252,319</b>	<b>6,567,862,971</b>	-	-
Less: Provision for doubtful ICD's	5,699,102	41,199,102	-	-
<b>(B)</b>	<b>7,624,553,217</b>	<b>6,526,663,869</b>	-	-
<b>Advance recoverable in cash or in kind</b>				
Related party :				
- Unsecured, Considered good	-	-	3,912,423	3,905,595
- Dues from parent Company :	-	-	36,215,070	28,900,718
- Dues from Subsidiary Companies :	-	-	9,632,422	6,400,135
- Dues from Joint Ventures :	-	-	48,271	48,271
- Unsecured, Considered doubtful	-	-	-	-
- Dues from Subsidiary Companies :	-	-	14,103,407	14,841,818
Others:				
- Considered good	-	-	12,489,291	792,192
- Considered doubtful	-	-	2,112,009	2,112,009
	-	-	<b>78,512,893</b>	<b>57,000,738</b>
Less: Provision for doubtful advance recoverable in cash or in kind	-	-	16,215,416	16,953,827
<b>(C)</b>	-	-	<b>62,297,477</b>	<b>40,046,911</b>

## Notes

### to the financial statements for the nine months ended December 31, 2013

(All amounts in Indian Rupees unless otherwise stated)

#### 14. Loans and Advances (contd.)

Particulars	Non-current		Current	
	As at December 31, 2013	As at March 31, 2013	As at December 31, 2013	As at March 31, 2013
<b>Other Loans and advances</b> (Unsecured, Considered good)				
Advance Income Tax (Net of Provision for Taxation)	128,180,169	36,685,158	-	-
[See Note 7 (a)]			-	-
Prepaid expenses	-	11,345,255	15,426,981	22,338,188
Service tax credit receivable / VAT refund receivable	-	-	3,283,838	4,808,773
Advance for purchase of share	88,859,787	168,133,126	-	-
<b>(D)</b>	<b>217,039,956</b>	<b>216,163,539</b>	<b>18,710,819</b>	<b>27,146,961</b>
<b>Share application money paid</b> Related parties (refer note 14.2)	63,894,800	63,894,800	-	-
<b>(E)</b>	<b>63,894,800</b>	<b>63,894,800</b>	-	-
<b>Total Loans and Advances (A + B + C + D + E)</b>	<b>7,909,833,322</b>	<b>6,810,951,837</b>	<b>81,008,296</b>	<b>67,193,872</b>
<b>Total of Loans and Advances with related parties</b>	<b>7,688,448,017</b>	<b>6,590,558,669</b>	<b>45,847,492</b>	<b>35,300,853</b>

#### 14.1 The break-up of Intercompany Loans granted by the Company to related parties is as under :

Company Name	As at December 31, 2013	As at March 31, 2013
<b>Interest bearing considered good</b>		
Gammon Road Infrastructure Limited	-	1,054,943
Indira Container Terminal Pvt Limited	121,951,284	61,026,496
Mumbai Nasik Expressway Limited	-	630,620,000
<b>Total (A)</b>	<b>121,951,284</b>	<b>692,701,439</b>
<b>Interest free considered good</b>		
Aparna Infraenergy India Pvt Limited	376,336,238	300,517,309
Birmirapur Barkote Highway Pvt Limited	60,167,515	51,824,515
Chittoor Infra Company Private Limited	100,000	100,000
Cochin Bridge Infrastructure Company Limited	46,100,000	40,700,000
Earthlink Infrastructure Projects Pvt Limited	650,000	650,000
Gammon Projects Developers Limited	6,046,000	6,046,000
Gammon Renewable Energy Infrastructure Projects Limited	51,120,000	51,120,000
Ghaggar Renewable Energy Private Limited	897,558	200,000
Gammon Road Infrastructure Limited	17,510,000	17,510,000
Gammon Seaport Infrastructure Limited	-	4,300
Gorakhpur Infrastructure Company Limited	1,722,220,000	1,469,700,000
Kosi Bridge Infrastructure Company Limited	233,041,093	315,661,273
Mormugao Terminal Limited	14,621,665	-
Pataliputra Highway Limited	584,755,417	638,450,000
Patna Buxar Highways Limited	236,371,459	200,000
Patna Highway Projects Limited	832,250,000	693,250,000
Pravara Renewable Energy Limited	257,932,269	145,670,680
Rajahmundry Godavari Bridge Limited	551,500,000	155,500,000
Sikkim Hydro Power Ventures Limited	326,844,274	943,679,246
Segue Infrastructure Projects Pvt Limited	250,000	250,000
Sutluj Renewable Energy Private Limited	2,490,000	2,490,000
Sidhi Singrauli Road Projects Limited	617,513,493	65,500,125
Tidong Hydro Power Limited	13,961,848	11,813,000

## Notes

### to the financial statements for the nine months ended December 31, 2013

(All amounts in Indian Rupees unless otherwise stated)

#### 14.1 The break-up of Intercorporate Loans granted by the Company to related parties is as under : (contd.)

Company Name	As at December 31, 2013	As at March 31, 2013
Vijayawada Gundugolanu Road Project Pvt Limited	766,463,521	243,856,763
Youngthang Power Ventures Limited	566,820,303	574,147,150
Yamunanagar Panchkula Highway Pvt Limited	215,909,280	104,772,069
Yamunanagar Minor Mineral Pvt Limited	730,000	350,000
<b>Total (B)</b>	<b>7,502,601,933</b>	<b>5,833,962,430</b>
<b>Total (A + B)</b>	<b>7,624,553,217</b>	<b>6,526,663,869</b>
<b>Interest free considered doubtful</b>		
Gammon Logistics Limited	1,807,102	37,307,102
<b>Total</b>	<b>1,807,102</b>	<b>37,307,102</b>

#### 14.2 The break-up of advance towards equity commitment made by the Company to related parties is as under :

Company Name	As at December 31, 2013	As at March 31, 2013
Modern Toll Roads Limited	12,994,800	12,994,800
Vijayawada Gundugolanu Road Project Pvt Limited	50,900,000	50,900,000
<b>Total</b>	<b>63,894,800</b>	<b>63,894,800</b>

#### 15. Other assets

Particulars	Non-current		Current	
	As at December 31, 2013	As at March 31, 2013	As at December 31, 2013	As at March 31, 2013
Interest accrued receivable				
From related parties, considered good (refer note 15.1)	28,748,078	89,618,009	-	-
From Banks, considered good	-	-	2,842,850	3,670,915
From others, considered doubtful	-	-	692,183	692,183
	<b>28,748,078</b>	<b>89,618,009</b>	<b>3,535,033</b>	<b>4,363,098</b>
Less: Provision for doubtful Interest accrued receivable	-	-	692,183	692,183
Non-current bank balances (Refer note 18)	54,449,663	151,055,327	-	-
<b>Total Other current assets</b>	<b>83,197,741</b>	<b>240,673,336</b>	<b>2,842,850</b>	<b>3,670,915</b>

#### 15.1 Break-up of interest accrued receivable from related parties is as follows:

Company Name	As at December 31, 2013	As at March 31, 2013
Cochin Bridge Infrastructure Company Limited	1,746,500	1,746,501
Gammon Projects Developers Limited	-	104,760
Ghaggar Renewable Energy Private Limited	-	697,558
Gammon Road Infrastructure Limited	-	159,718
Gorakhpur Infrastructure Company Limited	11,270,388	11,270,388
Indira Container Terminal Private Limited	11,251,625	3,243,564
Kosi Bridge Infrastructure Company Limited	-	789,325
Mumbai Nasik Expressway Limited	-	57,441,314
Patna Highway Projects Limited	1,933,028	1,933,028
Pravara Renewable Energy Limited	2,546,537	2,546,537
Sikkim Hydro Power Ventures Limited	-	2,651,638
Tidong Hydro Power Limited	-	162,850
Youngthang Power Ventures Limited	-	6,870,828
<b>Total</b>	<b>28,748,078</b>	<b>89,618,009</b>

## Notes

### to the financial statements for the nine months ended December 31, 2013

(All amounts in Indian Rupees unless otherwise stated)

#### 16. Inventories

Particulars	As at December 31, 2013	As at March 31, 2013
Stores and Materials at site (at lower of cost computed at weighted average method and net realisable value)	2,563,136	1,597,008
Construction work in progress	3,352,598	12,635,202
<b>Total Inventories</b>	<b>5,915,734</b>	<b>14,232,210</b>

#### 17. Trade Receivables

Unsecured, considered good unless stated otherwise

Particulars	Current	
	As at December 31, 2013	As at March 31, 2013
Outstanding for a period exceeding six months from the date they are due for payment	57,028,253	23,766,825
Other receivables	132,750,023	264,847,992
<b>Total trade receivables</b>	<b>189,778,276</b>	<b>288,614,817</b>
Note: Entire receivables are from related parties the break-up of which is as follows:		
Holding Company:		
Gammon India Limited	8,261,111	49,817,883
Subsidiaries:		
Mumbai Nasik Expressway Ltd	17,820,187	71,388,385
Gorakhpur Infrastructure Company Ltd.	18,375,000	23,520,000
Kosi Bridge Infrastructure Company Ltd.	1,188,265	6,332,960
Birmitrapur Barkote Highway Pvt Ltd	48,767,142	46,517,142
Sidhi Singrauli Road Projects Ltd	89,866,570	40,747,974
Patna Buxar Highways Limited	-	134,999
Yamunanagar Panchkula Highway Pvt Ltd	1,000,000	1,000,000
Viyayawada Gundugolanu Road Project Pvt Ltd	4,500,001	19,865,160
Joint Venture:		
Maa Durga Expressways Private Limited	-	29,290,314
<b>Total trade receivable</b>	<b>189,778,276</b>	<b>288,614,817</b>

#### 18. Cash and bank balances

Particulars	Non-current		Current	
	As at December 31, 2013	As at March 31, 2013	As at December 31, 2013	As at March 31, 2013
<b>Cash and cash equivalents</b>				
Balances with Scheduled Banks :				
in Current Accounts	-	-	131,960,158	40,608,809
Cash on hand	-	-	239,351	239,904
	-	-	<b>132,199,509</b>	<b>40,848,713</b>
<b>Other bank balances</b>				
Balances in escrow account	33,505	33,505	-	-
Debt service reserve account	-	101,021,822	73,500,001	-
Fixed Deposit under lien (refer note 8)	54,416,158	50,000,000	-	-
	<b>54,449,663</b>	<b>151,055,327</b>	<b>73,500,001</b>	-
Amounts disclosed under Other non-current assets (Refer note 15)	<b>(54,449,663)</b>	<b>(151,055,327)</b>	-	-
<b>Total cash and bank balances</b>	-	-	<b>205,699,510</b>	<b>40,848,713</b>



## Notes

### to the financial statements for the nine months ended December 31, 2013

(All amounts in Indian Rupees unless otherwise stated)

#### 19. Revenue

Particulars	Nine months ended December 31, 2013	Year ended March 31, 2013
Construction contract revenue	103,882,507	-
Developer's Fees	221,691,819	776,777,051
Operating and Maintenance Income	268,556,852	351,804,620
Advisory Fees	116,489,475	114,824,866
Other services	15,000,000	-
<b>Total Revenue</b>	<b>725,620,653</b>	<b>1,243,406,537</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	December 31, 2013	March 31, 2013
Turnover for the period	103,882,507	-
Aggregate Expenditure (Net of inventory adjustments) for contracts existing as at the period end,	107,235,105	12,635,202
Aggregate Contract Profits/Losses recognized for contracts existing as at the period end,	-	-
Contract Advances (Net)	3,163,685,465	822,550,263
Gross Amount due from Customers for contract work	103,882,507	-

#### 20. Other operating income

Particulars	Nine months ended December 31, 2013	Year ended March 31, 2013
Dividend from subsidiary company	64,313,847	-
<b>Total Other operating income</b>	<b>64,313,847</b>	<b>-</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 December 31, 2013	Year ended March 31, 2013
Interest Income :		
On Intercorporate Deposits placed	8,008,061	134,486,781
On Loans given to staff	-	5,082
On Fixed Deposits with Banks	9,465,786	5,602,040
Others	255,860	6,394,701
Other Income :		
Profit on Sale of current Investments	6,022,834	8,984,492
Write back of provision for advances	31,238,411	-
Foreign currency translation gain	1,136	1,240
Miscellaneous Income	14,274	3,163,600
<b>Total Other income</b>	<b>55,006,362</b>	<b>158,637,936</b>

## Notes

### to the financial statements for the nine months ended December 31, 2013

(All amounts in Indian Rupees unless otherwise stated)

#### 22. Project expenses

Particulars	Nine months ended December 31, 2013	Year ended March 31, 2013
Changes in inventory of consumables:		
Opening stock of materials	1,597,008	1,790,791
Less : Closing stock of materials	(966,128)	193,783
Operation and Maintenance expenses	47,736,325	75,208,811
Sub-contractor expenses	103,882,507	-
<b>Total Project expenses</b>	<b>150,652,704</b>	<b>75,402,594</b>

#### 23. Employee benefit expenses

Particulars	Nine months ended December 31, 2013	Year ended March 31, 2013
Salaries, wages and bonus	129,722,816	126,100,311
Directors remuneration including contribution to provident fund (refer note 30)	27,786,014	51,145,954
Contributions to provident fund	4,252,503	5,420,401
Leave encashment expense	6,110,015	5,799,838
Gratuity expense (refer note 7.2)	50,856	1,005,032
Staff welfare expenses	4,410,220	6,227,828
Cash alternative settlement of ESOP scheme (refer note 7.1)	(1,741,294)	4,285,167
Employees 'ESOP' compensation cost (net of reversal)	2,456,974	(3,519,002)
<b>Total Employee benefits expenses</b>	<b>173,048,104</b>	<b>196,465,529</b>

#### 24. Other expenses

Particulars	Nine months ended December 31, 2013	Year ended March 31, 2013
Professional, consultancy and legal fees	23,568,073	40,498,253
Tender document expenses	942,865	6,676,081
Guarantee bond commission	1,787,674	2,778,127
Travelling expenses	5,797,919	11,990,014
Rent	7,257,599	8,282,871
Payment to auditors (Refer details below)	3,951,271	4,201,314
Fuel charges	4,205,057	2,799,461
Membership and subscriptions	131,272	703,113
Loss on sale of fixed assets	3,986	1,346
Annual report expenses	2,142,165	1,896,559
Hire charges	3,997,674	3,959,685
Motor car expenses	1,018,998	1,496,785
Project electricity expenses	11,503,607	12,392,133
Security charges	1,360,173	1,678,367
Printing and stationery	607,158	1,657,135
Telephone expenses	952,052	1,580,463
Directors' sitting fees and commission	760,000	830,000
Computer expenses	2,456,793	2,757,445
Office upkeep expenses	1,703,596	1,399,954
Bank charges	378,650	297,388
Franking, stamping and notarisation expenses	43,353	113,335
Insurance charges	4,325,367	4,385,353
Service tax input credit written off	3,204,697	4,253,732
Rates and taxes	96,715	31,000
Miscellaneous expenses	7,942,579	9,129,546
Bad debts written-off (refer note 33)	32,544,793	-
Provisions against current assets, loans and advances	-	1,409,916
Provision for diminution in the value of investment	-	30,000,000
<b>Total Other expenses</b>	<b>122,684,086</b>	<b>157,199,376</b>

## Notes

### to the financial statements for the nine months ended December 31, 2013

(All amounts in Indian Rupees unless otherwise stated)

#### 24. Other expenses (contd.)

Particulars	Nine months ended December 31, 2013	Year ended March 31, 2013
<b>Payment to Auditors</b>		
As auditor:		
Audit fee including limited review fee	3,200,000	3,200,000
Tax audit fee	175,000	100,000
Certifications	173,440	533,500
In other capacity:		
Other services	295,000	282,500
Reimbursement of expenses	107,831	85,314
<b>Total Project expenses</b>	<b>3,951,271</b>	<b>4,201,314</b>

#### 24.1 Prior period adjustment

Particulars	Nine months ended December 31, 2013	Year ended March 31, 2013
Independent director's commission for the financial year 2012-13 paid in the current period.	1,200,000	-
	<b>1,200,000</b>	-

#### 25. Finance Costs

Particulars	Nine months ended December 31, 2013	Year ended March 31, 2013
Interest Paid On :		
Intercompany Loans:		
from Holding Company : Gammon India Limited	-	37,050,612
from Subsidiaries / JV's	169,040,266	113,105,430
Banks Loans	324,279,023	259,861,244
Interest on Margin Money Deposit	452,055	600,000
Other finance costs	28,984,867	13,972,497
<b>Total Finance Costs</b>	<b>522,756,211</b>	<b>424,589,783</b>

#### 26. Earnings Per Share ('EPS')

Net Profit 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 December 31, 2013	Year ended March 31, 2013
Net Profit / (Loss) as per Statement of Profit and Loss	(139,666,403)	304,267,845
Outstanding equity shares at period end	734,026,438	734,026,438
Weighted average Number of Shares outstanding during the period - Basic	734,026,438	734,026,438
Weighted average Number of Shares outstanding during the period - Diluted	737,781,732	734,180,933
Earnings per Share - Basic (₹)	(0.19)	0.41
Earnings per Share - Diluted (₹)	(0.19)	0.41

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

## Notes

### to the financial statements for the nine months ended December 31, 2013

(All amounts in Indian Rupees unless otherwise stated)

Reconciliation of weighted number of outstanding during the period

Particulars	December 31, 2013	March 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	728,763,618
Add : Issue of Equity Shares against options granted to employees	-	-
Add : Issue of Bonus Shares	-	5,262,820
Total number of equity shares outstanding at the end of the period	734,026,438	734,026,438
Weighted average number of equity shares at the end of the period	734,026,438	734,026,438
<b>For Dilutive EPS :</b>		
Weighted average number of shares used in calculating basic EPS	734,026,438	734,026,438
Add : Equity shares arising on grant of stock options under ESOP	4,348,235	3,565,448
Less : Equity shares arising on grant of stock options under ESOP forfeited / lapsed (included above)	592,941	3,410,953
Weighted average number of equity shares used in calculating diluted EPS	737,781,732	734,180,933

#### 27. Expenses in Foreign Currency

Particulars	Nine months ended December 31, 2013	Year ended March 31, 2013
Travelling Expenses	26,519	46,130
Professional Fees (Net of TDS & Service Tax)	-	1,042,928
<b>Total</b>	<b>26,519</b>	<b>1,089,058</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 December 31, 2013	Maximum Amount Outstanding during the period
<b>Subsidiaries :</b>		
Aparna Infraenergy India Pvt Ltd	376,336,238 (300,517,309)	376,336,238 (300,517,309)
Birmitrapur Barkote Highway Pvt Ltd	60,167,515 (51,824,515)	60,167,515 (51,824,515)
Cochin Bridge Infrastructure Co Limited	47,846,501 (42,446,501)	47,846,501 (42,446,501)
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)
Gammon Logistics Limited	1,807,102 (37,307,102)	37,307,102 (37,307,102)
Gammon Project Developers Limited	6,046,000 (6,150,760)	6,150,760 (6,150,760)
Gammon Renewable Energy Infrastructure Projects Limited	51,120,000 (51,120,000)	51,120,000 (51,120,000)
Ghaggar Renewable Energy Private Limited	897,558 (897,558)	897,558 (12,607,558)
Gammon Road Infrastructure Limited	17,510,000 (18,724,661)	18,724,661 (468,521,085)
Gammon Seaport Infrastructure Limited	- (4,300)	4,300 (300,828,493)
Gorakhpur Infrastructure Company Limited	1,733,490,388 (1,480,970,388)	1,733,490,388 (1,480,970,388)
Kosi Bridge Infrastructure Company Limited	233,041,093 (316,450,598)	405,661,273 (316,450,598)
Mormugao Terminal Limited	14,621,665 (-)	14,621,665 (-)
Mumbai Nasik Expressway Limited # *	- (688,061,314)	688,061,314 (688,061,314)

## Notes

### to the financial statements for the nine months ended December 31, 2013

(All amounts in Indian Rupees unless otherwise stated)

Particulars	Balance as on December 31, 2013	Maximum Amount Outstanding during the period
<b>Subsidiaries :</b>		
Pataliputra Highway Limited	584,755,417 (638,450,000)	638,450,000 (638,450,000)
Patna Buxor Highways Limited	236,371,459 (200,000)	236,371,459 (79,928,550)
Patna Highway Projects Limited	834,183,028 (695,183,028)	834,183,028 (695,183,028)
Pravara Renewable Energy Limited	260,478,806 (148,217,217)	261,217,217 (202,217,217)
Rajahmundry Godavari Bridge Limited	551,500,000 (155,500,000)	551,500,000 (183,000,000)
Satluj Renewable Energy Private Limited	2,490,000 (2,490,000)	2,490,000 (2,590,000)
Segue Infrastructure Project Pvt Ltd	250,000 (250,000)	250,000 (250,000)
Sidhi Singrauli Road Projects Ltd	617,513,493 (65,500,125)	617,513,493 (65,500,125)
Sikkim Hydro Power Ventures Limited	326,844,274 (946,330,884)	998,135,511 (946,330,884)
Tidong Hydro Power Limited	13,961,848 (11,975,850)	13,961,848 (11,975,850)
Viyayawada Gundugolanu Road Project Pvt Ltd	766,463,521 (243,856,763)	766,463,521 (243,856,763)
Yamunanagar Minor Mineral Pvt Ltd	730,000 (350,000)	730,000 (350,000)
Yamunanagar Panchkula Highway Pvt Ltd	215,909,280 (104,772,069)	215,909,280 (104,772,069)
Youngthang Power Ventures Limited	566,820,303 (581,017,978)	582,409,276 (582,138,463)
<b>Associates and Joint Venture Companies :</b>		
Indira Container Terminal Private Limited # *	133,202,909 (64,270,060)	133,202,909 (64,270,060)

(Previous year figures in brackets)

The repayment for all ICD's is due on March 31, 2015, 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.

b) Details of investments by loanees in the share of subsidiaries of the Company:

Loanee	Investment in Subsidiary	As on December 31, 2013 (No. of shares)	As on March 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
	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	3,750
	Ghaggar Renewable Energy Pvt Ltd	3,750	3,750
	Indori Renewable Energy Pvt Ltd	3,750	3,750
	Kasavati Renewable Energy Pvt Ltd	3,750	3,750
	Markanda Renewable Energy Pvt Ltd	3,750	3,750
	Sirsa Renewable Energy Pvt Ltd	3,750	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	

## Notes

### to the financial statements for the nine months ended December 31, 2013

(All amounts in Indian Rupees unless otherwise stated)

Loanee	Investment in Subsidiary	As on December 31, 2013 (No. of shares)	As on March 31, 2013 (No. of shares)
Gammon Seaport Infrastructure Limited	Dohan Renewable Energy Pvt Ltd	2,500	2,500
	Ghaggar Renewable Energy Pvt Ltd	2,500	2,500
	Indori Renewable Energy Pvt Ltd	2,500	2,500
	Kasavati Renewable Energy Pvt Ltd	2,500	2,500
	Markanda Renewable Energy Pvt Ltd	2,500	2,500
	Sirsa Renewable Energy Pvt Ltd	2,500	2,500
	Tangri Renewable Energy Pvt Ltd	2,500	2,500
Gammon Renewable Energy Infrastructure Projects Limited	Yamuna Minor Minerals Pvt Ltd	2,500	2,500
	Dohan Renewable Energy Pvt Ltd	3,750	3,750
	Ghaggar Renewable Energy Pvt Ltd	3,750	3,750
	Indori Renewable Energy Pvt Ltd	3,750	3,750
	Kasavati Renewable Energy Pvt Ltd	3,750	3,750
	Markanda Renewable Energy Pvt Ltd	3,750	3,750
	Sirsa Renewable Energy Pvt Ltd	3,750	3,750
	Tangri Renewable Energy Pvt Ltd	3,750	3,750
Satluj Renewable Energy Pvt Ltd	Yamuna Minor Minerals Pvt Ltd	3,750	3,750
	Satluj Renewable Energy Pvt Ltd	2,000	2,000
Satluj Renewable Energy Pvt Ltd	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	
		December 31, 2013	March 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	Maa Durga Expressway Pvt Ltd (refer note 33)	-	49.00%
5	GIPL - GIL JV	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. During the last year, 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%.

- 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 (553,569)	295,420 (516,536)	2,478 (30,202)	144,399 (914,212)	- (0)	- (0)
Indira Container Terminal Private Limited	2,754,093,336 (2,455,285,673)	2,483,621,349 (2,166,165,719)	92,174 (27,743,892)	18,740,141 (67,688,966)	1,325,565,941 (1,332,012,768)	- (0)
GIPL - GIL JV	758,703,442 (0)	758,714,116 (0)	- (0)	10,674 (0)	- (0)	- (0)
Sez Adityapur Limited	65,389 (84,602)	165,815 (170,301)	- (0)	9,027 (34,913)	- (0)	- (0)
Maa Durga Expressway Private Limited (refer note 33)	- (118,766,383)	- (70,100,696)	- (0)	- (22,431)	- (0)	- (0)

The above figures pertaining to the Joint Venture Companies are based on the audited financial statements for the period ended December 31, 2013, except for Blue Water Iron Ore Terminal Private Ltd and Sez Adityapur Limited.

## Notes

### to the financial statements for the nine months ended December 31, 2013

(All amounts in Indian Rupees unless otherwise stated)

#### 30. Related Party Disclosure

##### a. Relationships :

###### Entity where control exists :

- 1 Gammon India Limited - Holding Company

###### 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
- 7 Earthlink Infrastructure Projects Pvt Ltd
- 8 Gammon Logistics Limited
- 9 Gammon Projects Developers Limited
- 10 Gammon Renewable Energy Infrastructure Projects 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
- 17 Jaguar Projects Developers Limited
- 18 Kasavati Renewable Energy Private Limited
- 19 Kosi Bridge Infrastructure Company Limited
- 20 Lilac Infraprojects Developers Limited
- 21 Markanda Renewable Energy Private Limited
- 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
- 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 Indra Container Terminal Private Limited
- 3 SEZ Adityapur Limited
- 4 Maa Durga Expressway Pvt Ltd (refer note 33)
- 5 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 R K Malhotra (upto May 7, 2013)
- 4 Parag Parikh

## Notes

### to the financial statements for the nine months ended December 31, 2013

(All amounts in Indian Rupees unless otherwise stated)

#### b) Details of related parties transactions for the period ended on December 31, 2013.

Transactions	Holding Company	Subsidiaries	Amounts in brackets relate to March 31, 2013		Total
			Associates, JVs & Partnerships	Key Management Personnel	
<b>Operations &amp; Maintenance Income :</b>	<b>152,306,852</b>	<b>116,250,000</b>	-	-	<b>268,556,852</b>
	<b>(192,104,620)</b>	<b>(159,700,000)</b>	(-)	(-)	<b>(351,804,620)</b>
- Gammon India Ltd	152,306,852	-	-	-	152,306,852
	(192,104,620)	(-)	(-)	(-)	(192,104,620)
- Mumbai Nasik Expressway Ltd	-	86,250,000	-	-	86,250,000
	(-)	(120,700,000)	(-)	(-)	(120,700,000)
<b>Developer Fees :</b>	<b>221,691,819</b>	<b>221,691,819</b>	-	-	<b>221,691,819</b>
	<b>(-)</b>	<b>(776,777,051)</b>	<b>(-)</b>	<b>(-)</b>	<b>(776,777,051)</b>
- Patna Buxar Highway Ltd	-	103,292,986	-	-	103,292,986
	(-)	(206,585,972)	(-)	(-)	(206,585,972)
- Patna Highway Projects Ltd	-	-	-	-	-
	(-)	(83,659,666)	(-)	(-)	(83,659,666)
- Pravara Renewable Energy Ltd	-	-	-	-	-
	(-)	(100,000,000)	(-)	(-)	(100,000,000)
- Sidhi Singrauli Road Project Ltd	-	26,863,372	-	-	26,863,372
	(-)	(60,442,587)	(-)	(-)	(60,442,587)
- Vijaywada Gundugolanu Road Project Pvt Ltd	-	22,480,465	-	-	22,480,465
	(-)	(179,843,716)	(-)	(-)	(179,843,716)
- Yamunanagar Panchkula Highway Pvt Ltd	-	66,830,006	-	-	66,830,006
	(-)	(100,245,009)	(-)	(-)	(100,245,009)
<b>Advisory Fees &amp; other services:</b>	<b>-</b>	<b>131,489,475</b>	<b>-</b>	<b>-</b>	<b>131,489,475</b>
	<b>(-)</b>	<b>(-)</b>	<b>(-)</b>	<b>(-)</b>	<b>(70,325,044)</b>
- Maa Durga Expressway Pvt Ltd	-	-	-	-	-
	(-)	(-)	(28,964,750)	(-)	(28,964,750)
- Kosi Bridge Infrastructure Company Ltd	-	-	-	-	-
	(-)	(44,499,822)	(-)	(-)	(44,499,822)
- Pravara Renewable Energy Ltd	-	131,489,475	-	-	131,489,475
	(-)	(41,360,294)	(-)	(-)	(41,360,294)
<b>Rent Paid :</b>	<b>-</b>	<b>6,441,599</b>	<b>-</b>	<b>-</b>	<b>6,441,599</b>
	<b>(-)</b>	<b>(7,644,000)</b>	<b>(-)</b>	<b>(-)</b>	<b>(7,644,000)</b>
- Youngthang Power Ventures Ltd	-	6,441,599	-	-	6,441,599
	(-)	(7,644,000)	(-)	(-)	(7,644,000)
<b>Dividend income from:</b>	<b>-</b>	<b>64,313,847</b>	<b>-</b>	<b>-</b>	<b>64,313,847</b>
	<b>(-)</b>	<b>(-)</b>	<b>(-)</b>	<b>(-)</b>	<b>(-)</b>
- Vizag Seaport Pvt Ltd	-	64,313,847	-	-	64,313,847
	(-)	(-)	(-)	(-)	(-)
<b>Construction contract revenue:</b>	<b>-</b>	<b>103,882,507</b>	<b>-</b>	<b>-</b>	<b>103,882,507</b>
	<b>(-)</b>	<b>(-)</b>	<b>(-)</b>	<b>(-)</b>	<b>(-)</b>
- Sidhi Singrauli Road Project Ltd	-	103,882,507	-	-	103,882,507
	(-)	(-)	(-)	(-)	(-)
<b>Share application money paid :</b>	<b>-</b>	<b>1,604,220,424</b>	<b>-</b>	<b>-</b>	<b>1,604,220,424</b>
	<b>(-)</b>	<b>(801,547,030)</b>	<b>(49,000,000)</b>	<b>(-)</b>	<b>(850,547,030)</b>
- Patna Buxar Highway Ltd	-	-	-	-	-
	(-)	(560,647,030)	(-)	(-)	(560,647,030)
- Sidhi Singrauli Road Project Ltd	-	1,008,600,000	-	-	1,008,600,000
	(-)	(-)	(-)	(-)	(-)
- Sikkim Hydro Power Ventures Ltd	-	595,620,424	-	-	595,620,424
	(-)	(-)	(-)	(-)	(-)
- Yamunanagar Panchkula Highway Pvt Ltd	-	-	-	-	-
	(-)	(190,000,000)	(-)	(-)	(190,000,000)
<b>Mobilisation advance received:</b>	<b>-</b>	<b>2,333,000,000</b>	<b>-</b>	<b>-</b>	<b>2,333,000,000</b>
	<b>(-)</b>	<b>(935,185,465)</b>	<b>(-)</b>	<b>(-)</b>	<b>(935,185,465)</b>
- Patna Buxar Highways Ltd	-	420,500,000	-	-	420,500,000
	(-)	(786,000,000)	(-)	(-)	(786,000,000)
- Sidhi Singrauli Road Project Ltd	-	1,462,500,000	-	-	1,462,500,000
	(-)	(-)	(-)	(-)	(-)
- Vijaywada Gundugolanu Road Project Pvt Ltd	-	450,000,000	-	-	450,000,000
	(-)	(49,185,465)	(-)	(-)	(49,185,465)
- Yamunanagar Panchkula Highway Pvt Ltd	-	-	-	-	-
	(-)	(100,000,000)	(-)	(-)	(100,000,000)



## Notes

### to the financial statements for the nine months ended December 31, 2013

(All amounts in Indian Rupees unless otherwise stated)

#### b) Details of related parties transactions for the period ended on December 31, 2013.

Transactions	Holding Company	Subsidiaries	Associates, JVs & Partnerships	Amounts in brackets relate to March 31, 2013	
				Key Management Personnel	Total
<b>Managerial Remuneration :</b>	-	-	-	<b>27,786,014</b>	<b>27,786,014</b>
- Mr. K. K. Mohanty	(-)	(-)	(-)	(51,145,954)	(51,145,954)
- Mr. R. K. Malhotra (upto May 7, 2013)	-	-	-	19,037,738	19,037,738
- Mr. Parag Parikh	(-)	(-)	(-)	(25,845,378)	(25,845,378)
	-	-	-	804,417	804,417
	(-)	(-)	(-)	(8,300,732)	(8,300,732)
	-	-	-	7,943,859	7,943,859
	(-)	(-)	(-)	(16,999,844)	(16,999,844)
<b>Bonus shares issued (no. of shares):</b>	-	-	-	-	-
- Mr. Abhijit Rajan	(-)	(-)	(-)	(849,412)	(849,412)
	-	-	-	-	-
	(-)	(-)	(-)	(836,602)	(836,602)
<b>ESOP compensation cost :</b>	-	-	-	<b>13,920,000</b>	<b>13,920,000</b>
- Mr. K. K. Mohanty	(-)	(-)	(-)	(-)	(-)
- Mr. Parag Parikh	-	-	-	12,000,000	12,000,000
	(-)	(-)	(-)	(-)	(-)
	-	-	-	1,920,000	1,920,000
	(-)	(-)	(-)	(-)	(-)
<b>Investment in equity shares of:</b>	-	<b>1,772,353,546</b>	-	-	<b>1,772,353,546</b>
- Patna Buxar Highways Ltd	-	(847,915,976)	(49,000,000)	-	(896,915,976)
- Rajahmundry Godavari Bridge Ltd	(-)	(560,647,030)	(-)	(-)	(560,647,030)
- Sidhi Singrauli Road Project Ltd	-	168,133,126	-	-	168,133,126
- Sikkim Hydro Power Ventures Ltd	(-)	(95,668,946)	(-)	(-)	(95,668,946)
- Yamunanagar Panchkula Highway Pvt Ltd	-	1,008,600,000	-	-	1,008,600,000
	(-)	(500,000)	(-)	(-)	(500,000)
	-	595,620,420	-	-	595,620,420
	(-)	(-)	(-)	(-)	(-)
	(-)	(190,500,000)	(-)	(-)	(190,500,000)
<b>Inter corporate loans given to:</b>	-	<b>2,636,381,019</b>	<b>60,924,788</b>	-	<b>2,697,305,807</b>
- Gammon Road Infrastructure Ltd	-	(5,104,318,359)	(50,826,496)	-	(5,155,144,855)
- Gorakhpur Infrastructure Co. Ltd	(-)	(657,510,000)	(-)	(-)	(657,510,000)
- Patliputra Highway Ltd	-	252,520,000	-	-	252,520,000
- Rajahmundry Godavari Bridge Ltd	(-)	(830,500,000)	(-)	(-)	(830,500,000)
- Sikkim Hydro Power Ventures Ltd	-	(672,700,000)	(-)	(-)	(672,700,000)
- Sidhi Singrauli Road Project Ltd	(-)	396,000,000	-	-	396,000,000
- Yamunanagar Panchkula Highway Pvt Ltd	-	(285,500,000)	(-)	(-)	(285,500,000)
- Vjaywada Gundugolanu Raod Project Pvt Ltd	-	90,459,612	-	-	90,459,612
	(-)	(753,331,126)	(-)	(-)	(753,331,126)
	-	553,533,368	-	-	553,533,368
	(-)	(65,500,125)	(-)	(-)	(65,500,125)
	-	522,606,758	-	-	522,606,758
	(-)	(243,856,763)	(-)	(-)	(243,856,763)
<b>Refund of inter corporate loans given:</b>	-	<b>1,634,916,459</b>	-	-	<b>1,634,916,459</b>
- Gammon Road Infrastructure Ltd	-	(1,668,897,334)	-	-	(1,668,897,334)
- Gammon Seaport Infrastructure Ltd	(-)	1,054,943	-	-	1,054,943
- Kosi Bridge Infrastructure Co. Ltd	(-)	(712,270,057)	(-)	(-)	(712,270,057)
- Mumbai Nasik Expressway Ltd	-	4,300	-	-	4,300
- Patliputra Highway Ltd	(-)	(300,000,000)	(-)	(-)	(300,000,000)
- Sikkim Hydro Power Ventures Ltd	-	187,620,180	-	-	187,620,180
	(-)	(178,738,727)	(-)	(-)	(178,738,727)
	-	630,620,000	-	-	630,620,000
	(-)	(-)	(-)	(-)	(-)
	-	53,694,583	-	-	53,694,583
	(-)	(201,750,000)	(-)	(-)	(201,750,000)
	-	707,294,584	-	-	707,294,584
	(-)	(-)	(-)	(-)	(-)

## Notes

### to the financial statements for the nine months ended December 31, 2013

(All amounts in Indian Rupees unless otherwise stated)

#### b) Details of related parties transactions for the period ended on December 31, 2013.

Transactions	Amounts in brackets relate to March 31, 2013				
	Holding Company	Subsidiaries	Associates, JVs & Partnerships	Key Management Personnel	Total
<b>Expenses incurred/payments made on behalf of the Company by:</b>	-	-	-	-	-
- Mumbai Nasik Expressway Ltd	-	(50,968,963)	-	-	(50,968,963)
	(-)	(49,270,761)	(-)	(-)	(49,270,761)
<b>Expenses incurred/payments made by the Company on behalf of:</b>	<b>6,828</b>	<b>248,581,053</b>	<b>31,272,449</b>	-	<b>279,860,330</b>
- Patna Buxar Highway Ltd	(424,059)	(478,111,831)	(8,914,429)	-	(487,450,319)
	-	17,764,641	-	-	17,764,641
- Patna Highway Projects Ltd	(-)	(69,091,801)	(-)	(-)	(69,091,801)
	(-)	18,937,700	(-)	(-)	18,937,700
- Sidhi Singrauli Road Project Ltd	(-)	(65,559,062)	(-)	(-)	(65,559,062)
	(-)	58,986,423	(-)	(-)	58,986,423
- Yamunanagar Panchkula Highway Pvt Ltd	(-)	(15,838,850)	(-)	(-)	(15,838,850)
	(-)	18,145,212	-	-	18,145,212
- GIPL - GIL JV	(-)	(71,383,071)	(-)	(-)	(71,383,071)
	(-)	-	28,156,326	-	28,156,326
	(-)	(-)	(-)	(-)	(-)
<b>Interest income during the period :</b>	-	-	<b>8,008,061</b>	-	<b>8,008,061</b>
	-	(130,924,429)	(3,562,351)	-	(134,486,780)
- Gammon Road Infrastructure Ltd	(-)	-	-	-	-
	(-)	(16,273,181)	(-)	(-)	(16,273,181)
- Gorakhpur Infrastructure Co. Ltd	(-)	-	-	-	-
	(-)	(46,016,002)	(-)	(-)	(46,016,002)
- Indira Container Terminal Pvt Ltd	(-)	-	8,008,061	-	8,008,061
	(-)	(63,656,625)	(-)	(-)	(63,656,625)
<b>Write off of receivables :</b>	-	-	<b>32,544,793</b>	-	<b>32,544,793</b>
	(-)	(-)	(-)	(-)	-
- Maa Durga Expressway Pvt Ltd	(-)	-	32,544,793	-	32,544,793
	(-)	(-)	(-)	(-)	-
<b>Provision for diminution in value of investments in:</b>	-	-	-	-	-
	(-)	(-)	(30,000,000)	(-)	(30,000,000)
- Blue Water Iron Ore Terminal Private Limited	(-)	-	-	-	-
	(-)	(-)	(30,000,000)	(-)	(30,000,000)
<b>Provision for dues receivable from:</b>	-	-	-	-	-
	(-)	(1,189,315)	(-)	(-)	(1,189,315)
- Gammon Logistics Limited	(-)	-	-	-	-
	(-)	(1,162,102)	(-)	(-)	(1,162,102)
<b>Write back of provision for Loans and advances:</b>	-	<b>31,238,411</b>	-	-	<b>31,238,411</b>
	(-)	(-)	(-)	(-)	(-)
- Gammon Logistics Limited	(-)	30,500,000	-	-	30,500,000
	(-)	(-)	(-)	(-)	(-)
<b>Inter corporate borrowings taken from:</b>	-	<b>1,231,338,686</b>	-	-	<b>1,231,338,686</b>
	(190,000,000)	(1,378,000,000)	-	-	(1,568,000,000)
- Andhra Expressway Ltd	-	59,600,000	-	-	59,600,000
	(-)	(108,000,000)	(-)	(-)	(108,000,000)
- Gammon India Limited	-	-	-	-	-
	(190,000,000)	(-)	(-)	(-)	(190,000,000)
- Mumbai Nasik Expressway Ltd	-	1,048,738,686	-	-	1,048,738,686
	(-)	(-)	(-)	(-)	-
- Vizag Seaport Pvt Ltd	-	-	-	-	-
	(-)	(1,180,000,000)	(-)	(-)	(1,180,000,000)
<b>Refund of inter corporate borrowings taken earlier:</b>	-	<b>35,400,000</b>	-	-	<b>35,400,000</b>
	(926,200,000)	(29,500,000)	-	-	(955,700,000)
- Gammon India Limited	-	-	-	-	-
	(926,200,000)	(-)	(-)	(-)	(926,200,000)
- Vizag Seaport Pvt Ltd	-	35,400,000	-	-	35,400,000
	(-)	(29,500,000)	(-)	(-)	(29,500,000)

## Notes

### to the financial statements for the nine months ended December 31, 2013

(All amounts in Indian Rupees unless otherwise stated)

#### b) Details of related parties transactions for the period ended on December 31, 2013.

Transactions	Holding Company	Subsidiaries	Amounts in brackets relate to March 31, 2013		Total
			Associates, JVs & Partnerships	Key Management Personnel	
<b>Interest expenses during the period:</b>	-	<b>169,040,266</b>	<b>452,055</b>	-	<b>169,492,321</b>
	<b>(37,050,612)</b>	<b>(113,105,430)</b>	<b>(600,000)</b>	-	<b>(150,756,042)</b>
- Gammon India Ltd	-	-	-	-	-
	(37,050,612)	(-)	(-)	(-)	(37,050,612)
- Mumbai Nasik Expressway Ltd	-	62,232,669	-	-	62,232,669
	(-)	(-)	(-)	(-)	(-)
- Vizag Seaport Pvt Ltd	-	106,807,597	-	-	106,807,597
	(-)	(113,105,430)	(-)	(-)	(113,105,430)
<b>Bank/Corporate Guarantees issued by the Company :</b>	-	<b>2,844,596,400</b>	<b>357,626,000</b>	-	<b>3,202,222,400</b>
	-	<b>(3,411,596,400)</b>	<b>(382,626,000)</b>	-	<b>(3,794,222,400)</b>
- Gorakhpur Infrastructure Co. Ltd	-	180,072,000	-	-	180,072,000
	(-)	(1,000,072,000)	(-)	(-)	(1,000,072,000)
- Indira Container Terminal Pvt Ltd	-	-	357,626,000	-	357,626,000
	(-)	(-)	(382,626,000)	(-)	(382,626,000)
- Mumbai Nasik Expressway Ltd	-	630,040,200	-	-	630,040,200
	(-)	(11,840,200)	(-)	(-)	(11,840,200)
- Patna Buxar Highways Ltd	-	564,600,000	-	-	564,600,000
	(-)	(564,600,000)	(-)	(-)	(564,600,000)
- 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
	(-)	(389,100,000)	(-)	(-)	(389,100,000)
<b>Outstanding balances receivable :</b>	-	<b>6,200,312,945</b>	<b>130,381,344</b>	-	<b>6,330,694,289</b>
	<b>(53,723,478)</b>	<b>(6,736,992,688)</b>	<b>(87,958,577)</b>	(-)	<b>(6,878,674,743)</b>
<b>Provision made out of the above:</b>	-	<b>15,910,509</b>	-	-	<b>15,910,509</b>
	(-)	<b>(52,148,920)</b>	(-)	(-)	<b>(52,148,920.00)</b>
- Gorakhpur Infrastructure Company Ltd	-	1,753,288,020	-	-	1,753,288,020
	(-)	(1,506,310,483)	(-)	(-)	(1,506,310,483)
- Mumbai Nasik Expressway Ltd	-	-	-	-	-
	(-)	(713,440,254)	(-)	(-)	(713,440,254)
- Patna Highway Projects Ltd	-	833,871,600	-	-	833,871,600
	(-)	(695,594,492)	(-)	(-)	(695,594,492)
- Sikkim Hydro Power Ventures Ltd	-	326,913,246	-	-	326,913,246
	(-)	(946,688,874)	(-)	(-)	(946,688,874)
<b>Outstanding Balances Payable :</b>	<b>73,950,436</b>	<b>4,735,652,114</b>	<b>16,707,597</b>	-	<b>4,826,310,147</b>
	-	<b>(2,454,740,682)</b>	<b>(13,680,202)</b>	-	<b>(2,468,420,884)</b>
- Mumbai Nasik Expressway Ltd	-	1,141,263,469	-	-	1,141,263,469
	(-)	(-)	(-)	(-)	(-)
- Patna Buxar Highway Ltd	-	1,020,780,640	-	-	969,134,147
	(-)	(775,172,706)	(-)	(-)	(775,172,706)
- Sidhi Singrauli Road Project Ltd	-	746,814,408	-	-	746,814,408
	(-)	(-)	(-)	(-)	(-)
- Rajahmundry Expressway Ltd	-	515,376,218	-	-	515,376,218
	(-)	(392,342,702)	(-)	(-)	(392,342,702)
- Vizag Seaport Pvt Ltd	-	1,114,946,305	-	-	1,114,946,305
	(-)	(1,150,346,305)	(-)	(-)	(1,150,346,305)

### 31. Commitments

Particulars	December 31, 2013	March 31, 2013
Capital Commitments:	NA	NA
Other Commitments:		
- Share of equity commitment in SPV's	14,559,054,218	9,910,519,848
- Buyback / purchase of shares of subsidiaries	1,314,733,521	1,288,048,291
	<b>15,873,787,739</b>	<b>11,198,568,139</b>

## Notes

### to the financial statements for the nine months ended December 31, 2013

(All amounts in Indian Rupees unless otherwise stated)

#### 32. Contingent Liabilities

##### 1) Guarantees:

- a) The Company has issued Corporate Guarantees as a security for loan availed by its subsidiaries, amounting to ₹ 2,495,000,000 (previous year ₹ 1,185,200,000)
- b) Counter Guarantees given to the bankers for the guarantees given by them on our behalf ₹ 3,724,586,200 (previous year ₹ 2,964,822,400).

- 2) Disputed demand in respect of assessment year 2007-08 u/s 271(1)(c) amounting to ₹ 13,440,400 (previous year ₹ 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. The Company has executed an agreement on August 30, 2013 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. Consequentially an amount receivable of ₹ 325.45 lakhs from MDEPL is written-off as bad debt.

34. Pravara Renewable Energy Limited (a wholly owned subsidiary of the Company) has filed the requisite petition in the Hon. Bombay High Court for approval of the Scheme for its merger with the Company. Pending the approval of the Hon. Bombay high Court, the financial statement do not contain any effect of the Scheme of the merger.

35. During the current period two wholly owned subsidiaries of the Company have initiated correspondence with NHAI requesting for closure of its projects on mutually acceptable terms on account of NHAI's inability to fulfill conditions precedent due to non-availability of Right of Way to the Site and non-receipt of Environment and Forest Clearances. The Company has made equity contributions and advances amounting to ₹ 40,60,52,000/- and guarantees of ₹ 38,91,00,000/- in this projects. The closure is subject to confirmation by NHAI and involves a process of discussions and settlement between the Company and NHAI to determine the terms of closure or continuance of the project, pending which, no adjustments have been made in the financial statements.

36. As on December 31, 2013, current liabilities exceed current assets by ₹ 4,570,946,831 and the Company has incurred cash losses in the 9 months ended 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 monetize some of its mature assets, as well as securitize some of its future receivables. The Company is in active discussions with various lenders for raising additional long term debts. The Company will also generate Operation and Maintenance income as further projects get operational as well as contracting income and developer fees out of the new projects that it has been awarded. 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 financial statements are appropriate. Accordingly the accompanying financial statements do not include any adjustments that may result from these uncertainties.

37. 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..

#### 38. Lease

The Company has taken office premises on leave and license basis which are cancellable contracts.

#### 39. 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.

## Notes

### to the financial statements for the nine months ended December 31, 2013

(All amounts in Indian Rupees unless otherwise stated)

#### 40. Derivative Instruments and Unhedged Foreign Currency Exposure

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

#### 41. Prior Period comparatives

Current period's figures are for the period from April 1, 2013 to December 31, 2013 and that of previous year are for the period from April 1, 2012 to March 31, 2013. Therefore, the figures for the current period are not comparable with those of the previous year, however previous year's figures have been regrouped and rearranged wherever necessary to conform to this period's classification.

As per our report of even date

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

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

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

**per Hemal Shah**  
Partner  
Membership No. : 42650

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

**Kishor Kumar Mohanty**  
Managing Director

**Abhijit Rajan**  
Director

**Homai A. Daruwalla**  
Director

Place : Mumbai  
Date : March 1, 2014

**Parag Parikh**  
Whole-time Director and CFO

**C. C. Dayal**  
Director

**G. Sathis Chandran**  
Company Secretary

Place : Mumbai  
Date : March 1, 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
The Financial Year of the Subsidiaries ended	December 31, 2013	December 31, 2013	December 31, 2013	December 31, 2013	December 31, 2013	December 31, 2013
1						
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 (*)	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 December 31, 2013						
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 December 31, 2013	36,317,997	(89,998)	(150,961)	(3,244,364)	(7,392)	(645)
b) For previous financial years of the subsidiaries' since these became subsidiaries of Gammon Infrastructure Projects Ltd	310,051,046	(143,609)	(226,583)	41,854,690	(51,714)	(9,805)
a) Issued and Paid-up Equity Share Capital	290,000,000	500,000	100,000	64,000,700	100,000	100,000
b) Reserves	346,369,043	(233,607)	(377,544)	39,536,963	(59,106)	(104,500)
c) Total Assets	1,779,052,149	387,209,251	109,248,328	270,266,842	126,916,391	-
d) Total Liabilities	1,192,979,288	386,942,858	109,525,872	166,729,179	126,875,497	4,500
e) Investments (except in case of investment in subsidiaries)	50,296,182	-	-	-	-	-
f) Turnover	418,680,000	-	-	35,708,973	-	-
g) Profit/ (Loss) before Taxation	44,390,753	(89,998)	(150,961)	(3,203,528)	(7,392)	(6,445)
h) Provision for Taxation including Deferred Tax	8,072,756	-	-	118,700	-	-
i) Profit / (Loss) After Taxation	36,317,997	(89,998)	(150,961)	(3,322,228)	(7,392)	(6,445)
j) Proposed Dividend including Tax on Dividend	-	-	-	-	-	-

\* 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	Earthlink Infrastructure Projects Private Limited	Gammon Logistics Limited	Gammon Projects Developers Limited	Gammon Renewable Energy Infrastructure Projects Limited	Gammon Road Infrastructure Limited	Gammon Seaport Infrastructure Limited
	December 31, 2013	December 31, 2013	December 31, 2013	December 31, 2013	December 31, 2013	December 31, 2013
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	-	2,550,000	250,000	50,000	50,000	50,000
b) Beneficial ownership (*)	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 December 31, 2013						
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 December 31, 2013	(6,022)	26,971,701	(988,298)	(42,933)	1,548,828	(14,680)
b) For previous financial years of the subsidiaries' since these became subsidiaries of Gammon Infrastructure Projects Ltd	(63,158)	(69,348,189)	(2,386,988)	(1,234,826)	(10,518,345)	(58,139)
a) Issued and Paid-up Equity Share Capital	100,000	25,500,000	2,500,000	500,000	500,000	500,000
b) Reserves	(69,180)	(42,376,488)	(3,375,286)	(1,277,759)	(8,969,517)	(72,819)
c) Total Assets	209,119,658	648,776	5,178,214	52,084,335	9,438,607	431,681
d) Total Liabilities	209,088,838	17,525,264	6,053,500	52,862,094	17,958,124	4,500
e) Investments (except in case of investment in subsidiaries)	-	-	-	-	50,000	-
f) Turnover	-	40,000,000	-	-	-	-
g) Profit/ (Loss) before Taxation	(6,022)	34,951,951	(17,633)	(42,933)	1,973,828	(14,680)
h) Provision for Taxation including Deferred Tax	-	7,980,251	970,665	-	425,000	-
i) Profit / (Loss) After Taxation	(6,022)	26,971,701	(988,298)	(42,933)	1,548,828	(14,680)
j) Proposed Dividend including Tax on Dividend	-	-	-	-	-	-

\* 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	Ghaggar Renewable Energy Private Limited	Gorakhpur Infrastructure Company Limited	Haryana Biomass Power Limited	Indori Renewable Energy Private Limited	Jaguar Projects Developers Limited	Kasavati Renewable Energy Private Limited
	December 31, 2013	December 31, 2013	December 31, 2013	December 31, 2013	December 31, 2013	December 31, 2013
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	-	37,458,063	50,000	-	50,000	-
b) Beneficial ownership (*)	-	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 December 31, 2013						
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 December 31, 2013	(9,185)	(171,839,422)	(4,973)	(7,283)	(6,945)	(21,989)
b) For previous financial years of the subsidiaries' since these became subsidiaries of Gammon Infrastructure Projects Ltd	(856,460)	(379,606,195)	(13,288,207)	(15,113)	643,106	(82,511)
a) Issued and Paid-up Equity Share Capital	100,000	542,870,500	500,000	100,000	500,000	100,000
b) Reserves	(865,645)	(571,246,710)	(13,361,263)	(90,479)	636,161	(104,500)
c) Total Assets	139,413	6,954,564,056	163,217	14,021	1,140,661	-
d) Total Liabilities	905,058	7,058,770,853	13,024,480	4,500	4,500	4,500
e) Investments (except in case of investment in subsidiaries)	-	75,830,587	-	-	-	-
f) Turnover	-	729,000,000	-	-	-	-
g) Profit/ (Loss) before Taxation	(9,185)	(178,024,405)	(4,973)	(7,283)	(6,945)	(21,989)
h) Provision for Taxation including Deferred Tax	-	(14,640)	-	-	-	-
i) Profit / (Loss) After Taxation	(9,185)	(178,009,765)	(4,973)	(7,283)	(6,945)	(21,989)
j) Proposed Dividend including Tax on Dividend	-	-	-	-	-	-

\* 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	Kosi Bridge Infrastructure Company Limited	Lilac Infraprojects Developers Limited	Marine Projects Services Limited	Markanda Renewable Energy Private Limited	Mumbai Nasik Expressway Limited	Mormugao Terminal Limited
	December 31, 2013	December 31, 2013	December 31, 2013	December 31, 2013	December 31, 2013	December 31, 2013
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	35,737,169	50,000	50,000	-	41,595,000	50,000
b) Beneficial ownership (*)	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 December 31, 2013						
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 December 31, 2013	(88,563,717)	(4,861)	(8,355)	(12,837)	6,120,231	(48,435)
b) For previous financial years of the subsidiaries' since these became subsidiaries of Gammon Infrastructure Projects Ltd	(103,436,763)	(88,838)	2,123,552	(84,033)	798,903,923	(58,429)
a) Issued and Paid-up Equity Share Capital	483,000,000	500,000	500,000	100,000	520,000,000	500,000
b) Reserves	(192,000,480)	(93,699)	2,115,197	(96,870)	1,006,401,154	(106,864)
c) Total Assets	4,718,646,587	410,801	2,619,697	7,630	10,146,416,356	32,575,532
d) Total Liabilities	4,427,647,067	4,500	4,500	4,500	8,620,015,202	32,182,396
e) Investments (except in case of investment in subsidiaries)	-	-	-	-	-	-
f) Turnover	480,684,931	-	-	-	941,169,706	-
g) Profit/ (Loss) before Taxation	(88,563,717)	(4,861)	(8,355)	(12,837)	135,509	(48,435)
h) Provision for Taxation including Deferred Tax	-	-	-	-	(7,515,700)	-
i) Profit / (Loss) After Taxation	(88,563,717)	(4,861)	(8,355)	(12,837)	7,651,209	(48,435)
j) Proposed Dividend including Tax on Dividend	-	-	-	-	-	-

\* 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	Patna Buxar Highways Limited	Pataliputra Highway Limited	Patna Highway Projects Limited	Pravara Renewable Energy Limited	Ras Cities and Townships Private Limited	Rajahmundry Expressway Limited
	December 31, 2013	December 31, 2013	December 31, 2013	December 31, 2013	December 31, 2013	December 31, 2013
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 (*)	-	-	-	-	-	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 December 31, 2013	(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	(15,866,507)	(132,426,647)	(5,225,019)	(3,677,324)	649,627	370,978,994
ii) Not dealt with in the accounts of Gammon Infrastructure Projects Ltd amounts to :						
a) For subsidiaries' financial period ended on December 31, 2013	561,147,030	1,500,000	25,000,000	174,000,000	100,000	290,000,000
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
c) Total Assets	1,853,621,848	453,579,234	8,621,118,749	2,496,106,849	368,058,197	1,968,641,599
d) Total Liabilities	1,308,504,411	584,859,703	8,601,913,732	2,325,853,250	367,318,839	1,324,118,792
e) Investments (except in case of investment in subsidiaries)	-	-	-	-	-	61,351,315
f) Turnover	-	-	-	-	-	444,285,000
g) Profit/ (Loss) before Taxation	(163,086)	(353,822)	(569,964)	(69,077)	(10,269)	46,632,446
h) Provision for Taxation including Deferred Tax	-	-	-	-	-	1,737,318
i) Profit / (Loss) After Taxation	(163,086)	(353,822)	(569,964)	(69,077)	(10,269)	44,895,128
j) Proposed Dividend including Tax on Dividend	-	-	-	-	-	-

\* 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	Satluji Renewable Energy Private Limited	Segue Infrastructure Projects Private Limited	Sidhi Singrauli Road Project Limited	Sikkim Hydro Power Ventures Limited	Sirsa Renewable Energy Private Limited
	December 31, 2013	December 31, 2013	December 31, 2013	December 31, 2013	December 31, 2013	December 31, 2013
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	111,198,750	4,000	-	100,910,000	62,735,942	-
b) Beneficial ownership (*)	-	-	10,000	-	-	-
c) Held by Subsidiaries of the Company	-	6,000	-	-	-	10,000
2) Extent of Holding (including beneficial ownership)	63.00%	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 December 31, 2013						
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 December 31, 2013	(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	647,865,454	(2,045,977)	(62,117)	(48,924)	(2,205,530)	(83,665)
a) Issued and Paid-up Equity Share Capital	1,765,000,000	100,000	100,000	1,009,100,000	627,359,420	100,000
b) Reserves	1,028,158,217	(2,060,323)	(68,251)	(7,945,934)	(5,681,591)	(88,862)
c) Total Assets	8,759,967,659	2,784,177	78,234,032	2,169,934,822	1,172,274,749	15,638
d) Total Liabilities	5,966,809,442	4,744,500	78,202,283	1,168,780,756	550,596,919	4,500
e) Investments (except in case of investment in subsidiaries)	-	-	-	-	-	-
f) Turnover	-	-	-	-	-	-
g) Profit/ (Loss) before Taxation	(164,968)	(14,346)	(6,134)	(7,897,010)	(3,476,061)	(5,197)
h) Provision for Taxation including Deferred Tax	-	-	-	-	-	-
i) Profit / (Loss) After Taxation	(164,968)	(14,346)	(6,134)	(7,897,010)	(3,476,061)	(5,197)
j) Proposed Dividend including Tax on Dividend	-	-	-	-	-	-

\* 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	Tada Infra Development Company Limited	Tangri Renewable Energy Private Limited	Tidong Hydro Power Limited	Vijayawada Gundugolanu Road Project Private Limited
	December 31, 2013	December 31, 2013	December 31, 2013	December 31, 2013
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 (*)	-	-	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 December 31, 2013	(8,679)	(9,882)	(3,914)	(129,023)
b) For previous financial years of the subsidiaries' since these became subsidiaries of Gammon Infrastructure Projects Ltd	(1,808,499)	(80,916)	(57,123)	(6,752,988)
ii) Not dealt with in the accounts of Gammon Infrastructure Projects Ltd amounts to :				
a) For subsidiaries' financial period ended on December 31, 2013				
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	500,000	100,000	500,000	100,000
b) Reserves	(1,817,178)	(90,798)	(119,680)	(6,882,011)
c) Total Assets	485,205	16,702	15,690,399	875,159,595
d) Total Liabilities	1,802,383	7,500	15,310,079	881,941,606
e) Investments (except in case of investment in subsidiaries)	-	-	-	-
f) Turnover	-	-	-	-
g) Profit/ (Loss) before Taxation	(8,679)	(9,882)	(7,674)	(129,023)
h) Provision for Taxation including Deferred Tax	-	-	-	-
i) Profit / (Loss) After Taxation	(8,679)	(9,882)	(7,674)	(129,023)
j) Proposed Dividend including Tax on Dividend	-	-	-	-

\* 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
1 The Financial Year of the Subsidiaries ended	December 31, 2013	December 31, 2013	December 31, 2013	December 31, 2013
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 (*)	-	-	-	-
c) Held by Subsidiaries of the Company	-	10,000	-	-
2) Extent of Holding (including beneficial ownership)	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 December 31, 2013	28,518,180	(270,501)	(334,419)	(3,529,353)
b) For previous financial years of the subsidiaries' since these became subsidiaries of Gammon Infrastructure Projects Ltd	(8,755,920)	(617,982)	(2,510,796)	(23,125,462)
ii) Not dealt with in the accounts of Gammon Infrastructure Projects Ltd amounts to :				
a) For subsidiaries' financial period ended on December 31, 2013	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	26,791,998	(888,483)	(2,845,215)	(26,654,815)
	4,083,721,977	150,561	406,423,109	690,762,010
	3,185,017,339	939,044	218,768,324	572,916,825
e) Investments (except in case of investment in subsidiaries)	-	-	-	-
f) Turnover	863,049,782	-	-	-
g) Profit/ (Loss) before Taxation	39,452,908	(270,501)	(334,419)	(3,529,353)
h) Provision for Taxation including Deferred Tax	790,376	-	-	-
i) Profit / (Loss) After Taxation	38,662,532	(270,501)	(334,419)	(3,529,353)
j) Proposed Dividend including Tax on Dividend	-	-	-	-

\* 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

**Parag Parikh**  
Whole-time Director and CFO

**G. Sathis Chandran**  
Company Secretary

Place : Mumbai  
Date : March 1, 2014





**Mr. Abhijit Rajan** - Founder  
Driving force behind the group



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