Natvarlal Vepari & Co.
CHARTERED ACCOUNTANTS
Oricon House, 4th Floor, 12, K. Dubash Marg, Mumbai-400 023. • Tel : 6752 7100 • Fax : 6752 7101 • E-Mail : nvc@nvc.in

Limited Review Report

Review Report to
The Board of Directors
Gammon Infrastructure Projects Limited

1. We have reviewed the accompanying statement of unaudited financial results of Gammon Infrastructure Projects Limited ('the Company') for the quarter ended March 31, 2015 (the "Statement"), except for the disclosures regarding 'Public Shareholding' and 'Promoter and Promoter Group Shareholding' which have been traced from disclosures made by the management and have not been reviewed by us. This Statement is the responsibility of the Company's management and has been approved by the Board of Directors. Our responsibility is to issue a report on the Statement based on our review.

2. We conducted our review in accordance with the Standard on Review Engagements (SRE) 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provide less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.

3. *As detailed in Note 2 and Note 3 to the Statement, with respect to two subsidiaries where the authorities had unilaterally terminated the Concession Agreement against which these subsidiaries are taking steps to claim compensation/relief as per the Concession Agreement. The Company's exposure to these projects is Rs. 8,754.16 lakhs. As the outcome of these matters is uncertain, we are unable to comment on the recoverability including any provisioning towards the same and any consequential impact, arising thereof, on these unaudited financial results. In respect of the above matters, our audit report for the nine months period ended September 30, 2014 was similarly modified.*

4. Based on our review conducted as above, *except for the possible effects of the matters arising out of our comments in paragraph 3 above,* nothing has come to our attention that causes us to believe that the Statement prepared in accordance with recognition and measurement principles laid down in Accounting Standard 25 "Interim Financial Reporting", specified under the Companies Act, 1956 (which are deemed to be applicable as per section 133 of the Companies Act, 2013, read with rule 7 of the Companies (Accounts) Rules, 2014) and other recognised accounting practices and policies has not disclosed the information required to be disclosed in terms of Clause 41 of the Listing Agreement including the manner in which it is to be disclosed, or that it contains any material misstatement.

5. Without qualifying our review conclusion, we draw attention to the following matters which were also referred to in our audit report issued for the nine months period ended September 30, 2014:

   a) Note 4(a) of the Statement, regarding unilateral termination and closure of Concessions in a bridge project, which is subject to pending litigations/arbitrations at various forums which may impact the carrying values of investments and loans and advances given to a subsidiary. The Company's exposure towards the said project (funded and non-funded) is Rs. 2,466.98 lakhs. Pending conclusion on these legal matters, no adjustments have been made in these unaudited financial results.



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b) Note 4(b) of the Statement, in relation to intention to exit one of the hydro power projects at Himachal Pradesh and seeking a claim of an amount against the amount spent on the project. The Company's subsidiary has cited reasons for non-continuance on account of reasons beyond its control. The subsidiary is negotiating with its client for an amicable settlement on beneficial terms. The Company's exposure towards the said project includes investment and loans and advances of Rs. 7,101.33. Pending conclusion between the parties, no adjustments have been made in these unaudited financial results.

c) Note 4(c) of the Statement, in connection with an amount invested (including deposits and advances given) in a joint venture of Rs. 12,590.14 lakhs (funded and non-funded). The only project of the JV Company has been delayed and has been incurring losses and the company has also defaulted in repaying its debt obligation. Based on management assessment and plans to address these issues, no provision is considered necessary against the aforesaid amounts.

d) Note 5 of the Statement, wherein the Company has stated that as of that date the Company's current liabilities exceeded current assets by 43,660.32 lakhs. These conditions, along with other matters as set forth in said Note of the Statement, indicate the existence of an uncertainty as to timing and realization of cash flow.

e) Note 6 of the Statement, regarding the excess remuneration of Rs. 208.55 lakhs, paid to the managerial persons beyond the limits specified in schedule XIII to the Companies Act 1956/Schedule V to the Companies Act 2013. The said amount has been charged to statement of profit and loss for the nine months period ended September 2014. The excess remuneration is subject to approval from the Central Government for which the Company has made the necessary applications. Pending approval no adjustment is made in these unaudited financial results. For the current financial period the management contends that the managerial remuneration shall be within the limits specified under The Companies Act 2013.

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

N Jayendran
Partner
Membership No. : 40441

NATVARLAL VEPARI & CO. Mumbai CHARTERED ACCOUNTANTS

Place: Mumbai
Date: May 15, 2015