GAMMON

GAMMON INDIA LIMITED

Unaudited Financial Results for the Quarter and Period Ended 30 June 2015

(Rupees in Crore)

S.No.	Particulars	Quarter Ended			9 Month Ended		9 Month Ended
		Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
		30 Jun 2015	31 Mar 2015	30 Jun 2014	30 Jun 2015	30 Jun 2014	30 Sep 2014
1	**Income from Operations**						
	Net Sales / Income from Operations	**744.23**	**1,019.02**	**922.82**	**2,462.62**	**3,082.05**	**2,966.99**
2	**Expenses**						
	Cost of Material Consumed	328.84	358.95	382.07	992.63	1,327.96	1,295.77
	Purchases of Stock-in-trade	27.27	42.08	30.61	88.90	157.47	164.37
	Change in inventory of WIP and FG	7.54	(1.68)	19.97	(38.40)	83.85	46.24
	Subcontracting Expenses	203.86	238.56	166.05	629.21	662.88	625.67
	Employee Benefits Expenses	92.78	103.62	106.36	301.47	330.04	336.65
	Depreciation and Amortisation	36.36	46.86	27.21	119.72	83.24	81.85
	Other Expenses	139.25	180.91	189.27	476.81	690.33	587.03
	Total Expenses	835.90	969.30	921.54	2,570.34	3,335.77	3,137.58
3	**Profit/(Loss) from Operations Before Other Income, Finance Costs**	**(91.67)**	**49.72**	**1.28**	**(107.72)**	**(253.72)**	**(170.59)**
4	Interest & Other Income	62.85	61.11	43.13	173.51	112.46	708.46
5	**Profit/(Loss) from Ordinary Activities Before Finance Costs and Forex Fluctuation**	**(28.82)**	**110.83**	**44.41**	**65.79**	**(141.26)**	**537.87**
6	Finance Cost	172.35	168.56	147.90	504.97	435.27	452.72
7	Forex Fluctuation (Gain) / Loss	(5.03)	4.43	2.61	(3.08)	8.15	7.71
8	Exceptional Items	-	-	-	-	281.41	-
9	**Profit Before Tax**	**(196.14)**	**(62.16)**	**(106.10)**	**(436.10)**	**(866.09)**	**77.44**
10	Tax Expenses	(8.64)	11.37	14.17	(14.32)	(117.82)	9.64
11	**Net Profit/(Loss) for the period**	**(187.50)**	**(73.53)**	**(120.27)**	**(421.78)**	**(748.27)**	**67.80**
12	Paid-up Equity Share Capital (Face Value Rs.2/- per Equity Share)	27.16	27.16	27.16	27.16	27.16	27.16
13	Reserves, excluding Revaluation Reserve as per Audited Balance Sheet						955.88
14	**Earning Per Share (Rupees)**						
	Basic	(13.81)	(5.42)	(8.86)	(31.06)	(55.11)	0.05
	Diluted	(13.81)	(5.42)	(8.86)	(31.06)	(55.11)	0.05
A	**Particulars of Shareholding**						
1	Public Shareholding						
	- Number of Shares	8,87,43,314	8,87,43,314	8,87,43,314	8,87,43,314	8,87,43,314	8,87,43,314
	- Percentage of Shareholding	65.01%	65.01%	65.01%	65.01%	65.01%	65.01%
2	Promoters & Promoter Group Shareholding						
	Pledge/ Encumbered						
	- Number of Shares	4,46,53,699	4,46,53,699	4,46,53,699	4,46,53,699	4,46,53,699	4,46,53,699
	- Percentage of Shares						
	(as a % of total Shareholding of Promoter & Promoter group)	93.50%	93.50%	93.50%	93.50%	93.50%	93.50%
	(as a % of total Share Capital of the Company)	32.72%	32.72%	32.72%	32.72%	32.72%	32.72%
	Non-encumbered						
	- Number of Shares	31,03,455	31,03,455	31,03,455	31,03,455	31,03,455	31,03,455
	- Percentage of Shareholding						
	(as a % of total Shareholding of Promoter & Promoter group)	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%
	(as a % of total Share Capital of the Company)	2.27%	2.27%	2.27%	2.27%	2.27%	2.27%
B	**Investor Complaints**						
	Pending at the beginning of the period	0			0		
	Received during the period	5			7		
	Disposed of during the period	5			7		
	Remaining unresolved at the end of the period	0			0		

NATVARLAL VEPARI & CO. CHARTERED ACCOUNTANTS Mumbai

GAMMON INDIA LIMITED

An ISO 9001 Company

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ISO 9001 REGISTERED DNV MGMT SYS RvA C024 DNV Certification B.V. The Netherlands

Notes:

1. The Financial Results for the quarter ended June 2015 were reviewed by the Audit Committee and taken on record by the Board of Directors of the Company at its meeting held on 14 August 2015 and have been subjected to limited review by the Statutory Auditors of the Company as required by Clause 41 of the listing agreement.

2. In the previous period the Company had closed its accounts for 9 month ended 31st December 2013 and 30th September 2014. Comparative figure for nine months ended 30 June 2014 are derived by aggregating the figures for the quarter ended 31 December 2013, 31 March 2014 and 30 June 2014.

3. During previous period ended 30 September 2014, the Company has sold its entire stake in its subsidiary M/s Gammon Infrastructure Projects Limited to its subsidiary M/s Gammon Power Limited. The excess of the consideration over the book value of the investments amounting to Rs. 605.92 Crore has been shown under other income.

4. The Company's exposure towards Franco Tosi Mecannica S.p.A (FTM) group is Rs.623.10 Crore of funded exposure and Rs.556.61 Crore of non-funded exposure against Corporate Guarantees as at June 2015 including Investments and guarantees towards the acquisition loan taken by the SPV.

   The application for a pre-insolvency procedure filed by FTM was admitted by the court of Milan on 7 June 2013. Three bids were received by the commissioner on 22 December 2014 and all 3 bids were found to be compliant resulting in negotiations with all and selection of the second highest bidder who is obliged under the terms of the procedure to fulfill all requirements, inter-alia including replacement of all outstanding Bank Guarantees issued by FTM against Corporate guarantees of the Company before signing of the final contract with the commissioner within a stipulated time period. The company has not so far received any official communication from the commissioner about the completion of process and the terms. Furthermore, as on date while having fulfilled other formalities, the selected bidder has not yet fulfilled the obligation of replacing the Bank Guarantees which might ultimately lead to litigation and re-bid.

   The Auditors have qualified their report expressing their inability to comment on the adjustments to be made in the financial statements of the Company in the absence of financial statements of FTM pending completion of the procedure.

   Meanwhile since effects of the encashed amounts have not been given by the company, the auditors have qualified their report expressing their inability to comment upon possible further liability arising out of such corporate guarantees.

5. The Auditors of M/s SAE Powerlines S.r.l, Italy (SAE), a subsidiary of the Company have expressed their inability to opine on the financial statements in view of the said SAE's ability to operate as a going concern being at risk and the directors of the said SAE have highlighted the liquidity crisis. The total exposure of the Company in SAE and ATSL Netherlands B.V., the holding Company of SAE towards investments including guarantees towards the acquisition loan taken by SPV is Rs.376.23 Crore. The Branch has made provision for impairment of investments and loan of Rs.125.45 Crore and provision for Rs.88.29 Crore for risk and contingencies for corporate guarantees for acquisition loan of the SPV and the net exposure of the Company is Rs.162.49 Crore. The Company has carried out a valuation of the business of SAE by independent valuers and based on the valuation an amount of Rs.94.85 Crore has not been provided for being the net exposure in excess of the fair value. The management is of the opinion that considering the order book position and adequate references and strengths in international markets the provision made by it for impairment of its investment, loans and trade receivable is adequate.

   The auditors have qualified their report on this account.

6. The Ministry of Corporate Affairs has rejected the Company's application for payment of remuneration to the Chairman and Managing Director on grounds of non receipt of approval from CDR Lenders. The Company has since received the NOC from the CDR lenders and is in the process of filing a revised application to the Ministry.

   The auditors have qualified their report on this account.

7. There are disputes in four projects of the Company including the Chennai Metro Rail Corporation Project. The total exposure against these projects is Rs.446.92 Crore. The Company is pursuing legal recourse / negotiations for addressing the disputes in favour of the Company and is of the opinion that it has a good case in the matter hence does not require any provision considering the claims of the Company against the Client.

   The auditors have qualified their report on this account.

8. The Company has granted unsecured loans to its joint ventures, including the facility provided by the bankers for the purposes of business operation out of the limits of the company. This loan facility is in excess of the limits specified U/s 186 of the Companies Act 2013. The Company will obtain the shareholders consent in due course.

   The auditors have qualified their report on this account.

9. The Company in evaluating its jobs has considered an amount of Rs.582.65 Crore, which includes Rs.170.54 Crore during the previous quarter in respect of two projects based on legal opinion received relating to the likelihood of the claim materializing in favour of the Company, arising out of claims for work done, cost overruns arising due to client delays, changes of scope, escalation claims, variation orders, deviation in design and other charges recoverable from the client which are pending acceptance or certification by the client or referred the matter to the dispute resolution board / arbitration panel.

   In furtherance to the recommendation of the Dispute Resolution Board (DRB) and Arbitration Awards in the Company's favour, the Company has recognized income to the extent of Rs.135.67 Crore which is part of Long Term Trade Receivable. The Company contends that such awards have reached finality for the determination of the amounts of such claims and are reasonably confident of recovery of such claims although the client has moved the court to set aside the awards. Considering the fact that the Company has received favourable awards from the DRB and the Arbitration Tribunal, the management is reasonably certain that the claims will get favourable verdict from the courts.

   Trade Receivables includes Rs.146.10 Crore in respect of two of its project based on advanced negotiation and discussion with the client and is confident of realising the same, pending the final revision in contract value.

10. The Company's operating result have been affected in the last few years by various factors including liquidity crunch, unavailability of resources on timely basis , delay execution of projects, delay in land acquisition, approval of design etc. by client, scarcity in availability of labour & materials, operational issues etc. Company's overseas operations are characterised due to weak order booking, absence of skilled labour, paucity of working capital and uncertain business environment.

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