



GAMMON INFRASTRUCTURE PROJECTS LIMITED

Report of Audit Committee Meeting of Gammon Infrastructure Projects Limited held on 9th August, 2013

Members Present:

Mr. C.C.Dayal -Chairman, Audit Committee
Mr. Naresh Chandra -Member
Mr. S.C.Tripathi -Member
Ms. H.A.Daruwalla -Member
Mr. K.K.Mohanty -Member & Managing Director (MD)

In Attendance:

Mr. Parag Parikh-Whole Time Director & Chief Financial Officer (CFO);
Mr. G.Sathis Chandran-Company Secretary (CS);
Mr. Kaushik Chaudhuri-Chief Internal Auditor (CIA);
Mr. Mahesh Fogla-DGM (Accounts & Taxation).

By Invitation:

Mr. N. Jayendran and Mr. Rajesh Neelakantan, Partners of M/s. Natvarlal Vepari & Co., Auditors.
Mr. Hemal Shah, Partner, S. R. Batliboi & Co. LLP, Auditors.

Background

A Scheme (the 'Scheme') was placed before the Audit Committee of the Company (the 'Committee') for amalgamation of Pravara Renewable Energy Limited (PREL), wholly owned subsidiary with the Company for recommendation of the Scheme by the Audit Committee to the Board of Directors as required vide SEBI circular no. CIR/CFD/DIL/5/2013 dated February 4, 2013 (the 'Circular').

This report of the Audit Committee is made in order to comply with the requirements of the Circular and after considering the following necessary documents:

- Draft Scheme of Amalgamation
- Certificate obtained from the Statutory Auditor of the Company on the accounting treatment prescribed in the Scheme
- Fairness Opinion issued by Inga Capital Private Limited

Proposed Scheme of Amalgamation

The Committee noted that the salient features of the Scheme were as under:

- (i) PREL is a wholly owned subsidiary of the Company





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(ii) This Scheme is proposed for amalgamation of PREL with the Company. The amalgamation would result in various benefits including:

- Nature of business carried on by both the Companies is complementary to each other.
- Avoiding duplication of efforts, costs and resources.
- Integrate, rationalize and streamline the management structure of the merged business.
- Combined capital resources would strengthen the financial position of the merged entity and result in increasing leveraging capacity of the merged entity i.e. its capacity to borrow funds for business purposes.
- Pooling of available infrastructure, management, administration and marketing which would result in savings of costs.
- Eliminate duplication of work, administrative services, and will result in cost savings.
- Facilitate inter transfer of resources and costs and optimum utilization of Assets.
- Synchronizing of efforts to achieve uniform corporate policy.
- Ease in decision making.
- To reflect the consolidated net worth of these companies in one balance sheet.

The Committee further noted that, upon the Scheme becoming effective the shares held by the Company in PREL shall stand cancelled. As the company will not issue any shares, there is no requirement to obtain a Valuation Report from an Independent Chartered Accountant.

The Committee further noted that, the Statutory Auditors of the Company has reviewed the relevant clause no. 14 of the draft Scheme pertaining to 'Accounting Treatment' and have issued a certificate that the Accounting Treatment proposed in the draft Scheme is in compliance of Accounting Standard AS-14.

Recommendation of Audit Committee

The Audit Committee hereby recommends the draft Scheme for favourable consideration by the Board of Directors.

Place: Mumbai

Date : 09-08-2013.




CHAIRMAN

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