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 September 30, 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 4 and Note 5 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. 8,794.61 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. *As detailed in Note 6 of the Statement, the Company has not made provision for diminution in value of Investments, including provision towards loans advanced, in respect of few of its subsidiaries forming part of the equity investment in 9 SPV's for which the Company has signed Share Purchase Agreement for reasons stated in the said note. On account of the non-provision for the diminution for the value of investments and provision for doubtful advances, the loss for the quarter is understated and the carrying value of the Non-Current Investment is overstated to the extent of Rs. 19712 lacs and the profit for the period ended 30th September 2015 is higher by Rs. 19712 lacs.*

5. Based on our review conducted as above, *except for the effects of the matter stated in paragraph 4 and 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", as specified under 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.

6. 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:

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a) Note 7(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. 2,512.26 lakhs. Pending conclusion on these legal matters, no adjustments have been made in these unaudited financial results.

b) Note 7(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. 7,134.79 lakhs. Pending conclusion between the parties, no adjustments have been made in these unaudited financial results.

c) Note 7(c) of the Statement, in connection with an amount invested (including deposits and advances given) in a joint venture of Rs. 12,811.06 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 8 of the Statement, wherein the Company has stated that as of that date the Company's current liabilities exceeded current assets by Rs. 42,981.14 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 9 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: November 20, 2015

GAMMON INFRASTRUCTURE PROJECTS LIMITED

PART I

STATEMENT OF STANDALONE FINANCIAL RESULTS FOR THE QUARTER ENDED SEPTEMBER 30, 2015

(All amounts in Rupees lakhs)

Sr. No.	Particulars	Quarter ended			12 Months ended		9 Months ended
		30.09.2015 (Unaudited)	30.06.2015 (Unaudited)	30.09.2014 (Audited)	30.09.2015 (Unaudited)	30.09.2014 (Unaudited)	30.09.2014 (Audited)
	Income from operations	6,062.45	6,727.50	4,321.41	21,866.55	9,617.95	8,135.56
1	**Total Income from operations**	**6,062.45**	**6,727.50**	**4,321.41**	**21,866.55**	**9,617.95**	**8,135.56**
	Expenses :						
	Project expense	4,488.65	4,618.77	2,010.37	15,007.71	4,085.01	3,788.82
	Employee benefits expenses	357.71	356.50	393.40	1,466.72	1,973.14	1,361.65
	Depreciation & amortisation expense	69.97	62.64	59.71	270.56	240.64	177.15
	Other expenses	207.95	279.70	343.33	939.85	1,082.13	897.04
2	**Total expenses**	**5,124.28**	**5,317.61**	**2,806.81**	**17,684.84**	**7,380.92**	**6,224.66**
3	**Profit from operations before other income, finance costs and Exceptional Items (1 - 2)**	**938.17**	**1,409.89**	**1,514.60**	**4,181.71**	**2,237.03**	**1,910.90**
4	Other Income	33.08	15.73	97.40	212.78	325.83	245.10
5	**Profit before Finance Costs and Exceptional Items (3 + 4)**	**971.25**	**1,425.62**	**1,611.99**	**4,394.49**	**2,562.86**	**2,156.00**
6	Finance Costs	1,043.68	1,063.50	1,751.18	4,316.43	7,093.06	5,345.15
7	**Profit / (Loss) after Finance Costs but before Exceptional Items (5 - 6)**	**(72.43)**	**362.12**	**(139.18)**	**78.06**	**(4,530.20)**	**(3,189.15)**
8	Exceptional Items	-	-	-	-	3,916.16	3,916.16
9	**Profit / (Loss) from Ordinary Activities before tax (7 - 8)**	**(72.43)**	**362.12**	**(139.18)**	**78.06**	**(8,446.36)**	**(7,105.31)**
10	Tax Expense :	-	-	(143.82)	-	(207.60)	(171.60)
11	**Profit / (Loss) from Ordinary Activities after tax (9 - 10)**	**(72.43)**	**362.12**	**4.63**	**78.06**	**(8,238.76)**	**(6,933.71)**
12	Extraordinary items (Net of tax expense)	-	-	-	-	-	-
13	**Net Profit / (Loss) for the period (11 - 12)**	**(72.43)**	**362.12**	**4.63**	**78.06**	**(8,238.76)**	**(6,933.71)**
14	Paid-up Equity Share Capital (Face Value Rs.2/- per equity share)	18,914.24	18,914.24	18,845.04	18,914.24	18,845.04	18,845.04
15	Reserves, excluding Revaluation Reserve as per the Balance Sheet of the previous accounting year						62,885.20
16	**Earnings Per Share for the period (Rupees) :**						
	a) Before Extraordinary Items						
	Basic	(0.01)	0.04	0.00	0.01	(1.10)	(0.92)
	Diluted	(0.01)	0.04	0.00	0.01	(1.10)	(0.92)
	b) After Extraordinary Items						
	Basic	(0.01)	0.04	0.00	0.01	(1.10)	(0.92)
	Diluted	(0.01)	0.04	0.00	0.01	(1.10)	(0.92)

PART II

Select information for the quarter ended September 30, 2015

A)	PARTICULARS OF SHAREHOLDING						
1	**Public shareholding**						
	- Number of shares (in lakhs)	3,912.61	3,912.61	3,878.01	3,912.61	3,878.01	3,878.01
	- Percentage of shareholding	41.55%	41.55%	41.33%	41.55%	41.33%	41.33%
2	**Promoters and promoter group shareholding**						
	a) Pledged / Encumbered						
	- Number of shares (in lakhs)	5,280.00	5,280.00	-	5,280.00	-	-
	- Percentage of shares (as a % of the total shareholding of promoter and promoter group)	95.93%	95.93%	-	95.93%	-	-
	- Percentage of shares (as a % of the total share capital of the Company)	56.07%	56.07%	-	56.07%	-	-
	b) Non-encumbered						
	- Number of shares (in lakhs)	224.00	224.00	5,504.00	224.00	5,504.00	5,504.00
	- Percentage of shares (as a % of the total shareholding of promoter and promoter group)	4.07%	4.07%	100.00%	4.07%	100.00%	100.00%
	- Percentage of shares (as a % of the total share capital of the Company)	2.38%	2.38%	58.67%	2.38%	58.67%	58.67%

B)	INVESTOR COMPLAINTS	Quarter ended 30.09.2015
	Pending at the beginning of the quarter	Nil
	Received during the quarter	Nil
	Disposed off during the quarter	Nil
	Remaining unresolved at the end of the quarter	Nil

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Tel. : 91 - 22 - 6748 7200 • Fax : 91 - 22 - 6748 7201• E-mail : info@gammoninfra.com
Website : www.gammoninfra.com • CIN : L45203MH2001PLC131728
Registered Office : Gammon House, Veer Savarkar Marg, Prabhadevi, Mumbai - 400 025. INDIA.

GAMMON INFRASTRUCTURE PROJECTS LIMITED

STANDALONE STATEMENT OF ASSETS AND LIABILITIES

(Amounts in Rupees lakhs)

	Particulars	As at 30-Sep-15 (Unaudited)	As at 30-Sep-14 (Audited)
A	**EQUITY AND LIABILITIES**		
1	**Shareholders' Funds**		
	a) Share capital	18,914.24	18,845.04
	b) Reserves and surplus	62,937.52	62,885.20
	Sub-total : Shareholders' Funds	**81,851.76**	**81,730.24**
2	**Non-current liabilities**		
	a) Long-term borrowings	31,085.21	26,933.56
	b) Deferred tax liability, net	-	-
	c) Other long-term liabilities	8,571.06	10,983.41
	d) Long-term provisions	117.88	42.10
	Sub-total : Non-current liabilities	**39,774.15**	**37,959.07**
3	**Current Liabilities**		
	a) Short-term borrowings	7,998.04	6,446.59
	b) Trade payables	5,131.39	999.44
	c) Other current liabilities	41,851.60	36,448.77
	d) Short-term provisions	1,780.49	1,882.44
	Sub-total : Current liabilities	**56,761.52**	**45,777.24**
	TOTAL : EQUITY AND LIABILITIES	**178,387.43**	**165,466.56**
B	**ASSETS**		
1	**Non-current assets**		
	a) Fixed assets	844.51	1,122.77
	b) Non current investments	85,578.33	80,796.33
	c) Long-term loans and advances	75,360.73	76,648.51
	d) Trade receivables	1,875.60	882.87
	e) Other non-current assets	947.88	1,011.49
	Sub-total : Non-current assets	**164,607.05**	**160,461.97**
2	**Current assets**		
	a) Current investments	1,288.89	620.00
	b) Inventories	13.23	51.51
	c) Trade receivables	3,391.08	153.86
	d) Cash and cash equivalents	924.43	1,242.07
	e) Short term loans and advances	2,956.23	2,922.34
	f) Other current assets	5,206.52	14.81
	Sub-total : Current assets	**13,780.38**	**5,004.59**
	TOTAL : ASSETS	**178,387.43**	**165,466.56**

Notes:

1 The financial results were reviewed by the Audit Committee at its meeting held on November 14, 2015 and have been considered and approved by the Board of Directors of the Company at its meeting held on November 20, 2015. These results have been subjected to a limited review by the Statutory Auditors of the Company.

2 During the quarter, pursuant to the Approval of the board of Directors, the company has signed a Share Purchase Agreement for divesting nine of its project companies (6 road and 3 power) to the consortium comprising funds managed by Brookfield Asset Management and its affiliates ("Brookfield") and Core Infrastructure India Fund Pte Ltd ("CIIF") (collectively the "Consortium") under the name BIF India Holdings Pte Ltd.

The Key terms of the transaction includes:

- The consideration towards equity comprises of cash consideration of approx. Rs. 192 crore and a waiver of advances to GIPL of Rs. 285 crore;
- The project SPVs being taken over will repay the inter corporate deposits of approx. Rs. 371 crore given by GIPL to the Project SPVs;
- Additional cash inflow of upto Rs. 100 crore may be realized by GIPL upon crystallization of certain milestones in future.
- GIPL group will also benefit further from:

a) The outstanding liabilities to the tune of Rs. 87 crore will stand reduced.
b) 75% of past contingent receivable may also be received by the Company when realized.

The transaction is subject to necessary statutory and regulatory approvals, consents from the lenders, satisfaction of certain contractual conditions. The transaction has been approved by the shareholders in the extra ordinary general meeting through postal ballot with requisite majority.

The agreement inter-alia contemplates as conditions precedent certain waivers / write offs of inter group balances, modification/cancellation of certain existing O&M agreements and other obligations on the Company. The cumulative quantifiable effect of adjustments upto September 30, 2015 would result in reduction of profit to be recognized on completion of the transaction by an amount of approx. Rs. 19.26 crore.

The effects arising out of other adjustments which would crystalize around the transaction date based on balances then are not quantifiable presently.

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3 During the quarter, the board of directors of the Company has also recommended divestment of 50% shareholding of Vizag Seaport Private Limited (VSPL), a subsidiary in which the Company holds 73.76% , for a consideration of Rs 62.50 crore in favor of Lastin Infrastructure Projects Limited, an affiliate of an existing shareholder of VSPL, Lastin Group.

The transaction is subject to necessary statutory and regulatory approvals, consent from the lenders & shareholders and has been recommended unanimously by the Board of Directors of GIPL.

4 During the earlier period, one of the subsidiary of the Company had initiated correspondence with NHAI towards closure of its project on mutually acceptable terms primarily due to non-availability of Right of Way to the site and Forest clearances. Subsequently vide their letter dated 29th August 2014, NHAI unilaterally terminated the concession agreement and also invoked the bank guarantees to the tune of Rs. 1,129.11 lakhs. The Company's total exposure to this project includes investments and loans and advances of Rs. 8,169.96 lakhs. The subsidiary has initiated Arbitration proceedings. The management believes that it has a strong case in this matter. Pending outcome of the Arbitration proceedings, no adjustments have been made to the unaudited financial results. The auditors in their review report have modified their conclusion in this matter.

5 During the earlier period, Mormugao Port Trust ('MPT') had unilaterally sought to terminate with a subsidiary the Concession Agreement for the project citing non-compliance with certain terms of the concession agreement. MPT also encashed the bid security bank guarantee for Rs. 200 lakhs despite the stay order issued by the Hon. District Court, Goa. The court had passed stay order from carrying into effect the termination of the agreement. The subsidiary has already taken further action in the matter by filing arbitration proceedings which is pending. The Company's exposure including investments and loans and advances is around Rs 624.65 lakhs. The management believes that it has a strong case in this matter. Pending outcome of the legal proceedings, no adjustments have been made to the unaudited financial results. The auditors in their review report have modified their conclusion in this matter.

6 The equity invested in the nine SPVs for which the company has signed a Share Purchase Agreement, (as mentioned under Note 2 above), is Rs. 32,903.28 lakhs, corresponding to which the fair value is Rs. 18,226.67 lakhs (as on Mar'15) excluding the Loans given by few of these SPV's to GIPL amounting to Rs. 28,468.61 lakhs (as on Mar'15) totaling to an overall value of Rs. 46,695.28 lakhs, thereby an excess of Rs. 13,792.00 lakhs.

On an individual basis, valuation of few SPVs are lower than the equity invested to the extent of Rs. 19,711.91 lakhs. However, pursuant to the sale transaction, since on an overall basis, there is significant excess of total value to the total equity invested, the Company has not provided for diminution in value of investment on an individual basis.

7 In respect of the following projects there are legal issues, arbitration proceedings or negotiations with the grantor for which the Management is taking necessary steps to resolve the matters. These issues are commonly encountered in the Infrastructure business and the management is confident of a favourable resolution in due course. The auditors in their review report have made an emphasis of matter on these matters.

(a) Bridge project at Cochin - the Greater Cochin Development Authority has sought to end the toll collection by unilaterally sealing the toll booth. The subsidiary has initiated arbitration / settlement. The Company has also parallely filed a writ in the matter before the Hon. Kerala High Court for specific performance. The exposure of the Company is Rs. 2,512.26 lakhs (funded and non-funded).

(b) Hydro power project at Himachal Pradesh - the project is stalled due to local agitation relating to environment issues. The matter with state Government is under active negotiation to restart the project or reimburse the costs incurred. The exposure of the company is Rs. 7,134.79 lakhs.

(c) Container terminal at Mumbai – where the group is a Joint Venture (JV) partner, the project is delayed due to non-fulfillment of certain conditions by the Mumbai Port Trust. This has resulted in the company incurring losses and default in repayment of debt obligation. The matter with the MBPT is under active discussions for resolving the outstanding issues. The management is also negotiating with the bankers for re-scheduling the loans. The exposure of the Company in the JV is Rs. 12,811.06 lakhs (funded and non-funded).

8 The Company's Current Liabilities exceeds Current Assets by Rs. 42,981.14 lakhs as at September 30, 2015 (Rs. 40,772.66 lakhs as on September 30, 2014) The Company is taking various steps to meet its commitments, both, short term and long term in nature including execution of the share purchase agreement as detailed above. Based on detailed evaluation of the current situation, plans formulated and signed Share Purchase Agreement for few of its subsidiaries, management is confident that the carrying values of the assets and liabilities in these unaudited financial results are appropriate. Accordingly the accompanying financial results do not include any adjustments that may result from these uncertainties. The auditors in their review report have highlighted the same as an Emphasis of Matter.

9 During the previous period on account of inadequacy of profits, the company had paid managerial remuneration in excess of the limits specified under Schedule XIII of the Companies Act 1956 and Schedule V of the Companies Act 2013 wherever applicable. The total amount paid in excess of the limits as computed under the respective regulations was Rs. 208.55 lakhs. The Company has filed an application to the Central Government for approving the excess managerial remuneration. The auditors in their review report have highlighted the same as an Emphasis of Matter. For the current financial period the management contends that the managerial remuneration shall be within the limits specified under the Companies Act, 2013.

10 Post September 30, 2015, Rajahmundry Godavari Bridge Limited, our 71.43% Subsidiary has commenced tolling operations at the Rajahmundry Godavari Bridge Road Project with effect from November 1, 2015.

11 Post September 30, 2015, Pravara Renewable Energy Limited ('PREL'), the Company's wholly owned subsidiary has completely synchronized its 30MW Bagasse based cogeneration power project on November 06, 2015 and started the commercial production of electricity and export of power to state grid. PREL had signed the Power Purchase Agreement with Maharashtra State Electricity Distribution Co. Ltd for 13 years on the preferential tariff as decided by Maharashtra State Electricity Regulatory Commission from time to time.

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

The Registrar of Companies has approved the extension of the current financial year to a period of eighteen months i.e. from October 01, 2014 to March 31, 2016, to align and comply with the provisions of the Companies Act, 2013.

NATVARLAL VEERA & CO. CHARTERED ACCOUNTANTS Mumbai

14 The figures for the quarter ended September 30, 2014 are the balancing figures between audited figures in respect of full financial period of Nine months ended September 30, 2014 and the unaudited published year to date figures upto June 30, 2014, being the end of the previous quarter, which were subject to a limited review by the auditors of the Company.

15 In the previous periods the Company had closed its accounts for nine months ended December 31, 2013 and September 30, 2014. Comparative figures above, for the twelve months ended September 30, 2014 are derived by aggregating the figures for the quarter ended December 31, 2013 and Nine months ended September 30, 2014.

16 Figures for previous periods have been regrouped / reclassified wherever necessary to conform to the current quarters presentation.

For Gammon Infrastructure Projects Limited

Kishor Kumar Mohanty
Managing Director
DIN : 00080498
Place : Mumbai.
Date : November 20, 2015

NATVARLAL VEPARI & CO. ★ CHARTERED ACCOUNTANTS ★ Mumbai