

Date: 21<sup>st</sup> June, 2022

**The National Stock Exchange of India Ltd.**  
Exchange Plaza, 5<sup>th</sup> Floor,  
Plot No. C/1, G Block,  
Bandra - Kurla Complex,  
Bandra (East),  
Mumbai - 400 051  
NSE Code: GAMMONIND

**BSE Limited**  
1<sup>st</sup> Floor, New Trading Ring,  
Rotunda Building,  
Phiroze Jeejeebhoy Towers,  
Dalal Street,  
Mumbai - 400 001  
BSE Code: 509550

Dear Sir/Madam,

**Sub: Outcome of Board Meeting held on 21<sup>st</sup> June, 2022 pursuant to Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.**

Pursuant to Regulation 30 and 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, you are hereby informed that the Board of Directors ("Board") of the Company at its meeting held on 21<sup>st</sup> June, 2022 which commenced at 6:00 p.m. and concluded at 9:40 p.m. *inter - alia* transacted the following business:

- (i) Approval of the Audited Financial Statements (Standalone and Consolidated) of the Company for the quarter and half year ended 31<sup>st</sup> March, 2022:

The aforesaid Financial Results duly reviewed by the Audit Committee, have been approved and taken on record by the Board of Directors together with the Audit Report of the Statutory Auditors and the same are placed on the website of the Company at <http://www.gammonindia.com/investors/financial-results.htm>.

You are requested to take the above information on record.

Thanking you,

For Gammon India Limited



Niki Shingade  
Company Secretary



Encl: As above

## **GAMMON INDIA LIMITED**

**Registered Office :** Floor 3rd, Plot - 3/8, Hamilton House, J. N. Heredia Marg, Ballard Estate,  
Mumbai - 400 038, Maharashtra, India; Telephone : +91-22-2270 5562

**E-mail :** [gammon@gammonindia.com](mailto:gammon@gammonindia.com) | **Website :** [www.gammonindia.com](http://www.gammonindia.com)

**CIN :** L74999MH1922PLC000997

STANDALONE STATEMENT OF ASSETS AND LIABILITIES		
	(₹ in Crore)	
Particulars	As at March 31, 2022	As at 31 March 2021
<b>ASSETS</b>		
<b>NON-CURRENT ASSETS</b>		
(a) Property, plant and equipment	412.11	418.07
(b) Capital work-in-progress	-	-
(c) Financial assets		
(i) Investments	121.87	121.67
(ii) Trade receivable	204.93	293.37
(iii) Loans	657.51	724.77
(iv) Others	107.02	93.44
(d) Deferred tax assets (net)	-	-
(e) Other non-current assets	1,199.34	1,387.00
<b>TOTAL NON-CURRENT ASSETS</b>	<b>2,702.68</b>	<b>3,028.32</b>
<b>CURRENT ASSETS</b>		
(a) Inventories	32.71	33.13
(b) Financial assets		
(i) Investments	0.03	0.05
(ii) Trade receivables	31.16	26.23
(iii) Cash and cash equivalents	0.01	0.02
(iv) Bank balances	10.26	7.76
(v) Loans	0.27	3.07
(vi) Others	29.85	26.96
(c) Current tax assets (net)	-	-
(d) Other current assets	95.50	104.74
<b>TOTAL CURRENT ASSETS</b>	<b>199.79</b>	<b>293.96</b>
<b>TOTAL ASSETS</b>	<b>2,902.37</b>	<b>3,232.28</b>
<b>EQUITY AND LIABILITIES</b>		
<b>EQUITY</b>		
(a) Equity share capital	74.11	74.11
(b) Other equity	(8,067.21)	(4,981.48)
<b>TOTAL EQUITY</b>	<b>(5,993.10)</b>	<b>(4,907.37)</b>
<b>LIABILITIES</b>		
<b>NON-CURRENT LIABILITIES</b>		
(a) Financial liabilities		
(i) Borrowings	-	-
(ii) Trade payables	-	-
- Total outstanding dues to Micro and Small Enterprises	-	-
- Total outstanding dues to other than Micro and Small Enterprises	11.96	12.74
(iii) Other financial liabilities	12.00	12.00
(b) Provisions	0.60	0.53
(c) Deferred tax liabilities (net)	104.34	103.14
(d) Other non-current liabilities	68.66	70.63
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>197.56</b>	<b>199.04</b>
<b>CURRENT LIABILITIES</b>		
(a) Financial liabilities		
(i) Borrowings	-	-
(ii) Trade payables	-	-
- Total outstanding dues to Micro and Small Enterprises	0.34	0.24
- Total outstanding dues to other than Micro and Small Enterprises	97.15	105.05
(iii) Other financial liabilities	8,114.47	7,334.79
(b) Other current liabilities	36.14	62.26
(c) Provisions	449.81	435.27
(d) Current tax liabilities (net)	-	-
<b>TOTAL CURRENT LIABILITIES</b>	<b>8,697.91</b>	<b>7,940.61</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>2,902.37</b>	<b>3,232.28</b>



*Amrta*

SIGNED FOR IDENTIFICATION  
BY

*K. P. Parikh*

**GAMMON INDIA LIMITED**, NAYAN PARIKH & CO

\*Registered Office : Floor 3rd, Plot - 3/8, Hamilton House, J. N. Heredia Marg, Ballard Estate,

Mumbai - 400 038, Maharashtra, India; Telephone : +91-22-2270 5562

E-mail : gammon@gammonindia.com | Website : www.gammonindia.com

CIN : L74999MH1922PLC000997

**STATEMENT OF STANDALONE RESULTS FOR THE QUARTER AND YEAR ENDED 31 MARCH 2022**

(₹ in Crore)

Sr. No.	Particulars	Quarter ended			Year ended	
		31-Mar-22	31-Dec-21	31-Mar-21	31-Mar-22	31-Mar-21
		Audited	Unaudited	Audited	Audited	Audited
I	Income					
	a) Revenue from Operations :	1.81	7.00	18.86	27.66	52.84
	b) Other Income	8.58	6.74	9.54	25.27	33.38
	<b>Total Income (a+b)</b>	<b>10.39</b>	<b>13.74</b>	<b>28.20</b>	<b>52.93</b>	<b>86.22</b>
II	Expenses					
	a) Cost of material consumed	4.44	2.87	8.50	12.11	13.98
	b) Subcontracting Expenses	3.36	1.89	9.26	14.29	32.10
	c) Employee benefits expense	2.01	1.93	1.89	8.09	7.44
	d) Finance Costs	187.83	183.58	128.97	721.80	605.86
	e) Depreciation & amortization	0.79	0.87	2.18	3.61	9.01
	f) Other expenses	236.42	3.13	14.77	246.72	41.34
	<b>Total Expenses</b>	<b>434.85</b>	<b>194.07</b>	<b>166.67</b>	<b>1,006.72</b>	<b>709.83</b>
III	Profit(Loss) before exceptional items and tax	(424.46)	(180.33)	(137.47)	(953.79)	(623.61)
IV	Exceptional items income / (Expense)	(130.76)		(95.56)	(130.76)	(95.56)
V	Profit / (Loss) before tax	(555.22)	(180.33)	(233.03)	(1,084.55)	(719.17)
VI	Tax expenses					
	Current Tax	-	-	-	-	-
	Excess / Short Provision of Earlier years	-	-	(2.27)	-	(2.27)
	Deferred Tax Liability / (asset)	(1.48)	2.03	(0.05)	1.20	(0.05)
	<b>Total tax expenses</b>	<b>(1.48)</b>	<b>2.03</b>	<b>(2.32)</b>	<b>1.20</b>	<b>(2.32)</b>
VII	<b>PROFIT FOR THE PERIOD / YEAR</b>	<b>(553.74)</b>	<b>(182.36)</b>	<b>(230.71)</b>	<b>(1,085.75)</b>	<b>(716.85)</b>
VIII	Other Comprehensive Income:					
	Items that will not be reclassified to profit or loss (net of Tax)					
	Remeasurement gain/ (loss) on defined benefit plans (net of tax)	0.04	0.02	0.03	0.02	0.10
	<b>Other Comprehensive Income:</b>	<b>0.04</b>	<b>0.02</b>	<b>0.03</b>	<b>0.02</b>	<b>0.10</b>
IX	<b>Total Comprehensive Income / (Loss) For The Period / Year</b>	<b>(553.70)</b>	<b>(182.34)</b>	<b>(230.68)</b>	<b>(1,085.73)</b>	<b>(716.75)</b>
X	Paid up Equity Share Capital ( Face Value ₹ 2 per Equity share )				74.11	74.11
	Other Equity				(6,067.21)	(4,981.48)
XI	Earnings per equity share					
	Basic	(15.01)	(4.94)	(6.25)	(29.44)	(19.43)
	Diluted	(15.01)	(4.94)	(6.25)	(29.44)	(19.43)

See accompanying notes to the financial results



*Omaha*

SIGNED FOR IDENTIFICATION  
BY *Nayan Parikh*  
NAYAN PARIKH & CO  
MUMBAI

**Standalone Cash Flow Statement for the year ended March 31, 2022**

Particulars	2021-22	2020-21
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit Before Tax and Extraordinary Items	(1,084.55)	(719.17)
Adjustments for :		
Depreciation	3.61	9.01
(Profit) / Loss on Sale of Assets	0.17	(1.68)
Net (Profit)/loss on financial asset through FVTPL	0.02	-
(Profit) / Loss on Sale of Investments	-	4.98
Interest Expenses	721.90	605.96
Provision for Doubtful Debts and Advances	2.02	6.04
Foreign Exchange Loss / (Gain)	2.72	1.57
Interest Income	(11.45)	(11.54)
Exceptional Items	130.76	95.56
Loss on Recognition of Award	225.79	-
Assets w/off	-	1.37
Write off of Contract Assets	-	7.26
Sundry Balances Written off	2.23	3.54
Sundry Balances Written Back	(6.68)	(7.92)
<b>Operating Profit Before Working Capital Changes</b>	<b>(13.46)</b>	<b>(5.02)</b>
Trade and Other Financial Receivables	2.38	26.55
Inventories	0.42	5.79
Trade Payables and Provision	(1.74)	(7.66)
Other Financials and Non Financial Assets	11.44	1.03
Other financial liabilities	0.95	(12.47)
Other non-financial liabilities	1.47	(9.13)
<b>CASH GENERATED FROM THE OPERATIONS</b>	<b>1.46</b>	<b>(0.91)</b>
Direct Taxes Paid / (Refund)	1.16	(0.10)
<b>Net Cash from Operating Activities</b>	<b>0.30</b>	<b>(0.80)</b>
<b>B CASH FLOW FROM INVESTMENT ACTIVITIES</b>		
Proceeds from Sales PPE and CWIP	2.17	4.46
Sale of Investments	-	0.05
Loan Given to Subsidiary and others	-	1.81
Other Bank Balance	(2.50)	-
Interest Received	0.02	0.41
<b>Net Cash from Investment Activities</b>	<b>(0.31)</b>	<b>6.72</b>
<b>C CASH FLOW FROM FINANCING ACTIVITIES</b>		
Interest paid	-	(2.09)
Net proceeds from Short term Borrowings	-	-
<b>Net Cash from Financing Activities</b>	<b>-</b>	<b>(2.09)</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(0.01)</b>	<b>3.83</b>
Opening Balance	0.02	3.37
Closing Balance	0.01	7.20
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(0.01)</b>	<b>3.83</b>
<b>Components of Cash and Cash Equivalents</b>		
Cash on Hand	0.01	0.04
Balances with Bank	-	7.18
<b>Total Balance</b>	<b>0.01</b>	<b>7.22</b>



*One to*



**Notes:**

1. The Financial Results for the quarter and year ended March 31, 2022 were reviewed by the Audit Committee and approved by the Board of Directors of the Company at its meeting held on June 21, 2022 and have been audited by the Statutory Auditors of the Company.
2. Results for the quarter and year ended March 31, 2022 have been prepared in accordance with the Indian Accounting Standards (Ind-AS) as prescribed under Section 133 of the Companies Act, 2013 read with Rule 3 of the Companies (Indian Accounting Standards) Rule, 2015 and Companies (Indian Accounting Standards) Amendment Rule, 2016.
3. The figures for the quarter ended March 2022 and March 2021 are derived from the audited figures of the twelve months period ended March 31, 2022 and March 31, 2021 and the year to date figures up-to December 31, 2021 and December 31, 2020 which were subjected to limited review by the statutory auditors
4. The auditors have qualified their report in respect of the following matters -
  - a) The Company had evaluated its claims in respect of on-going, completed and/or terminated contracts in the earlier periods which amounts to Rs. 231.69 crore as at March 31, 2022 with the help of an independent expert in the field of claims and arbitration who had assessed the likely amount of claims being settled in favour of the Company. The management contends that there is no change in position during the quarter and the same are due to them and they have a very good chance of realisation.
  - b) The Company has received an award in respect of its joint venture relating the Chennai Metro Rail project (CMRL). Company has recently filed appeal against certain items of the award. In spite of the appeal filed, company estimates total recoverability of Rs 532.00 Cr out of the award. Amount of Rs 225.79 Cr which is in excess of the estimated recoverable award is written off and included in other expense for the quarter and year ended March 31, 2022. This includes an amount of Rs 123.08 Cr which is subject matter of appeal being the claim of the Company, which is not accepted, for which the Company is of the opinion that it has a strong case.  
The aforesaid award is received in the name of the JV but the company has accounted for the entire share to its accounts.
  - c) There are disputes in six projects of the Company. The total exposure against these projects is Rs. 321.58 Crore consisting of receivable of Rs. 60.70 crores, inventory Rs. 43.96 crore and other receivables Rs. 216.91 crores. The Company is pursuing legal recourse / negotiations for settling 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 Clients

- d) The Company's exposure to one of the subsidiary company Deepmala Infrastructure Private Limited developing a real estate project in Bhopal is Rs 261.91 crores (net of provisions of Rs. 100 crores against its exposure based on internal estimates of the realisable value). Due to slow down in the real estate market and various other factors the subsidiary company is facing problems in the development of its projects and its sale. The subsidiary's RERA registration got cancelled and it was unable to settle the One Time Settlement direction from lenders for settlement of term loan. However, the subsidiary company made a part payment of the amount mentioned in the One Time Settlement in June 2019. The subsidiary company is in negotiation with the lenders to restore its credit facility and for the financial support for completion of the project. The company is also exploring possibilities of restructuring for which it is in discussion with the lender. The statutory auditor has also made an Emphasis of Matter on the realisability of its inventory amounting to Rs 822 crore.
- e) During the Year ended March 31, 2022 two lenders have levied penal interest and charges of Rs 76.07 Crores. Total amount of penal interest and charges amounts to Rs. 324.65 Crores up to March 31,2022. The management is disputing the same and has not accepted the debit of excess penal interest and charges in its books. They have also requested the lenders to reverse the same. In the resolution plan which is approved by seven lenders, this amount is likely to be reversed and the resolution plan does not consider the Company liability to pay this.

5. The Company in evaluating its jobs has considered an amount of Rs. 7.56 Crore 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.146.64Crore in the previous years, 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 favorable awards from the DRB and the Arbitration Tribunal, the management is reasonably certain that the claims will get favorable verdict from the courts.

6. The Company has receivable including retention and work in progress aggregating to Rs. 44.51 Crore (inventory - Rs. 21.19 crores and receivables Rs. 23.31 crores) in various jobs relating to the Real Estate Projects due to the problems faced by the

SIGNED FOR IDENTIFICATION  
BY   
NAYAN PARIKH & CO  
MUMBAI





Real Estate Sector. The management is confident of ultimate recovery considering its contractual position and therefore no adjustments are required to be made in respect of such contracts.

7. Material Uncertainty Relating to Going Concern:

The Company's operations have been affected in the last few years by various factors including liquidity crunch, unavailability of resources on timely basis, delays in execution of projects, delays in land acquisition, operational issues etc. The Company's overseas operations are characterized due to weak order booking, paucity of working capital and uncertain business environment. Also the Company's current liabilities exceed the current assets by Rs. 8498.12 Crore as at March 31, 2022. The facilities of the Company with the Secured lenders are presently marked as NPA since June 2017. The liquidity crunch has resulted in several winding up petitions being filed against the Company by various stakeholders for recovery of the debts which the Company has been settling as per the mutually agreed repayment terms. The liquidity crunch is affecting the Company's operation with increasing severity. The Secured lenders have recalled the various facilities, initiated recovery suits in the Debt Recovery Tribunals as well as filing a winding up petition with the National Company Law Tribunal, Mumbai bench under the Insolvency and Bankruptcy code

The Company has been making every effort in settling the outstanding Lenders dues.

Pursuant to the execution of the ICA the lenders appointed M/s Deloitte Touche Tohmatsu India LLP as Process Advisory (PA) in the resolution process of the Company. Subsequent to the abovementioned appointment the representatives of Deloitte attended one of the Joint Lenders Meeting held on 13th January, 2020, wherein the plans regarding the way forward on the resolution process were presented. Subsequently on the recommendation by Deloitte the Company signed an engagement letter with Duff and Phelps (D&P) to carry out the valuation of the Company and estimation on the recoverability of arbitration claims of the Company and on such terms and conditions as directed by IDBI Bank.

In furtherance to the execution of the ICA, the Company submitted a draft resolution plan to the consortium of lenders. Pursuant to the submission of the resolution plan, seven lenders including the lead monitoring institution provided their in-principle sanction to the company and the company is pursuing for the approval with other lenders as well.

Due to delay in approval of resolution plan by other Bankers the fund through which Everstone (Investor) was intended to invest was closed. However, Everstone has shown a keen desire to invest with next available fund.

Due to time constraint, Gammon has proposed an alternate investor with the same terms and conditions for the revival of the Company which is accepted by the Bankers. The lenders discussed the above matter at the Joint Lenders meeting dated 5th March 2022 and while accepting the offer were willing to take up with their higher management for resolution plan of the Company.

SIGNED FOR IDENTIFICATION  
BY   
NAYAN PARIKH & CO  
MUMBAI





The Company is awaiting the sanction of the lenders. The resolution process is in the advanced stage and the management is hopeful that the sanctions will be received soon.

Meanwhile the company has received a notice from Union Bank of India and Punjab National Bank under the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act 2002, taking over the possession of the Gammon House property including the land appurtenant to it. The company has been restrained from parting with the rights over the said property. The total demand raised by this notice is Rs. 1136.71 Cr

The management is hopeful of obtaining approval of all the lenders to the above plan and execute documents accordingly and maintain its going concern status and to that effect is continuously engaged with the lenders for a solution.

Therefore, in the view of the management the going concern assumption of GIL is intact and these financials are prepared on a going concern basis. The above action plan of the Company for repaying the debts and servicing the same including the necessary value of the balance stake being available and realisation of the claim amounts filed by the Company, monetisation of the stake sale of investments and also the acceptance of the resolution proposal by the lenders is exposed to material uncertainties which may affect the going concern assumption.

8. The Company is engaged mainly in "Construction and Engineering" segment. The Company also has "Real Estate Development" as other segments. Revenue from such activities is not significant and accounts for less than 10% of the total revenue and total assets of the Company. Therefore no disclosure of separate segment reporting as required in terms of Indian Accounting Standard INDAS -108 is done in respect of this segment.

9. On account of the company being marked as non-performing assets by the lenders no interest has been debited by majority of the lenders. The company has made provision for interest on the basis of the last sanction and last revision of terms. Therefore the loan balances and finance cost are subject to confirmation and consequent reconciliation, if any.

10. The exposure of the Company in Sofinter S.p.A through two subsidiaries is Rs. 1347.17 crores of which Gammon International BV is Rs. 960.67 Crores and Gammon Holding Mauritius Limited is Rs.386.51 Crores. Based on the valuation carried out by an independent valuer, there is a diminution in the equity value of Sofinter group as compared to the total exposure of the Company. The management is of the view that this diminution in the equity value of Sofinter group is of temporary in nature considering the Sofinter Group's strong order book position. Considering the combined exposure in GIBV & GHML as per the valuation report for the purpose of the financial statement of March 31, 2022 the reduction in equity value of Rs. 119.25 crores has been provided in the current year which is included in exceptional item, total exposure provided till date is Rs 675.71 Crores.

SIGNED FOR IDENTIFICATION  
BY   
NAYAN PARIKH & CO  
MUMBAI







11. The Exceptional items include the following

Rs. In Crore

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Net provision for impairment of Investments net of DTL reversal	-	85.30
Impairment provisions of Loans and interest	119.25	3.90
Provision for risk and contingency	11.51	8.88
Write back of provision of Loans	-	(1.00)
<b>Total</b>	<b>130.76</b>	<b>95.56</b>

12. The details of previous due date of the Non-Convertible Debentures interest and its next due dates is given herein below:

Particulars	Previous Due Date	Paid (Y / N)	Next Due Date	Amount (Rs in Crores)
NCD 10.5% monthly interest payments (Rs. 41.93 Cr. not paid since April'16)	31st March,2022	No	30 <sup>th</sup> April, 2022	0.56
NCD 11.05% monthly interest payments (Rs. 59.81 Cr. not paid since April'16)	31st March,2022	No	30 <sup>th</sup> April, 2022	0.84
NCD 9.50% monthly interest payments (Rs.51.22 Cr. not paid since April'16)	31st March,2022	No	30 <sup>th</sup> April, 2022	0.72
NCD 9.95% half yearly interest payments (Rs. 26.97 Cr. not paid since September'16)	31st March,2022	No	30 <sup>th</sup> Sept, 2022	2.57

Details of previous due date of the Non-Convertible Debentures principal and its next due date is given herein below:

Particulars	Previous Due Date	Paid (Y / N)	Next Due Date	Amount (Rs in Crores)
NCD 10.5% quarterly Principal payments (Rs. 52.84 Cr. not paid since	15th Jan,2022	No	15th April,2022	4.20

SIGNED FOR IDENTIFICATION  
BY *Nayan Parikh*  
NAYAN PARIKH & CO  
MUMBAI



*Onase*

April'16)				
NCD 11.05% quarterly Principal payments (Rs. 72.08 Cr. not paid since April'16)	15th Jan,2022	No	15th April,2022	5.67
NCD 9.50% quarterly Principal payments (Rs. 72.34 Cr. not paid since April'16)	15th Jan,2022	No	15th April,2022	5.67
NCD 9.95% yearly Principal payments (Rs. 36.04 Cr. not paid since April'16)	15th Jan,2022	No	15th April,2022	2.00

13. Additional Disclosure as per Regulation 52(4) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Sr. No.	Particulars	As at March 31, 2022
A	Debt Equity Ratio	(0.64)
B	Debt Service Coverage Ratio	-
C	Interest Service Coverage Ratio	-
D	Debenture Redemption Reserve	81.00
E	Net Worth	(5,978.10)
F	Net Profit after Tax	(1070.75)
G	Basic Earnings per share	(29.03)

- i) Debt Equity Ratio = Term Loans and Debentures / Networth  
ii) Debt Service Coverage Ratio = Profit before Depreciation and Amortization, interest and Tax / (Interest + Principal repayment of long term loans)  
iii) Interest Service Coverage Ratio = Profit before Depreciation and Amortization, interest and Tax / interest  
Net Worth = Equity + Other Equity

14. Corresponding figures of the previous period have been regrouped / rearranged wherever necessary,

For Gammon India Limited



Anurag Choudhry  
Executive Director & CFO  
DIN No. 00955456  
Mumbai, June 21, 2022



# NAYAN PARIKH & CO.

(REGISTERED)

CHARTERED ACCOUNTANTS

OFFICE NO. 9, 2<sup>ND</sup> FLOOR, JAIN CHAMBERS, 577, S.V. ROAD, BANDRA (WEST), MUMBAI 400050, INDIA.

PHONE : (91-22) 2640 0358, 2640 0359

## Independent Auditor's Report on Annual Standalone Financial Results of Gammon India Limited Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

To  
The Board of Directors  
**Gammon India Limited,**  
Mumbai.

### Qualified Opinion

We have audited the accompanying statement of Standalone Financial Results of Gammon India Limited ("the Company") for the quarter and year ended March 31, 2022, ("Statement"), being submitted by the company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("the listing regulations").

Except for the possible effects of the matter described in Basis of Qualified Opinion paragraph (a) to (e), the Statement in our opinion and to the best of our information and according to the explanations given to us,

- (i) is presented in accordance with the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended in this regard; and
- (ii) gives a true and fair view in conformity with recognition and measurement principles laid down in the applicable Indian accounting standard ("Ind AS") and other accounting principles generally accepted in India of the net loss, total comprehensive income and other financial information of the Company for the quarter and year ended March 31, 2022.

### Basis of Qualified Opinion

- (a) We invite attention to note no. 4 (a) of the statement, detailing the recognition of claims during the earlier years in respect of on-going, completed and/or terminated contracts. The aggregate amount of claims outstanding as at March 31, 2022 is Rs. 231.69 crores. These claims were recognised only on the basis of opinion of an expert in the field of claims and arbitration. There are no further updates from the expert, on the recovery of the claims, in view of the above-mentioned circumstances and facts we are unable to comment upon the amounts recognised, its realisation and the consequent effect on the financial statement for the year ended March 31, 2022.



# NAYAN PARIKH & CO.

(REGISTERED)

CHARTERED ACCOUNTANTS

OFFICE NO. 9, 2<sup>ND</sup> FLOOR, JAIN CHAMBERS, 577, S.V. ROAD, BANDRA (WEST), MUMBAI 400050, INDIA.

PHONE : (91-22) 2640 0358, 2640 0359

- (b) We invite attention to note no. 4(b) of the statement relating to the claim of CMRL project wherein the Company has retained the claim at an amount of Rs 532 Crores after writing off the amounts previously estimated and not accepted. This amount includes an amount of Rs 123.08 Crores which is subject matter of appeal arising from the award. The award is in the name of joint venture as detailed in the note. In view of the final fructification of the award amount and the settlement of the JV proceeds as detailed in the aforesaid note we are unable to opine whether the entire amount will be to the account of the Company.
- (c) We invite attention to note no. 4(c) of the statement relating to Trade receivables, Inventories and loans and advances which includes an amount of Rs. 321.58 crores in respect of disputes in six projects of the Company and/or its SPVs. The Company is pursuing legal recourse/ negotiations for addressing the disputes in favour of the Company. Pending the conclusion of the matters we are unable to state whether any provisions would be required against the Company's exposure.
- (d) We invite attention to note no. 4(d) of the statement relating to the exposure of the Company to a subsidiary engaged in real estate development in Bhopal. The Company has on prudent basis made a provision of Rs. 100 crores against the exposure of Rs. 361.93 crores. The subsidiary's RERA registration got cancelled and have severe liquidity crunch and was also unable to settle One Time Settlement directions from the lenders for settlement of the term loan. The subsidiary company is in active discussion with the lenders for the financial support for completion of the project. The company is also exploring possibilities of restructuring for which it is in discussion with the lender. The auditor of the subsidiary has also made an Emphasis of Matter on the realisability of its inventory amounting to Rs 822 crore as at March 31, 2022 and also highlighted material uncertainty regarding going concern issue in their report for the year ended March 31, 2022. Considering the liquidity crunch, cancelled RERA registration and pending outcome of the discussion with lenders we are unable to state whether any further provision is required towards the balance exposure of Rs. 261.93 crores.
- (e) We invite attention to note no 4 (e) of the statement relating to penal interest and charges of Rs 76.07 crores during the year charged by the lenders on its facilities. Total amount of penal interest amount to Rs. 324.65 Crores up to March 31, 2022. The same has not been debited to profit and loss account as management is disputing the same and in discussion with the lenders for reversal of the said penal interest and charges. In the absence of conclusion of the aforesaid discussion, we are unable to state whether any provision is required to be made against such penal interest and charges.



# NAYAN PARIKH & CO.

(REGISTERED)

CHARTERED ACCOUNTANTS

OFFICE NO. 9, 2<sup>ND</sup> FLOOR, JAIN CHAMBERS, 577, S.V. ROAD, BANDRA (WEST), MUMBAI 400050, INDIA.

PHONE : (91-22) 2640 0358, 2640 0359

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial results section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ("ICAI") together with the ethical requirements that are relevant to our audit of the standalone financial results under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

## Material Uncertainty related to Going Concern.

We invite attention to the note no. 7 of the Statement relating to the present financial situation of the Company detailing the Material Uncertainties Relating to Going Concern and the Going Concern assumptions. The lenders had in the previous years recalled all the loans and facilities and also the Company Current Liabilities exceeds Current Assets by Rs 8948.12 Crore as at March 31, 2022. The Company is finding it difficult to meet its financial obligations and the lenders have still not approved its further restructuring plan. The liquidity crunch is affecting the Company's operation with increasing severity. The trading in equity shares of the Company is presently suspended. Some of the creditors have filed for winding up petitions against the Company. The company has severe manpower issues and is defaulting on its statutory and regulatory obligations. The Company's resolution plan has found favour with seven lenders as detailed in the note no. 7 but the final approval of all lenders and the execution of the plan and its success involves material uncertainties that may cast significant doubt about the Going Concern Assumption. Our report is not qualified on this account.

## Emphasis of Matter

Without qualifying our opinion, we draw attention to the following matters

- a) We draw attention to Note no 5 of the statement relating to recoverability of an amount of Rs.146.64 crores as at March 31, 2022 under trade receivables in respect of contract revenue where the Company has received arbitration awards in its favour in respect of which the client has preferred an appeal for setting aside the said arbitration awards, recognition of claims while evaluating the jobs of Rs.7.56 crores where the Company is confident of recovery. The recoverability is dependent upon the final outcome of the appeals & negotiations getting resolved in favour of the company.
- b) We draw attention to note no. 6 relating to the projects of real estate sector where the



# NAYAN PARIKH & CO.

(REGISTERED)

CHARTERED ACCOUNTANTS

OFFICE NO. 9, 2<sup>ND</sup> FLOOR, JAIN CHAMBERS, 577, S.V. ROAD, BANDRA (WEST), MUMBAI 400050, INDIA.

PHONE : (91-22) 2640 0358, 2640 0359

exposure is Rs. 44.51 crores. The management is confident of ultimate recovery of the amounts and we have relied on the management assertions of recoverability.

## Management's responsibilities for the Standalone Financial Results

This Statement, which is the responsibility of the Company's Management and approved by the Board of Directors, has been prepared on the basis of standalone financial statements. The Company's Board of Directors are responsible for the preparation and presentation of these standalone financial results that give a true and fair view of the net loss and other comprehensive income and other financial information of the Company in accordance with the recognition and measurement principles laid down in Ind AS prescribed under section 133 of the Act read with relevant rules thereunder and other accounting principles generally accepted in India and in compliance with Regulation 33 of the Listing Regulations. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial results that give a true and fair view and are free from material misstatement, whether due to fraud or error,

In preparing the standalone financial results, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is also responsible for overseeing the Company's financial reporting process,

## Auditor's Responsibilities for the Audit of the Standalone Financial Results

Our objectives are to obtain reasonable assurance about whether the standalone financial results as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they reasonably be expected to influence the economic decisions of users taken on the basis of



# NAYAN PARIKH & CO.

(REGISTERED)

CHARTERED ACCOUNTANTS

OFFICE NO. 9, 2<sup>nd</sup> FLOOR, JAIN CHAMBERS, 577, S.V. ROAD, BANDRA (WEST), MUMBAI 400050, INDIA.

PHONE : (91-22) 2640 0358, 2640 0359

these standalone financial results.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also

1. Identify and assess the risks of material misstatement of the standalone financial results, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial results or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the standalone financial results, including the disclosures, and whether the standalone financial results represent the underlying transactions and events in a manner that achieves fair presentation

Materiality is the magnitude of misstatements in the standalone financial results that, individually or in aggregate, make it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial results.



# NAYAN PARIKH & CO.

(REGISTERED)

CHARTERED ACCOUNTANTS

OFFICE NO. 9, 2<sup>ND</sup> FLOOR, JAIN CHAMBERS, 577, S.V. ROAD, BANDRA (WEST), MUMBAI 400050, INDIA.

PHONE : (91-22) 2640 0358, 2640 0359

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

## Other Matters

The Statement includes the results for the quarter ended March 31, 2022 and March 31, 2021 being the balancing figures between the audited figures in respect of the full financial year and the published unaudited year to date figures up to the third quarter of the current and previous financial year which were subject to limited review by us.

For Nayan Parikh & Co  
Chartered Accountants  
Firm Registration No. 107023W



K N Padmanabhan  
Partner  
M. No. 036410

Mumbai, Dated: - June 21, 2022

UDIN: 22036410 ALJMW D 1411





## ANNEXURE I

Statement on Impact of Audit Qualifications  
(For audit report with modified opinion) submitted along-with  
Annual Audited Financial Results (Standalone)

<b>Statement on Impact of Audit Qualifications for the Financial Year Ended March 31, 2022</b> [See Regulation 33 / 52 of the SEBI (LODR) (Amendment) Regulations, 2016]				
I.	Sr. no.	Particulars	Audited Figures (as reported before adjusting for qualifications)	Adjusted Figures (audited figures after adjusting for qualifications)
	1	Turnover/Total Income	52.93	52.93
	2	Total Expenditure	1,138.68	1,138.68
	3	Net Profit/(loss) before OCI	(1,085.75)	(1,085.75)
	4	Earnings Per Share- Basic	(29.44)	(29.44)
	5	Total Assets	2,902.37	2,902.37
	6	Total Liabilities	8,895.47	8,895.47
	7	Net Worth	(5,993.10)	(5,993.10)
	8	Any Other Financial Item	-	-
<b>II. Audit Qualification (each audit qualification separately):</b>				
1.	<b>a. Details of Audit Qualification:</b> We invite attention to note no. 4 (a) of the statement, detailing the recognition of claims during the earlier years in respect of on-going, completed and/or terminated contracts. The aggregate amount of claims outstanding as at March 31, 2022 is Rs. 231.69 crores. These claims were recognised only on the basis of opinion of an expert in the field of claims and arbitration. There are no further updates from the expert on the recovery of the claims, In view of the above-mentioned circumstances and facts we are unable to comment upon the amounts recognised, its realisation and the consequent effect on the financial statement for the year ended March 31, 2022.			
	<b>b. Type of Audit Qualification: Qualified Opinion</b>			
	<b>c. Frequency of qualification: 7<sup>th</sup> Time in Audited Accounts</b>			
	<b>d. For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:</b> <b>Not Applicable</b>			
	<b>e. For Audit Qualification(s) where the impact is not quantified by the auditor:</b>			
	<b>(i) Management's estimation on the impact of audit qualification:</b> The management believes that they have strong case for each of the claims lodged against the client. This has been validated by independent techno legal consultant. The Board therefore has decided to account the claims.			
	<b>(ii) If management is unable to estimate the impact, reasons for the same:</b> <b>Not Applicable</b>			
	<b>(iii) Auditors' Comments on (i) or (ii) above:</b>			



*Amsha*  
*Agarwal*



	In the absence of confirmations from the client we are unable to comment upon the amounts recognised, its realisation and the consequent effect on the financial Statement for the year ended 31st March 2022.
2.	<p><b>a. Details of Audit Qualification:</b> We invite attention to note no. 4(b) of the statement relating to the claim of CMRL project wherein the Company has retained the claim at an amount of Rs 532 Crores after writing off the amounts previously estimated and not accepted. This amount includes an amount of Rs 123.08 Crores which is subject matter of appeal arising from the award. The award is in the name of joint venture as detailed in the note. In view of the final fructification of the award amount and the settlement of the JV proceeds as detailed in the aforesaid note we are unable to opine whether the entire amount will be to the account of the Company</p> <p><b>b. Type of Audit Qualification: Qualified Opinion</b></p> <p><b>c. Frequency of qualification: 1<sup>st</sup> Time in Audited Accounts</b></p> <p><b>d. For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:</b> Not Applicable</p> <p><b>e. For Audit Qualification(s) where the impact is not quantified by the auditor:</b></p> <p>(i) <b>Management's estimation on the impact of audit qualification:</b> Company has received the award in the current year and has filed appeal for certain issues. Management is confident of getting the above amount</p> <p>(ii) <b>If management is unable to estimate the impact, reasons for the same:</b> Not Applicable</p> <p>(iii) <b>Auditors' Comments on (i) or (ii) above:</b> In view of the final fructification of the award amount and the settlement of the JV proceeds as detailed in the aforesaid note we are unable to opine whether the entire amount will be to the account of the Company.</p>
3.	<p><b>a. Details of Audit Qualification:</b> We invite attention to note no. 4(c) of the statement relating to Trade receivables, inventories and loans and advances which includes an amount of Rs. 321.58 crores in respect of disputes in six projects of the Company and/or its SPVs. The Company is pursuing legal recourse/ negotiations for addressing the disputes in favour of the Company. Pending the conclusion of the matters we are unable to state whether any provisions would be required against the Company's exposure.</p> <p><b>b. Type of Audit Qualification: Qualified Opinion</b></p> <p><b>c. Frequency of qualification: 7<sup>th</sup> Time in Audited Accounts</b></p> <p><b>d. For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:</b> Not Applicable</p> <p><b>e. For Audit Qualification(s) where the impact is not quantified by the auditor:</b></p> <p>(i) <b>Management's estimation on the impact of audit qualification:</b></p>



*Onohd*  
*ATB*

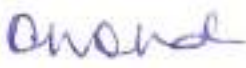

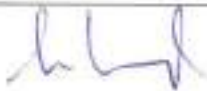
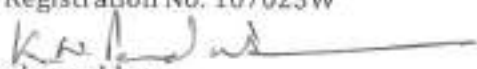



	There are disputes in six projects of the Company. The total exposure against these projects is Rs. 321.58 Crore. The Company is pursuing legal recourse / negotiations for addressing the disputes in favour of the Company and is of the opinion that it has a good case in the matter hence does not require any provision considering the claims of the Company against the Clients.
	<b>(ii) If management is unable to estimate the impact, reasons for the same:</b> <b>Not Applicable</b>
	<b>(iii) Auditors' Comments on (i) or (ii) above:</b> Pending the conclusion of the disputes we are unable to state whether any provisions would be required against the Company's exposure.
4.	<b>a. Details of Audit Qualification:</b> We invite attention to note no. 4(d) of the statement relating to the exposure of the Company to a subsidiary engaged in real estate development in Bhopal. The Company has on prudent basis made a provision of Rs. 100 crores against the exposure of Rs. 361.93 crores. The subsidiary's RERA registration got cancelled and have severe liquidity crunch and was also unable to settle One Time Settlement directions from the lenders for settlement of the term loan. The subsidiary company is in active discussion with the lenders for the financial support for completion of the project. The company is also exploring possibilities of restructuring for which it is in discussion with the lender. The auditor of the subsidiary has also made an Emphasis of Matter on the realisability of its inventory amounting to Rs 822 crore as at March 31, 2022 and also highlighted material uncertainty regarding going concern issue in their report for the year ended March 31, 2022. Considering the liquidity crunch, cancelled RERA registration and pending outcome of the discussion with lenders we are unable to state whether any further provision is required towards the balance exposure of Rs. 261.93 crores.
	<b>b. Type of Audit Qualification: Qualified Opinion</b>
	<b>c. Frequency of qualification: 6th Time in Audited Accounts</b>
	<b>d. For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:</b> <b>Not Applicable</b>
	<b>e. For Audit Qualification(s) where the impact is not quantified by the auditor:</b>
	<b>(i) Management's estimation on the impact of audit qualification:</b> Due to slow down in the real estate market the subsidiary company is facing problems in its development and sale. The management is confident that there will be no further provision required towards impairment.
	<b>(ii) If management is unable to estimate the impact, reasons for the same:</b> <b>Not Applicable</b>
	<b>(iii) Auditors' Comments on (i) or (ii) above:</b> Considering the liquidity crunch, cancelled RERA registration and pending outcome of the discussion with lenders we are unable to state whether any further provision is required towards the balance exposure of Rs. 261.93 crores.
	<b>a. Details of Audit Qualification:</b>

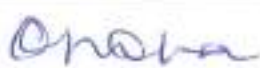


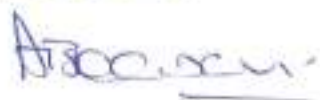
*Anand*  
*Aravind*



	<p>We invite attention to note no 4 (e) of the statement relating to penal interest and charges of Rs 76.07 crores during the year charged by the lenders on its facilities. Total amount of penal interest amount to Rs. 324.65 Crores up to March 31, 2022. The same has not been debited to profit and loss account as management is disputing the same and in discussion with the lenders for reversal of the said penal interest and charges. In the absence of conclusion of the aforesaid discussion, we are unable to state whether any provision is required to be made against such penal interest and charges.</p>	
	<b>b. Type of Audit Qualification: Qualified Opinion</b>	
	<b>c. Frequency of qualification: 4th Time in Audited Accounts</b>	
	<b>d. For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:</b> Not Applicable	
	<b>e. For Audit Qualification(s) where the impact is not quantified by the auditor:</b>	
	<b>(i) Management's estimation on the impact of audit qualification:</b> The management is disputing the same and has not accepted the debit of interest in its books. They have also requested the lenders to reverse the charges.	
	<b>(ii) If management is unable to estimate the impact, reasons for the same:</b> Not Applicable	
	<b>(iii) Auditors' Comments on (i) or (ii) above:</b> In the absence of any confirmation for reversal of charges by the lenders, we are unable to state whether any provision is required to be made against such penal interest and charges.	
<b>III.</b>	<b>Signatories:</b>	<b>Signatures</b>
	Executive Director & CFO Mr. Anurag Choudhry	
	Chief Executive Officer Mr Ajit Desai	
	Audit Committee Chairman. Mr. Soumendra Nath Sanyal	
	Auditors For Nayan Parikh & Co. Chartered Accountants Firm Registration No. 107023W  K.N.Padmanabhan Partner M. No. 036410	
	Place: Mumbai	
	Date: June 21, 2022	







**CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES**

Particulars	As at March 31, 2022	As at March 31, 2021 (Restated)
<b>ASSETS</b>		
<b>NON-CURRENT ASSETS</b>		
(a) Property, plant and equipment	412.58	418.59
(b) Capital work-in-progress	-	-
(c) Intangible Asset	-	-
(d) Goodwill on Consolidation	-	-
(e) Financial assets	-	-
(i) Investments	578.19	763.58
(ii) Trade receivable	220.09	294.89
(iii) Loans	89.66	89.88
(iv) Others financial assets	4.57	4.44
(f) Deferred tax assets (net)	0.18	0.20
(g) Other non-current assets	1,240.16	1,427.69
<b>TOTAL NON-CURRENT ASSETS</b>	<b>2,546.41</b>	<b>2,999.05</b>
<b>CURRENT ASSETS</b>		
(a) Inventories	874.12	873.83
(b) Financial assets	-	-
(i) Investments	0.04	0.05
(ii) Trade receivables	55.36	54.70
(iii) Cash and cash equivalents	1.56	2.09
(iv) Bank balances	14.23	11.87
(v) Loans	62.62	65.43
(vi) Others	34.20	33.33
(c) Other current assets	149.67	159.05
<b>TOTAL CURRENT ASSETS</b>	<b>1,191.80</b>	<b>1,290.35</b>
<b>TOTAL ASSETS</b>	<b>3,737.21</b>	<b>4,199.40</b>
<b>EQUITY AND LIABILITIES</b>		
<b>EQUITY</b>		
(a) Equity share capital	74.11	74.11
(b) Other equity	(8,570.82)	(5,248.17)
Equity attributable to owners of the parent	(6,496.51)	(5,174.06)
(c) Non-controlling interests	(146.46)	(133.83)
<b>TOTAL EQUITY</b>	<b>(6,642.97)</b>	<b>(5,307.89)</b>
<b>LIABILITIES</b>		
<b>NON-CURRENT LIABILITIES</b>		
(a) Financial liabilities	-	-
(i) Borrowings	-	-
(ii) Trade payables	-	-
- Total outstanding dues to Micro and Small Enterprises	-	-
- Total outstanding dues to other than Micro and Small Enterprises	23.21	20.90
(iii) Other financial liabilities	-	-
(b) Provisions	0.70	0.60
(c) Deferred tax liabilities (net)	104.35	103.14
(d) Other non-current liabilities	180.95	180.94
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>317.21</b>	<b>315.58</b>
<b>CURRENT LIABILITIES</b>		
(a) Financial liabilities	-	-
(i) Borrowings	572.13	571.67
(ii) Trade payables	-	-
- Total outstanding dues to Micro and Small Enterprises	0.34	0.24
- Total outstanding dues to other than Micro and Small Enterprises	176.17	185.63
(iii) Other financial liabilities	8,929.10	7,983.10
(b) Other current liabilities	95.32	158.05
(c) Provisions	284.00	277.27
(d) Current tax liabilities (net)	5.85	5.85
<b>TOTAL CURRENT LIABILITIES</b>	<b>10,062.97</b>	<b>9,191.71</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>3,737.21</b>	<b>4,199.40</b>

See accompanying notes to the financial results



**GAMMON INDIA LIMITED**

Registered Office : Floor 3rd, Plot - 3/8, Hamilton House, J. N. Heredia Marg, Ballard Estate,

Mumbai - 400 038, Maharashtra, India; Telephone : +91-22-23705571

E-mail : gammon@gammonindia.com | Website : www.gammonindia.com

CIN : L74999MH1922PLC000997

SIGNED FOR IDENTIFICATION  
BY *[Signature]*  
S. S. PARIKH & CO  
MUMBAI

*[Signature]*

## STATEMENTS OF CONSOLIDATED UNAUDITED RESULTS FOR THE YEAR ENDED MARCH 31, 2022

(` in Crore)

Sr No	Particulars	Quarter Ended			Year Ended	
		31-Mar-22	31-Dec-21	31-Mar-21	31-Mar-22	31-Mar-21
		Audited	Unaudited	Audited	Audited	Audited
1	<b>Income</b>					
	(a) Revenue from Operations	1.82	7.04	18.88	27.85	54.52
	(b) Other Income	2.55	6.61	(85.80)	13.61	120.72
	<b>Total Income</b>	<b>4.37</b>	<b>13.65</b>	<b>(66.92)</b>	<b>41.46</b>	<b>175.24</b>
2	<b>Expenses</b>					
	(a) Cost of Sales	4.28	2.53	8.85	11.42	14.36
	(b) Purchases of stock-in-trade	-	-	(0.32)	-	-
	(c) Subcontracting Expenses	3.36	1.89	9.26	14.29	32.18
	(d) Employee benefits expense	4.01	2.08	2.15	8.68	8.06
	(e) Finance Costs	223.02	221.22	196.39	870.56	751.95
	(f) Depreciation & amortization	0.81	0.89	2.21	3.70	9.10
	(g) Other expenses	232.87	68.77	101.20	312.52	119.02
	<b>Total Expenses</b>	<b>468.14</b>	<b>297.68</b>	<b>319.74</b>	<b>1,221.17</b>	<b>984.68</b>
3	<b>Profit/(Loss) before exceptional items and tax</b>	<b>(463.78)</b>	<b>(284.03)</b>	<b>(386.66)</b>	<b>(1,179.71)</b>	<b>(759.43)</b>
4	Exceptional items (Income) / Expense	-	-	(35.70)	-	(35.70)
5	<b>Profit / (loss) before share of (profit)/loss of associates and joint ventures and tax</b>	<b>(463.78)</b>	<b>(284.03)</b>	<b>(422.36)</b>	<b>(1,179.71)</b>	<b>(795.13)</b>
6	Share of profit / (loss) of associates and joint ventures	0.63	-	(0.40)	0.63	(0.34)
7	<b>Profit / (Loss) before tax</b>	<b>(463.15)</b>	<b>(284.03)</b>	<b>(422.76)</b>	<b>(1,179.28)</b>	<b>(795.47)</b>
8	<b>Tax expenses</b>					
	Current Tax	-	-	-	-	-
	Excess / Short Provision of Earlier years	-	-	(2.27)	-	(1.42)
	Deferred Tax Liability / (asset)	(1.47)	2.04	0.38	1.23	0.67
	<b>Total tax expenses</b>	<b>(1.47)</b>	<b>2.04</b>	<b>(1.89)</b>	<b>1.23</b>	<b>(0.75)</b>
9	<b>Profit after tax for the period</b>	<b>(461.88)</b>	<b>(286.07)</b>	<b>(420.87)</b>	<b>(1,180.51)</b>	<b>(794.72)</b>
10	<b>Other Comprehensive Income:</b>					
	Items that will not be reclassified to profit or loss:					
	- Remeasurements of the defined benefit plans (net of tax)	0.05	0.02	0.05	0.04	0.10
	Items that will be reclassified to profit or loss:					
	- Exchange differences (through OCI)	(5.13)	52.99	87.06	47.91	(79.18)
	- Net gain/ (loss) on fair value of equity instruments through OCI	(202.52)	-	-	(202.52)	-
	<b>Other Comprehensive Income for the year</b>	<b>(207.60)</b>	<b>53.01</b>	<b>87.10</b>	<b>(154.57)</b>	<b>(79.08)</b>
11	<b>Total Comprehensive Income / (Loss) For The Period</b>	<b>(669.48)</b>	<b>(233.06)</b>	<b>(333.77)</b>	<b>(1,335.08)</b>	<b>(864.80)</b>
	Profit for the year attributable to:					
	- Owners of the Company	(458.89)	(282.92)	(408.21)	(1,167.88)	(781.68)
	- Non- Controlling interest	(3.19)	(3.15)	(12.66)	(12.63)	(13.04)
12	<b>Other Comprehensive Income attributable to:</b>					
	- Owners of the Company	(207.60)	53.01	87.10	(154.57)	(79.08)
	- Non- Controlling interest	-	-	-	-	-
13	<b>Total Comprehensive Income attributable to:</b>					
	- Owners of the Company	(666.29)	(229.91)	(321.11)	(1,322.45)	(851.76)
	- Non- Controlling interest	(3.19)	(3.15)	(12.66)	(12.63)	(13.04)
14	<b>Earnings per equity share</b>					
	Basic	(12.44)	(7.67)	(11.07)	(31.66)	(21.19)
	Diluted	(12.44)	(7.67)	(11.07)	(31.66)	(21.19)

See accompanying notes to the financial results.



*Anote*

SIGNED FOR IDENTIFICATION  
BY *Nayan Parikh*  
NAYAN PARIKH & CO  
MUMBAI

**Consolidated Cash Flow Statement For The Year Ended 31 March 2022**

(₹ in Crore)

Particulars	2021-22	2020-21
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit / (loss) before share of (profit)/loss of associates and joint ventures and tax	(1,179.71)	(795.13)
Adjustments for :		
Depreciation	3.70	9.10
Interest Expenses and Other Finance Cost	870.56	751.95
(Profit) / Loss on Sale of Assets	0.17	(1.68)
Loss on Disposal/Deconsolidation of Subsidiary	-	44.85
Loss on Sale/Revalue of Investment	0.02	-
Loss on Recognition of Award	225.79	-
Provision for Doubtful Debts and Advances	2.52	16.40
Exceptional Item	-	35.70
Foreign Exchange Loss / (Gain)	60.92	(97.31)
Interest Income	(0.17)	(1.06)
Provision for Risk & Contingencies	6.79	15.37
Write off of Contract Assets	-	7.26
Sundry Balances Written off	2.23	3.54
Asset written off	0.05	1.45
Sundry Balances Written Back	(7.19)	(7.92)
<b>Operating Profit Before Working Capital Changes</b>	<b>(14.32)</b>	<b>(17.48)</b>
Trade Receivables	3.24	18.61
Inventories	(0.29)	5.78
Other financial and non financial Asset	11.30	13.18
Trade Payables and Provision	(0.19)	(10.34)
Other financial and non financial liabilities	0.01	(4.67)
<b>CASH GENERATED FROM THE OPERATIONS</b>	<b>(0.25)</b>	<b>5.08</b>
Direct Taxes Paid	1.26	(7.60)
<b>Net Cash from Operating Activities</b>	<b>(1.51)</b>	<b>7.68</b>
<b>B CASH FLOW FROM INVESTMENT ACTIVITIES</b>		
Sale of Fixed Assets	2.11	4.39
Other Bank Balance	(2.36)	2.27
proceeds from sales of investment	0.00	0.05
Loans (Given)/Repaid to/by Others	0.25	(0.44)
Interest Received	0.18	0.38
	<b>0.17</b>	<b>6.65</b>
<b>C CASH FLOW FROM FINANCING ACTIVITIES</b>		
Interest paid	0.00	(6.79)
(Repayment)/ Proceeds from Short term Borrowings	0.80	(3.09)
<b>Net Cash from Financing Activities</b>	<b>0.80</b>	<b>(9.88)</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(0.53)</b>	<b>4.45</b>
Opening Balance	2.09	4.82
Closing Balance	1.56	9.27
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(0.53)</b>	<b>4.45</b>
<b>Components of Cash and Cash Equivalents</b>		
Cash on Hand	0.01	0.03
Balances with Bank	1.55	9.24
<b>Total Balance</b>	<b>1.57</b>	<b>9.27</b>



*Anote*

SIGNED FOR IDENTIFICATION  
BY *Kar. P. Parikh*  
NAYAN PARIKH & CO  
MUMBAI

**Notes:**

1. The Consolidated Financial Results for the year ended 31<sup>st</sup> March 2022 were reviewed by the Audit Committee and taken on record by the Board of Directors of the Company at its meeting held on June 21, 2022.
2. Results for the year ended March 31, 2022 have been prepared in accordance with the Indian Accounting Standards (Ind-AS) as prescribed under Section 133 of the Companies Act, 2013 read with Rule 3 of the Companies (Indian Accounting Standards) Rule, 2015 and Companies (Indian Accounting Standards) Amendment Rule, 2016.
3. The figures for the quarter ended March 2022 and March 2021 are derived from the audited figures of the twelve months period ended March 31, 2022 and March 31, 2021 and the year to date figures up to December 31, 2021 and December 31, 2020 which were subjected to limited review by the statutory auditors
4. The auditors have qualified their report in respect of the following matters -
  - a) The Company had evaluated its claims in respect of on-going, completed and/or terminated contracts in the earlier periods which amounts to Rs. 231.69 crore as at March 31, 2022 with the help of an independent expert in the field of claims and arbitration who had assessed the likely amount of claims being settled in favour of the Company. The management contends that there is no change in position during the quarter and the same are due to them and they have a very good chance of realisation.
  - b) The Company has received an award in respect of its joint venture relating the Chennai Metro Rail project (CMRL). Company has recently filed appeal against certain items of the award. In spite of the appeal filed, company estimates total recoverability of Rs 532.00 Cr out of the award. Amount of Rs 225.79 Cr which is in excess of the estimated recoverable award is written off and included in other expense for the quarter and year ended March 31, 2022. This includes an amount of Rs 123.08 Cr which is subject matter of appeal being the claim of the Company, which is not accepted, for which the Company is of the opinion that it has a strong case.  
The aforesaid award is received in the name of the JV but the company has accounted for the entire share to its accounts.
  - c) There are disputes in four projects of the Company. The total exposure against these projects is Rs. 236.68 Crore consisting of receivable of Rs. 60.70 crores, inventory Rs. 43.96 crore and other receivables Rs. 132.48 crores. The Company is pursuing legal recourse / negotiations for settling 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 Clients.
  - d) The Group's exposure to a real estate project being carried out in one of the subsidiary Company in Bhopal is Rs 900.39 crore. Due to slow down in the



*Chote*



real estate market and various other factors the subsidiary company is facing problems in the development of its projects and its sale. The Company has already made a provision of Rs 100 crores against its project development inventory based on internal estimates of the realisable value which has been adjusted against its carrying value. The management is confident that there will be no further provision required towards impairment. The subsidiary's RERA registration got cancelled and it was unable to settle the One Time Settlement direction from lenders for settlement of term loan. However, the subsidiary company made a part payment of the amount mentioned in the One Time Settlement in June 2019. The subsidiary company is in negotiation with the lenders to restore its credit facility and for the financial support for completion of the project. The company is also exploring possibilities of restructuring for which it is in discussion with the lender. The statutory auditor has also made an Emphasis of Matter on the realisability of its inventory amounting to Rs 822 crore.

- e) During the Year ended March 31, 2022 two lenders have levied penal interest and charges of Rs 76.07 Crores. Total amount of penal interest and charges amounts to Rs. 324.65 Crores up to March 31,2022. The management is disputing the same and has not accepted the debit of excess penal interest and charges in its books. They have also requested the lenders to reverse the same.in the resolution plan which is approved by seven lenders, this amount is likely to be reversed and the resolution plan does not consider the Company liability to pay this.

5. The auditors of one subsidiary Ansaldo Caldaie Boilers India Limited (ACBI) of the Company have qualified their audit report which is being replicated by the Group auditor as follows:

- a) The Company has received Share Application Money of Rs.16.64 Crores from M/s. Ansaldo Caldaie S.P.A for further allotment of shares which were to be issued on terms and conditions decided by the Board. However, the Company has neither made the allotment of shares nor refunded the money as per the regulations and provisions of The Companies Act, 2013 and Reserve Bank of India. The RBI vide its letter dated August 16, 2018 has asked the Company to refund the money. The Company has replied to RBI asking them to reconsider their directive due to various operational issues. RBI has not responded on the matter till date. The Company has not given any effects to the RBI directive and has disclosed the same as Current Liabilities.
- b) We invite attention to the Financial Statements regarding accessibility of the inventory of Rs.118.83 lacs. The Stock is in the custody of the lenders of Ansaldo GB-Engineering Private Limited who have taken over the possession of the Company during 2019. In the absence of any confirmation from the lenders of the Ansaldo GB-Engineering Private Limited regarding possession of inventory we are unable to comment upon recoverability and physical possession of the inventory

SIGNED FOR IDENTIFICATION  
BY *Nayan Parikh*  
NAYAN PARIKH & CO  
MUMBAI



*One*

**6. (a) Material Uncertainty Relating to Going Concern – Holding Company**

The Company's operations have been affected in the last few years by various factors including liquidity crunch, unavailability of resources on timely basis, delays in execution of projects, delays in land acquisition, operational issues etc. The Company's overseas operations are characterized due to weak order booking, paucity of working capital and uncertain business environment. Also the Company's current liabilities exceed the current assets by Rs. 8871.17 Crore as at March 31, 2022. The facilities of the Company with the Secured lenders are presently marked as NPA since June 2017. The liquidity crunch has resulted in several winding up petitions being filed against the Company by various stakeholders for recovery of the debts which the Company has been settling as per the mutually agreed repayment terms. The liquidity crunch is affecting the Company's operation with increasing severity. The Secured lenders have recalled the various facilities, initiated recovery suits in the Debt Recovery Tribunals as well as filing a winding up petition with the National Company Law Tribunal, Mumbai bench under the Insolvency and Bankruptcy code

The Company has been making every effort in settling the outstanding Lenders dues.

Pursuant to the execution of the ICA the lenders appointed M/s Deloitte Touche Tohmatsu India LLP as Process Advisory (PA) in the resolution process of the Company. Subsequent to the abovementioned appointment the representatives of Deloitte attended one of the Joint Lenders Meeting held on 13th January, 2020, wherein the plans regarding the way forward on the resolution process were presented. Subsequently on the recommendation by Deloitte the Company signed an engagement letter with Duff and Phelps (D&P) to carry out the valuation of the Company and estimation on the recoverability of arbitration claims of the Company and on such terms and conditions as directed by IDBI Bank.

In furtherance to the execution of the ICA, the Company submitted a draft resolution plan to the consortium of lenders. Pursuant to the submission of the resolution plan, Seven lenders including the lead monitoring institution provided their in-principle sanction to the company and the company is pursuing for the approval with other lenders as well.

Due to delay in approval of resolution plan by other Bankers the fund through which Everstone (Investor) was intended to invest was closed. However, Everstone has shown a keen desire to invest with next available fund.

Due to time constraint, Gammon has proposed an alternate investor with the same terms and conditions for the revival of the Company which is accepted by the Bankers. The lenders discussed the above matter at the Joint Lenders meeting dated 5th March 2022 and while accepting the offer were willing to take up with their higher management for resolution plan of the Company.

The Company is awaiting the sanction of the lenders. The resolution process is in the advanced stage and the management is hopeful that the sanctions will be received soon.

SIGNED FOR IDENTIFICATION  
BY   
NAYAN PARIKH & CO  
MUMBAI





Meanwhile the company has received a notice from Union Bank of India and Punjab National Bank under the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act 2002, taking over the possession of the Gammon House property including the land appurtenant to it, the company has been restrained from parting with the rights over the said property. The total demand raised by this notice is Rs. 1136.71 Cr

The management is hopeful of obtaining approval of all the lenders to the above plan and execute documents accordingly and maintain its going concern status and to that effect is continuously engaged with the lenders for a solution.

Therefore, in the view of the management the going concern assumption of GIL is intact and these financials are prepared on a going concern basis. The above action plan of the Company for repaying the debts and servicing the same including the necessary value of the balance stake being available and realisation of the claim amounts filed by the Company, monetisation of the stake sale of investments and also the acceptance of the resolution proposal by the lenders is exposed to material uncertainties which may affect the going concern assumption.

#### **(b) Material Uncertainty Relating to Going Concern – Subsidiary Companies**

##### **Deepmala Infrastructure Private Limited**

Financial statement of the Company are prepared on Going Concern basis, but considering the fact that the company has accumulated losses, negative net worth, cancellation of registration of RERA, pending litigation at NCLT and statutory non-compliance and being unable to settle the One Time Settlement direction from Axis Bank for settlement of Term Loan, This situation indicates the existence of material uncertainty that may cast significant doubt about the Company's ability to continue as going concern. However, according to the management, the company has a concrete plan to settle the Term Loan of Axis Bank. Company will also have a plan to bring investor to infuse working capital to re-start operation of the company and complete the project within a period of four to five years. The above action plan of the company will result into settlement of company's obligations. Therefore, in view of the management, the Going Concern assumption of the company is intact and this financials are prepared on Going Concern basis.

##### **Ansaldo Caldaie Boilers India Limited**

The Company has accumulated losses and its Net worth has been fully eroded. Also, the Company has incurred net cash loss during the current and previous year and, the Company's current liabilities exceeded its current assets as at the balance sheet date. The Company is facing financial difficulties and material uncertainties relating to Operations and cash flows which is significantly impairing its ability to continue as a going concern. These conditions indicate the existence of significant uncertainty over the cash flows expected and the Company's ability to continue as a going concern. However, the financial statements of the Company have been prepared on a going concern basis for the reasons stated in the said Note.

SIGNED FOR IDENTIFICATION  
BY *K. S. Parikh*  
NAYAN PARIKH & CO  
MUMBAI



*Chroha*

**GHBV, GIBV, PVAN, ATSLBV, GIFZE, GHM**

The Company has underlying investment in Sofinter group and also land available in Francotossi Mecharica S.p.A.. As per the valuation reports for each companies the investment value is sufficient to cover the exposure in the respective SPV companies. The Company is also reviewing the resolution plan to cover the shortfall in Current Assets over Current Liabilities of these subsidiaries.

7. The Company in evaluating its jobs has considered an amount of Rs. 7.58 Crore 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. 146.64 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 favorable awards from the DRB and the Arbitration Tribunal, the management is reasonably certain that the claims will get favorable verdict from the courts.

8. The Company has receivable including retention and work in progress aggregating to Rs. 44.51 Crore (inventory - Rs. 21.19 crores and receivables Rs. 23.32 crores) in various jobs relating to the Real Estate Projects due to the problems faced by the Real Estate Sector. The management is confident of ultimate recovery considering its contractual position and therefore no adjustments are required to be made in respect of such contracts.

9. Deepmala Infrastructure Private Limits ("Company), which is in the business of developing a mixed use real estate project in Bhopal, has been under stress due to various reasons and the sole lender of the Company is seeking resolution of their outstanding dues for the asset. The Company has been seeking and inviting proposals from various parties to take over the project on a Change in Management process framework of Reserve Bank of India.

The company has received a Binding Expression of Interest from one of the prospective investors for acquisition of a majority stake in the Company. The lenders of the Company have accepted the same subject to the Axis bank undertaking a bidding process seeking a resolution plan or bid proposals from eligible bidders following the broad contours of the "Swiss Challenge" process and the proposal of the Investor has been considered as an Anchor/Base Plan. The Lenders of Gammon have also in principle indicated their ability to release pledge to enable transfer the interest of 51% stake in the Company pursuant to completion of conditions precedent which interalia includes release of Corporate Guarantee issued by Gammon India Limited in favour of

SIGNED FOR IDENTIFICATION  
BY   
NAYAN PARIKH & CO  
MUMBAI





another Subsidiary.

It is expected that the Swiss Challenge process shall be initiated in the near future and the transaction shall be completed in the financial year 2022-23.

10. The Company's funded and non-funded exposure towards Franco Tosi Mecannica S.p.A (FTM) group is Rs.767.87 crores (fully provided) including Investments and guarantees towards the acquisition loan taken by the SPV. The commissioner in charge of the Extraordinary Administration of Franco Tosi Meccanica S.p.A. had already concluded the sale of the operating business of FTM to the successful bidder and has commenced the disposal of the non-core assets (i.e. those assets which were not part of the sale of operating business), which includes 60 acres of land in Legnano, Italy. The commissioner has not started the actual disposal of the property. However the liabilities to be discharged against the surplus on disposal (net of tax) are not yet crystallised and firmed up as on date. The Commissioner of the said FTM has released summarized statement of affairs from July 2016 to December 2016 from which also the values of assets and liabilities to be discharged there against are unclear.

The management was expecting that the value of the non core assets would be sufficient to cover the exposure of the company. However there has been no progress in the matter either for the disposal of the non core assets or ascertainment of the value of the non core assets by the commissioner in charge of the Extraordinary Administration of Franco Tosi Meccanica S.p.A. Considering the elapse of time and uncertainties relating to the value of the non core assets and its disposal, the management on a prudent basis has provided for the entire exposure, notwithstanding its ongoing endeavor to recover the value of the non core assets.

On account of the above facts and the absence of financial statements of the said FTM, FTM functions under severe long term restrictions which impair its ability to transfer funds to its parent. Further the parent does not have any control whatsoever as the entire control lies with the commissioner and the parent does not have access to information also. The Management of the Company and the Board of FTM have no say in the matter and has no access to records which are with the Commissioner. Therefore, in accordance with INDAS 110 – Consolidated Financial Statements, in the absence of control, the said FTM is excluded from Consolidation.

The said Subsidiary has therefore been accounted as Financial Instrument accounted on Fair Value through Other Comprehensive Income. Since no information is available from the commissioner, the fair value changes cannot be identified and the investment is carried without further fair value changes. However the entire exposure has been provided.

On account of the company being marked as non-performing assets by the lenders no interest has been debited by majority of the lenders. The company has made provision for interest on the basis of the last sanction and last revision of terms. Therefore, the loan balances and finance cost are subject to confirmation and consequent reconciliation, if any.

SIGNED FOR IDENTIFICATION  
BY   
NAYAN PARIKH & CO  
MUMBAI

11





12. The Consolidated financials included unaudited financials based on management prepared accounts of a subsidiary Deepmala Infrastructure Private Limited from FY 2017-18 to FY 2020-21, due to non-availability of audited accounts. The subsidiary's audit could not be finalised due to incident of fire at site which led to non-availability of documents. This was compounded by slump in the market and piling up of inventory followed by lack of manpower due to financial constraints and suspension of RERA registration

The subsidiary's accounts for all the previous unaudited periods are audited in the current financial year. Material errors have been noted between the unaudited financials used for consolidation in the previous years and the audited financials mainly in 2017-18, 2018-19 and 2019-20. Accordingly, the company has corrected the errors by retrospectively restating and regrouping each of the affected financial statement line items for the earliest prior period presented i.e. the opening balance sheet as at April 1, 2020 which is presented as an additional disclosure.

The Details of which are as under -

#### Changes in Statement of Profit and loss

Particulars	Effects to Statement of profit and loss 2020-21	Effects to Retained Earning as at April 1, 2021
Increase in Revenue	-	20.62
Increase in Cost	-	(38.93)
Decrease in Cost	0.003	2.95
(Increase) in Tax expenses	(0.004)	(0.01)
Net Increase in Loss	(0.001)	(15.38)

#### Changes in Other Equity

Particulars	Increase/(decrease) due to correction of error as at March 31, 2021	Increase/(decrease) due to correction of error as at April 1, 2020
Other Equity	(10.85)	(10.85)
Non - Controlling Interest	(4.53)	(4.53)

#### Changes in Balance sheet

Particulars	Increase/(decrease) due to correction of error as at March 31, 2021	Increase/(decrease) due to correction of error as at April 1, 2020
Non-Current assets	15.83	15.58
Current assets	(40.14)	(39.92)
Non-Current Liabilities	(16.05)	(16.05)
Current Liabilities	7.13	7.05

SIGNED FOR IDENTIFICATION  
BY   
NAYAN PARIKH & CO  
MUMBAI






The figures for the year ended March 31, 2021 in this financial results are restated to incorporate the effects of above error.

13. The Group is engaged in "Construction and Engineering" and "Real Estate Development" segment. Disclosure of segments is given in Annexure 1.
14. The Exceptional items include the following

Particulars	Rs. In Crore	
	Year ended March 31, 2022	Year ended March 31, 2021
Impairment provisions of Receivables	-	35.70
<b>Total</b>	-	35.70

15. Corresponding figures of the previous period have been regrouped / rearranged/ restated, wherever necessary, to give effect to the changes in Schedule III and the restatement as detailed in note no. 12.

For Gammon India Limited

  
Anurag Choudhry  
Executive Director & CFO  
DIN No. 00955456  
Mumbai,  
Dated: June 21, 2022



Annexure -1  
Segment Reporting as per Ind AS 108 "Operating Segments"

In Rs. Crores

Particulars	Real Estate Business		Others		Total	
	2021-22	2020-21	2021-22	2020-21	2021-22	2020-21
<b>Segment Revenue</b>						
External Turnover	-	-	27.85	54.52	27.85	54.52
Less: Internal Segment Turnover	-	-	-	-	-	-
<b>Value of Sales and Services (Net)</b>	-	-	27.85	54.52	27.85	54.52
<b>Segment Result before Interest and Taxes</b>	(0.19)	(36.13)	(309.88)	(13.96)	(310.07)	(50.09)
Less: Interest Expense	43.11	43.12	827.44	708.84	870.56	751.95
Add: Other Income	-	-	-	-	-	-
Add: Interest Income	-	(0.26)	(1.34)	(6.32)	(1.34)	(6.56)
<b>Profit Before Tax</b>	(43.30)	(78.99)	(1,135.98)	(716.48)	(1,179.28)	(795.47)
Less: Current Tax	-	-	-	-	-	-
Less: Deferred Tax	(0.00)	(0.00)	1.23	0.67	1.23	0.67
Excess / Short Provision of Earlier years	-	-	-	(1.42)	-	(1.42)
<b>Profit after Tax (before adjustment for Non - Controlling Interest)</b>	(43.30)	(78.98)	(1,137.22)	(717.15)	(1,180.51)	(794.72)
Add: Share of (Profit) / Loss transferred to Non - Controlling Interest	12.76	12.75	(0.13)	0.29	12.63	13.04
<b>Profit after Tax (after adjustment for Non-Controlling Interest)</b>	(30.53)	(66.24)	(1,137.35)	(716.86)	(1,167.88)	(781.68)
<b>Other Information</b>						
Segment Assets	981.11	968.71	2,756.10	3,230.69	3,737.21	4,199.40
Segment Liabilities	973.51	954.07	9,406.67	8,553.22	10,380.18	9,507.29
Capital Employed	7.60	14.64	(5,650.56)	(5,322.53)	(6,642.97)	(5,307.89)
Capital Expenditure	-	-	412.56	418.59	412.56	418.59
Depreciation / Amortisation and Depletion Expense	0.01	0.01	3.69	9.09	3.70	9.10



SIGNED FOR IDENTIFICATION  
BY *Nayan Parikh*  
NAYAN PARIKH & CO  
MUMBAI



# NAYAN PARIKH & CO.

(REGISTERED)

CHARTERED ACCOUNTANTS

OFFICE NO. 9, 2<sup>ND</sup> FLOOR, JAIN CHAMBERS, 577, S.V. ROAD, BANDRA (WEST), MUMBAI 400050, INDIA.

PHONE : (91-22) 2640 0358, 2640 0359

## Independent Auditor's Report on Annual Consolidated Financial Results of Gammon India Limited Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

To

The Board of Directors  
Gammon India Limited,  
Mumbai.

### Qualified Opinion

We have audited the accompanying statement of Consolidated Financial Results of **Gammon India Limited** ("Holding Company") and its Subsidiaries (holding company and its subsidiaries together referred as "The Group"), its joint venture and associates for the quarter and year ended March 31, 2022, ("Statement") being submitted by the Holding Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("the listing regulations").

Except for the possible effects of the matter described in Basis of Qualified Opinion paragraph (a) to (f) in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of other auditor on financial statements of subsidiaries, associates and joint venture the Statement:

- (i) Includes the results of the companies listed in Annexure A to this report
- (ii) is presented in accordance with the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended in this regard; and
- (iii) gives a true and fair view in conformity with recognition and measurement principles laid down in the applicable Indian accounting standard ("Ind AS") and other accounting principles generally accepted in India of the consolidated net loss, total comprehensive income and other financial information of the Company for the quarter and year ended March 31, 2022.



# NAYAN PARIKH & CO.

(REGISTERED)

CHARTERED ACCOUNTANTS

OFFICE NO. 9, 2<sup>ND</sup> FLOOR, JAIN CHAMBERS, 577, S.V. ROAD, BANDRA (WEST), MUMBAI 400050, INDIA.

PHONE : (91-22) 2640 0358, 2640 0359

## Basis of Qualified Opinion

- (a) We invite attention to note no. 4 (a) of the statement, detailing the recognition of claims during the earlier years in respect of on-going, completed and/or terminated contracts. The aggregate amount of claims outstanding as at March 31, 2022 is Rs. 231.69 crores. These claims were recognised only on the basis of opinion of an expert in the field of claims and arbitration. There are no further updates from the expert, on the recovery of the claims, In view of the above-mentioned circumstances and facts we are unable to comment upon the amounts recognised, its realisation and the consequent effect on the financial statements for the year ended March 31, 2022.
- (b) We invite attention to note no. 4(b) of the statement relating to the claim of CMRL project wherein the Company has retained the claim at an amount of Rs 532 Crores after writing off the amounts previously estimated and not accepted. This amount includes an amount of Rs 123.08 Crores which is subject matter of appeal arising from the award. The award is in the name of joint venture as detailed in the note. In view of the final fructification of the award amount and the settlement of the JV proceeds as detailed in the aforesaid note we are unable to opine whether the entire amount will be to the account of the Company
- (c) We invite attention to note no. 4(c) of the statement relating to Trade receivables, inventories and loans and advances which includes an amount of Rs. 236.68 crores in respect of disputes in four projects of the Company and/or its SPVs. The Company is pursuing legal recourse/ negotiations for addressing the disputes in favour of the Company. Pending the conclusion of the matters we are unable to state whether any provisions would be required against the Company's exposure.
- (d) We invite attention to note no 4 (d) relating to the exposure of the Company to a real estate project of one of the subsidiary engaged in real estate development in Bhopal. The Company in its Standalone Financial results had on prudent basis in the earlier years, based on internal estimates, made a provision of Rs. 100 crores against the exposure of Rs. 361.93 crores which has been adjusted against the carrying value of inventory of said project in these consolidated financial statements. The subsidiary's RERA registration got cancelled and have severe liquidity crunch and was also unable to settle One Time Settlement directions from the lenders for settlement of the term loan. The subsidiary company is in active discussion with the lenders for the financial support for completion of the project. The company is also exploring possibilities of restructuring for which it is in discussion with the lender. The audit of the subsidiary for the prior periods have been completed during the year and the auditor of the subsidiary has also made an Emphasis of Matter on the realisability of its inventory amounting to Rs 822 crore as at March 31, 2022 and also highlighted material uncertainty regarding



# NAYAN PARIKH & CO.

(REGISTERED)

CHARTERED ACCOUNTANTS

OFFICE NO. 9, 2<sup>ND</sup> FLOOR, JAIN CHAMBERS, 577, S.V. ROAD, BANDRA (WEST), MUMBAI 400050, INDIA.

PHONE : (91-22) 2640 0358, 2640 0359

going concern issue in their report for the year ended March 31, 2022. Considering the liquidity crunch, cancelled RERA registration and pending outcome of the discussion with lenders we are unable to state whether any further provision is required towards the exposure (Net) towards inventory of Rs. 800.39 crores.

- (e) We invite attention to note no 4 (d) relating to penal interest and charges of Rs 76.07 crores during the year charged by the lenders on its facilities. Total amount of penal interest amount to Rs. 324.65 Crores up to March 31, 2022. The same has not been debited to profit and loss account as management is disputing the same and in discussion with the lenders for reversal of the said penal interest and charges. In the absence of conclusion of the aforesaid discussion, we are unable to state whether any provision is required to be made against such penal interest and charges.
- (f) The financial statements of the following material Associate, Subsidiaries and Joint Ventures are based on un-audited management prepared financial statements and have been accounted as such and on which no further audit procedures have been carried out by us, including to determine whether the INDAS effects have been appropriately considered, as follows
- i) M/s Campo Puma Oriente S.A, Panama, a Joint Venture of the Company whose financials statement for the year 31<sup>ST</sup> December 2020 and 2021 has been not received. There are no audited financial statements after 31<sup>ST</sup> December 2012.
  - ii) M/s Gammon DISC Mosmetrostroy, a Joint Venture of the group. whose financials statement for the year 31<sup>ST</sup> March 2021 and 31<sup>ST</sup> March 2022 has not been audited.

Since the Subsidiaries, Joint Ventures and Associates mentioned above are material, the Assets, Revenue and Cash Flow represented in those financial statements are subject to audit and consequent effect, if any

- (g) The auditors of one subsidiary Ansaldo Caldaie Bollers India Pvt Ltd of the Company carries a qualification in their Audit Report as follows:
- 1) The Company has received Share Application Money of Rs.16.64 Crores from M/s. Ansaldo Caldaie S.P.A for further allotment of shares which were to be issued on terms and conditions decided by the Board. However, the Company has neither made the allotment of shares nor refunded the money as per the regulations and provisions of The Companies Act, 2013 and Reserve Bank of India. The RBI vide its letter dated August 16, 2018 has asked the Company to refund the money. The Company has replied to RBI asking them to reconsider their directive due to various



# NAYAN PARIKH & CO.

(REGISTERED)

CHARTERED ACCOUNTANTS

OFFICE NO. 9, 2<sup>nd</sup> FLOOR, JAIN CHAMBERS, 577, S.V. ROAD, BANDRA (WEST), MUMBAI 400050, INDIA

PHONE : (91-22) 2640 0358, 2640 0359

operational issues. RBI has not responded on the matter till date. The Company has not given any effects to the RBI directive and has disclosed the same as Current Liabilities.

- 2) We invite attention to the Financial Statements regarding accessibility of the inventory of Rs.118.83 lacs. The Stock is in the custody of the lenders of Ansaldo GB-Engineering Private Limited who have taken over the possession of the Company during 2019. In the absence of any confirmation from the lenders of the Ansaldo GB-Engineering Private Limited regarding possession of inventory we are unable to comment upon recoverability and physical possession of the inventory.

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial results section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the institute of Chartered Accountants of India ("ICAI") together with the ethical requirements that are relevant to our audit of the consolidated financial results under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

#### **Material Uncertainty related to Going Concern.**

We draw attention to the following material uncertainty related to going concern included in the notes on the consolidated financial statements of Holding Company, a subsidiary company of the Holding Company, on matters which are relevant to our opinion on the consolidated financial statements of the Group, and reproduced by us as under

#### **a. In respect of Holding Company**

We invite attention to the note no. 6 of the Statement relating to the present financial situation of the Company detailing the Material Uncertainties Relating to Going Concern and the Going Concern assumptions. The lenders had in the previous year recalled all the loans and facilities and also the Company Current Liabilities exceeds Current Assets by Rs 8871.17 Crore as at March 31, 2022. The Company is finding it difficult to meet its financial obligations and the lenders have still not approved its further restructuring plan. The liquidity crunch is affecting the Company's operation with increasing severity. The trading in equity shares of the Company is presently suspended, Some of the creditors have filed for winding up petitions against the Company. The company has severe manpower issues and is defaulting on its statutory and regulatory obligations. The Company's resolution plan has found favour with seven lenders as detailed in the note no. 6 but the final approval of all lenders and the execution of the plan and its



# NAYAN PARIKH & CO.

(REGISTERED)

CHARTERED ACCOUNTANTS

OFFICE NO. 9, 2<sup>nd</sup> FLOOR, JAIN CHAMBERS, 577, S.V. ROAD, BANDRA (WEST), MUMBAI 400050, INDIA.

PHONE : (91-22) 2640 0358, 2640 0359

success involves material uncertainties that may cast significant doubt about the Going Concern Assumption. Our report is not qualified on this account.

- b. In respect of Subsidiaries in the following cases the auditors' have carried a paragraph relating to going concern which is extracted from the Independent Auditors' Report of the respective component detailed below:

- **Deepmala Infrastructure Private Limited**

Financial statement of the Company are prepared on Going Concern basis, but considering the fact that the company has accumulated losses, negative net worth, cancellation of registration of RERA, pending litigation at NCLT and statutory non-compliance and being unable to settle the One Time Settlement direction from Axis Bank for settlement of Term Loan, This situation indicates the existence of material uncertainty that may cast significant doubt about the Company's ability to continue as going concern. However, according to the management, the company has a concrete plan to settle the Term Loan of Axis Bank. Company will also have a plan to bring investor to infuse working capital to re-start operation of the company and complete the project within a period of four to five years. The above action plan of the company will result into settlement of company's obligations. Therefore, in view of the management, the Going Concern assumption of the company is intact and this financials are prepared on Going Concern basis.

- **Ansaldo Caldaie Boilers India Limited**

The Company has accumulated losses and its Net worth has been fully eroded. Also, the Company has incurred net cash loss during the current and previous year and, the Company's current liabilities exceeded its current assets as at the balance sheet date. The Company is facing financial difficulties and material uncertainties relating to Operations and cash flows which is significantly impairing its ability to continue as a going concern. These conditions indicate the existence of significant uncertainty over the cash flows expected and the Company's ability to continue as a going concern. However, the financial statements of the Company have been prepared on a going concern basis for the reasons stated in the said Note. Our opinion is not modified in respect of this matter.

- **ATSL Holding BV**

As at March 31, 2022 Current liabilities exceed current assets by Euro 2.06 Crores (Rs. 174.25 Crores), the Company is taking various steps to meet its commitments both short term and long term in nature. This situation along with the financial stress the parent Company is presently facing indicates significant uncertainty which may have a significant effect on the going concern assumption and the carrying values of the assets and liabilities in these financial statements.

- **Gammon Holding BV**

As on 31st March, 2022, current liabilities exceed current assets by Euro 7.09 Crores (Rs. 600.37 Crores). The Company is taking various steps to meet its commitments.



# NAYAN PARIKH & CO.

(REGISTERED)

CHARTERED ACCOUNTANTS

OFFICE NO. 9, 2<sup>ND</sup> FLOOR, JAIN CHAMBERS, 577, S.V. ROAD, BANDRA (WEST), MUMBAI 400050, INDIA

PHONE : [91-22] 2640 0358, 2640 0359

both, short term and long term in nature. However the ability of the Company to meet its commitment depends upon the disposal of the Investment made in M/s Franco Tosi Meccanica S.p.A. which in turn depends upon the value of non-core assets of the said Franco Tosi Meccanica. This situation along with the financial stress the parent Company is presently facing indicates significant uncertainty which may have an significant effect on the going concern assumption and the carrying values of the assets and liabilities in these financial statements.

- **Gammon International BV**

As on 31st March, 2022, current liabilities exceed current assets by Euro 7.77 Crores (Rs. 657.43 Crores). The Company is taking various steps to meet its commitments, both, short term and long term in nature. However the ability of the Company to meet its commitment depends upon the disposal of the Investment made in Sofinter S.p.A.. This situation along with the financial stress the parent Company is presently facing indicates significant uncertainty, which may have an effect on the going concern assumption and the carrying values of the assets and liabilities in these financial statements. The conditions as detailed in aforesaid note indicate existence of material uncertainties relating to the timing and realisation of the cash flows that may cast significant doubt about the going concern assumptions. Our opinion is not qualified on this account.

- **Gammon International FZE**

As on 31st March, 2022, current liabilities exceed current assets by AED 1.25 Crores (Rs. 25.89 Crores). The Company is taking various steps to meet its commitments, both, short term and long term in nature. This situation along with the financial stress the parent Company is presently facing indicates significant uncertainty, which may have an effect on the going concern assumption and the carrying values of the assets and liabilities in these financial statements. The conditions as detailed in aforesaid note indicate existence of material uncertainties relating to the timing and realisation of the cash flows that may cast significant doubt about the going concern assumptions.

- **Pvan Eerd Beheersmaatschappij B.V**

As on 31st March, 2021, current liabilities exceed current assets by Euro 1.76 Crores (Rs. 148.81 Crores). The company is taking various steps to meet its commitments, both, short term and long term in nature. However the ability of the Company to meet its commitment depends upon the disposal of the Investment made in Sadelmi SpA, which presently is impaired. This situation along with the financial stress the parent Company is presently facing indicates significant uncertainty which may have an effect on the going concern assumption and the carrying values of the assets and liabilities in these financial statements. The conditions as detailed in aforesaid note indicate existence of material uncertainties relating to the timing and realisation of the cash flows that may cast significant doubt about the going concern assumptions



# NAYAN PARIKH & CO.

(REGISTERED)

CHARTERED ACCOUNTANTS

OFFICE NO. 9, 2<sup>ND</sup> FLOOR, JAIN CHAMBERS, 577, S.V. ROAD, BANDRA (WEST), MUMBAI 400050, INDIA

PHONE : (91-22) 2640 0358, 2640 0359

## - Gammon Holdings Mauritius Limited

As on 31st March, 2022, current liabilities exceed current assets by USD 4.42 Crores (Rs. 334.82 Crores). This Condition indicates the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern. The financial Statements have been prepared on a going concern basis, the validity of which depends upon continued availability of debt facilities and funds being made available by the Shareholder.

## Emphasis of Matter

Without qualifying our opinion, we draw attention to the following matters related to Emphasis of Matter included in the audit report issued on the consolidated financial statements of Holding Company, a subsidiary company of the Holding Company, on matters which are relevant to our opinion on the consolidated financial statements of the Group, and reproduced by us as under

- a) a) We draw attention to Note no 7 of the Statement relating to recoverability of an amount of Rs.146.64 crores as at March 31, 2022 under trade receivables in respect of contract revenue where the Company has received arbitration awards in its favour in respect of which the client has preferred an appeal for setting aside the said arbitration awards, recognition of claims while evaluating the jobs of Rs.7.56 crores where the Company is confident of recovery. The recoverability is dependent upon the final outcome of the appeals & negotiations getting resolved in favour of the company.
- b) We draw attention to note no. 8 relating to the projects of real estate sector where the exposure is Rs. 44.51 crores. The management is confident of ultimate recovery of the amounts and we have relied on the management assertions of recoverability.
- c) The auditors of subsidiaries of the Company carries a Emphasis of Matter in their Audit Report as follows –

### Deepmala Infrastructure Private Limited -

The recoverability of Work in Progress of Rs 822 Crores could not be estimated considering the liquidity issues and suspension of RERA Registration.

### Ansaldo Caldaie Boilers India Pvt Ltd -

We invite attention to the Financial Statements regarding recoverability of trade receivable of Rs. 931.70 lacs due from M/s. Nagai Power, the management is of the view that the debts are good and receivable, and it holds guarantees in support of recovery. Pending recovery, the Company has initiated legal proceedings in the form of initial demand notice as a pre cursor to NCLT proceedings. The NCLT proceedings could



# NAYAN PARIKH & CO.

(REGISTERED)

CHARTERED ACCOUNTANTS

OFFICE NO. 9, 2<sup>ND</sup> FLOOR, JAIN CHAMBERS, 577, S.V. ROAD, BANDRA (WEST), MUMBAI 400050, INDIA.

PHONE : (91-22) 2640 0358, 2640 0359

not be further acted upon on account of lockdown and deferment of proceedings on account of lockdown. No adjustments are therefore made for the same in the books except for provision for expected credit loss

#### **Patna Water Supply Distribution Network Private Limited –**

We invite attention relating to the receipt of the award, related revenue recognition and the impairment relating to the exposure towards the project. We have relied on the assertion of the management on the award finally fructifying in favor of management. Our opinion is not qualified on this account

#### **Management's responsibilities for the Consolidated Financial Results**

This Statement, which is the responsibility of the Company's Management and approved by the Board of Directors, has been prepared on the basis of consolidated financial statements. The Holding Company's Board of Directors are responsible for the preparation and presentation of these consolidated financial results that give a true and fair view of the consolidated net loss and other comprehensive income and other financial information of the Group its joint venture and associated in accordance with the recognition and measurement principles laid down in Ind AS prescribed under section 133 of the Act read with relevant rules thereunder and other accounting principles generally accepted in India and in compliance with Regulation 33 of the Listing Regulations.

The respective board of directors of the companies included in the group and of its joint venture and associates are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and its joint venture and associated and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial results that give a true and fair view and are free from material misstatement, whether due to fraud or error,

In preparing the consolidated financial results, the respective Board of Directors of the companies included in the Group and of its joint venture and associates are responsible for assessing the ability of the group and of its joint venture and associates to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Respective Board of Directors of the companies included in the Group and of its joint





# NAYAN PARIKH & CO.

(REGISTERED)

CHARTERED ACCOUNTANTS

OFFICE NO. 9, 2<sup>ND</sup> FLOOR, JAIN CHAMBERS, 577, S.V. ROAD, BANDRA (WEST), MUMBAI 400050, INDIA.

PHONE : (91-22) 2640 0358, 2640 0359

venture and associates are responsible for overseeing financial reporting process of the Group and of its joint venture and associates.

## **Auditor's Responsibilities for the Audit of the Consolidated Financial Results**

Our objectives are to obtain reasonable assurance about whether the consolidated financial results as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial results.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group, its joint venture and associates ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures



# NAYAN PARIKH & CO.

(REGISTERED)

CHARTERED ACCOUNTANTS

OFFICE NO. 9, 2<sup>ND</sup> FLOOR, JAIN CHAMBERS, 577, S.V. ROAD, BANDRA (WEST), MUMBAI 400050, INDIA

PHONE : (91-22) 2640 0358, 2640 0359

are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group, its joint venture and associates to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation
6. Obtain sufficient appropriate audit evidence regarding the financial results and other financial information of the Group and its joint venture and associates to express an opinion on the consolidated financial results. We are responsible for the direction, supervision and performance of the audit of financial information of such entities included in the consolidated financial results of such entities included in the statement of which we are the independent auditor. For the entities included in the statement which have been audited by other auditor, such auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

Materiality is the magnitude of misstatements in the consolidated financial results that, individually or in aggregate, make it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the consolidated financial results

We communicate with those charged with governance of the holding company and such other entities included in the consolidated financial results of which we are independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.



# NAYAN PARIKH & CO.

(REGISTERED)

CHARTERED ACCOUNTANTS

OFFICE NO. 9, 2<sup>ND</sup> FLOOR, JAIN CHAMBERS, 577, S.V. ROAD, BANDRA (WEST), MUMBAI 400050, INDIA.

PHONE : (91-22) 2640 0358, 2640 0359

## Other Matters

- a) We did not audit the financial statements and other financial information, in respect of 16 subsidiaries, whose Ind AS financial statements reflect total assets of Rs. 2321.18 crores as at March 31, 2022, total revenues of Rs. 0.90 crores total and net loss after tax of Rs 216.68 Crores and net cash outflow amounting to Rs. 0.61 crores for the year ended on that date, before giving effect to elimination of intra-group transactions as considered in the preparation of the consolidated financial statements. The consolidated financial statements also includes the Group's share of net profit of Rs 0.43 crores in respect of 1 joint ventures for the year ended March 31, 2022, as considered in the consolidated financial statements, whose financial statements have not been audited by us. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and associates, and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, joint ventures and associates in India, is based solely on the reports of the other auditors.
- b) We did not audit the financial statements of 3 subsidiaries, whose financial statements reflect total assets of Rs. 86.69 crores as at March 31, 2022, total revenues of Rs. 0.05 Crores, net loss after tax of Rs. 19.68 Crores and net cash inflow amounting to Rs. 0.01 crores for the year ended on that date, as considered in the preparation of the consolidated financial statements. These financial statements are unaudited and have been furnished to us by the Management including the application of the INDAS accounting standards. Our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiary and joint ventures, and our report in terms of sub-sections (3) and (11) of Section 143 of the Act in so far as it relates to the aforesaid subsidiary and joint ventures, is based solely on such unaudited financial statements. Our conclusion is not qualified on this account except for the material subsidiary and joint venture mentioned in our basis for qualified conclusion para.
- c) We did not audit the financial statements of 1 subsidiary for the prior periods, which was unaudited hitherto, which have been audited during the year by their auditors whose reports has been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of this subsidiary, specially related to restatement referred in note no. 12, is based solely on the reports of the other auditor.



# NAYAN PARIKH & CO.

(REGISTERED)

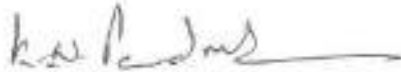
CHARTERED ACCOUNTANTS

OFFICE NO. 9, 2<sup>ND</sup> FLOOR, JAIN CHAMBERS, 577, S.V. ROAD, BANDRA (WEST), MUMBAI 400050, INDIA.

PHONE : (91-22) 2640 0358, 2640 0359

- d) The Statement includes the results for the quarter ended March 31, 2022 and March 31, 2021 being the balancing figures between the audited figures in respect of the full financial year and the published unaudited year to date figures up to the third quarter of the respective current financial year which were subject to limited review by us.

For Nayan Parikh & Co  
Chartered Accountants  
Firm Registration No. 107023W



K N Padmanabhan  
Partner

M. No. 36410

Mumbai, Dated: - June 21, 2022

UDIN: 22036410 A-LJM2D4540



# NAYAN PARIKH & CO.

(REGISTERED)

CHARTERED ACCOUNTANTS

OFFICE NO. 9, 2<sup>ND</sup> FLOOR, IAIN CHAMBERS, 577, S.V. ROAD, BANDRA (WEST), MUMBAI 400050, INDIA.

PHONE : (91-22) 2640 0358, 2640 0359

## Annexure A

Sr no.	Name of Entity	Nature of Relationship
1.	Gammon India Limited	Parent
2.	Metropolitan Infrahousing Private Limited ('MIPL')	Subsidiary
3.	ATSL Infrastructure Projects Limited	Subsidiary
4.	Gactel Turnkey Projects Limited. ('GACTEL')	Subsidiary
5.	Gammon International FZE ('GIFZE')	Subsidiary
6.	P.Van Eerd Beheersmaatschappaji B.V. Netherlands ('PVAN')	Subsidiary
7.	Deepmala Infrastructure Private Limited ('DIPL')	Subsidiary
8.	Gammon Retail Infrastructure Private Limited ('GRIPL')	Subsidiary
9.	Gammon Power Limited. ('GPL')	Subsidiary
10.	ATSL Holding B.V. Netherlands	Subsidiary
11.	Gammon Realty Limited. ('GRL')	Subsidiary
12.	Gammon Holdings B.V., Netherlands ('GHBV')	Subsidiary
13.	Gammon International B.V., Netherlands ('GIBV')	Subsidiary
14.	Gammon Transmission Limited ('GTL')	Subsidiary
15.	Gammon Real estate developers private limited (GRDL')	Subsidiary
16.	Ansaldocaldaie Boilers India Private Limited ('ACB')	Subsidiary
17.	Gammon Holdings (Mauritius) Limited ('GHM')	Subsidiary
18.	Patna Water Supply Distribution Network Private Limited ('PWS')	Subsidiary
19.	Associated Transrail Structures Limited., Nigeria	Subsidiary
20.	Gammon Italy S.r.L	Subsidiary
21.	Gammon SEW('GSEW')	Joint Venture



## ANNEXURE I

Statement on Impact of Audit Qualifications  
(for audit report with modified opinion) submitted along-with  
Annual Audited Financial Results (Consolidated)

<b>Statement on Impact of Audit Qualifications for the Financial Year Ended March 31, 2022</b> [See Regulation 33 / 52 of the SEBI (LODR) (Amendment) Regulations, 2016]				
I.	Sr. no.	Particulars	Audited Figures (as reported before adjusting for qualifications)	Adjusted Figures (audited figures after adjusting for qualifications)
	1	Turnover/Total Income	41.46	41.46
	2	Total Expenditure	1,221.40	1,221.40
	3	Net Profit/(loss)	(1,180.51)	(1,180.51)
	4	Earnings Per Share	(31.66)	(31.66)
	5	Total Assets	3,737.21	3,737.21
	6	Total Liabilities	10,233.72	10,233.72
	7	Net Worth	(6,496.51)	(6,496.51)
	8	Any Other Financial Item	-	-
<b>II. Audit Qualification (each audit qualification separately):</b>				
1	<p><b>a. Details of Audit Qualification:</b> We invite attention to note no. 4 (a) of the statement, detailing the recognition of claims during the earlier years in respect of on-going, completed and/or terminated contracts. The aggregate amount of claims outstanding as at March 31, 2022 is Rs. 231.69 crores. These claims were recognised only on the basis of opinion of an expert in the field of claims and arbitration. There are no further updates from the expert, on the recovery of the claims, In view of the above-mentioned circumstances and facts we are unable to comment upon the amounts recognised, its realisation and the consequent effect on the financial statements for the year ended March 31, 2022.</p>			
	<b>b. Type of Audit Qualification: Qualified Opinion</b>			
	<b>c. Frequency of qualification: 7<sup>th</sup> Time in Audited Accounts</b>			
	<b>d. For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:</b> <b>Not Applicable</b>			
	<b>e. For Audit Qualification(s) where the impact is not quantified by the auditor:</b>			
	<b>(i) Management's estimation on the impact of audit qualification:</b> The management believes that they have strong case for each of the claims lodged against the client. This has been validated by independent techno legal consultant. The Board therefore has decided to account the claims.			
	<b>(ii) If management is unable to estimate the impact, reasons for the same:</b> <b>Not Applicable</b>			
	<b>(iii) Auditors' Comments on (i) or (ii) above:</b> In the absence of confirmations from the client we are unable to comment upon the amounts recognised, its realization and the consequent effect on the financial Statement for the year ended 31st March 2022.			
2.	<p><b>a. Details of Audit Qualification:</b> We invite attention to note no. 4(b) of the statement relating to the claim of</p>			



*Anote*

*Atto san*



	<p>CMRL project wherein the Company has retained the claim at an amount of Rs 532 Crores after writing off the amounts previously estimated and not accepted. This amount includes an amount of Rs 123.08 Crores which is subject matter of appeal arising from the award. The award is in the name of joint venture as detailed in the note. In view of the final fructification of the award amount and the settlement of the JV proceeds as detailed in the aforesaid note we are unable to opine whether the entire amount will be to the account of the Company.</p>
	<b>b. Type of Audit Qualification: Qualified Opinion</b>
	<b>c. Frequency of qualification: 1<sup>st</sup> Time in Audited Accounts</b>
	<b>d. For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:</b> <b>Not Applicable</b>
	<b>e. For Audit Qualification(s) where the impact is not quantified by the auditor:</b>
	(i) <b>Management's estimation on the impact of audit qualification:</b> The management believes that they have strong case for each of the claims lodged against the client. The Board therefore has decided to account the claims.
	(ii) <b>If management is unable to estimate the impact, reasons for the same:</b> <b>Not Applicable</b>
	(iii) <b>Auditors' Comments on (i) or (ii) above</b> In view of the final fructification of the award amount and the settlement of the JV proceeds as detailed in the aforesaid note we are unable to opine whether the entire amount will be to the account of the Company.
3.	<p><b>a. Details of Audit Qualification:</b> We invite attention to note no. 4(c) of the statement relating to Trade receivables, inventories and loans and advances which includes an amount of Rs. 236.68 crores in respect of disputes in four projects of the Company and/or its SPVs. The Company is pursuing legal recourse/ negotiations for addressing the disputes in favour of the Company. Pending the conclusion of the matters we are unable to state whether any provisions would be required against the Company's exposure.</p>
	<b>b. Type of Audit Qualification: Qualified Opinion</b>
	<b>c. Frequency of qualification: 7<sup>th</sup> Time in Audited Accounts</b>
	<b>d. For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:</b> <b>Not Applicable</b>
	<b>e. For Audit Qualification(s) where the impact is not quantified by the auditor:</b>
	(i) <b>Management's estimation on the impact of audit qualification:</b> There are disputes in four projects of the Company. The total exposure against these projects is Rs. 236.68 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 Clients.
	(ii) <b>If management is unable to estimate the impact, reasons for the same:</b> <b>Not Applicable</b>



*Chopra*  
*Arora*



	<p>(iii) <b>Auditors' Comments on (i) or (ii) above:</b>  Pending the conclusion of the disputes we are unable to state whether any provisions would be required against the Company's exposure.</p>
4.	<p><b>a. Details of Audit Qualification:</b>  We invite attention to note no 4 (d) relating to the exposure of the Company to a real estate project of one of the subsidiary engaged in real estate development in Bhopal. The Company in its Standalone Financial results had on prudent basis in the earlier years, based on internal estimates, made a provision of Rs. 100 crores against the exposure of Rs. 361.93 crores which has been adjusted against the carrying value of inventory of said project in these consolidated financial statements. The subsidiary's RERA registration got cancelled and have severe liquidity crunch and was also unable to settle One Time Settlement directions from the lenders for settlement of the term loan. The subsidiary company is in active discussion with the lenders for the financial support for completion of the project. The company is also exploring possibilities of restructuring for which it is in discussion with the lender. The audit of the subsidiary for the prior periods have been completed during the year and the auditor of the subsidiary has also made an Emphasis of Matter on the realisability of its inventory amounting to Rs 822 crore as at March 31, 2022 and also highlighted material uncertainty regarding going concern issue in their report for the year ended March 31, 2022. Considering the liquidity crunch, cancelled RERA registration and pending outcome of the discussion with lenders we are unable to state whether any further provision is required towards the exposure (Net) towards inventory of Rs. 800.39 crores.</p> <p><b>b. Type of Audit Qualification: Qualified Opinion</b></p> <p><b>c. Frequency of qualification: 6<sup>th</sup> Time in Audited Accounts</b></p> <p><b>d. For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:</b>  <b>Not Applicable</b></p> <p><b>e. For Audit Qualification(s) where the impact is not quantified by the auditor:</b></p> <p><b>(i) Management's estimation on the impact of audit qualification:</b>  Due to slow down in the real estate market the subsidiary company is facing problems in its development and sale. However on prudent basis management has made a provision of Rs. 100 crores and management is confident that there will be no further provision required towards impairment.</p> <p><b>(ii) If management is unable to estimate the impact, reasons for the same:</b>  <b>Not Applicable</b></p> <p><b>(iii) Auditors' Comments on (i) or (ii) above:</b>  Considering the liquidity crunch, cancelled RERA registration and pending outcome of the discussion with lenders we are unable to state whether any further provision is required towards the exposure (Net) towards inventory of Rs. 800.39 crores.</p>
5.	<p><b>a. Details of Audit Qualification:</b>  We invite attention to note no 4 (e) relating to penal interest and charges of Rs 76.07 crores during the year charged by the lenders on its facilities. Total</p>



*anah*  
*Arora*





	amount of penal interest amount to Rs. 324.65 Crores up to March 31, 2022. The same has not been debited to profit and loss account as management is disputing the same and in discussion with the lenders for reversal of the said penal interest and charges. In the absence of conclusion of the aforesaid discussion, we are unable to state whether any provision is required to be made against such penal interest and charges.
	<b>b. Type of Audit Qualification: Qualified Opinion</b>
	<b>c. Frequency of qualification: 4<sup>th</sup> Time in Audited Accounts</b>
	<b>d. For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views: Not Applicable</b>
	<b>e. For Audit Qualification(s) where the impact is not quantified by the auditor:</b>
	(i) <b>Management's estimation on the impact of audit qualification:</b> The management is disputing the same and has not accepted the debit of interest in its books. They have also requested the lenders to reverse the charges.
	(ii) <b>If management is unable to estimate the impact, reasons for the same: Not Applicable</b>
	(iii) <b>Auditors' Comments on (i) or (ii) above:</b> In the absence of any confirmation for reversal of charges by the lenders, we are unable to state whether any provision is required to be made against such penal interest and charges.

6.

**Details of Audit Qualification:**

The financial statements of the following material Associate, Subsidiaries and Joint Ventures are based on un-audited management prepared financial statements and have been accounted as such and on which no further audit procedures have been carried out by us, including to determine whether the INDAS effects have been appropriately considered, as follows

- i) M/s Campo Puma Oriente S.A, Panama, a Joint Venture of the Company whose financials statement for the year 31<sup>st</sup> December 2020 and 2021 has been not received. There are no audited financial statements after 31<sup>st</sup> December 2012.
- ii) M/s Gammon OJSC Mosmetrostroy, a joint Venture of the group, whose financials statement for the year 31<sup>st</sup> March 2021 and 31<sup>st</sup> March 2022 has not been audited.

Since the Subsidiaries, Joint Ventures and Associates mentioned above are material, the Assets, Revenue and Cash Flow represented in those financial statements are subject to audit and consequent effect, if any

**b. Type of Audit Qualification: Qualified Opinion**

**c. Frequency of qualification: 9<sup>th</sup> Time in Audited Accounts**

**d. For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:**



*Anand*  
*A. J. Joshi*



	<b>Not Applicable</b>	
	<b>e. For Audit Qualification(s) where the impact is not quantified by the auditor:</b>	
	<b>(i) Management's estimation on the impact of audit qualification:</b> The audit could not be completed due to various reasons for the above entities. Based on the discussions with the respective managements, we do not foresee any material impacts arising out of audit in the aforesaid financials statements.	
	<b>(ii) If management is unable to estimate the impact, reasons for the same:</b> <b>Not Applicable</b>	
	<b>(iii) Auditors' Comments on (i) or (ii) above:</b> In the absence of audit reports we are unable to further comments on the management response	
<b>III.</b>	<b>Signatories:</b>	<b>Signatures</b>
	Executive Director & CFO Mr. Anurag Choudhry	
	Chief Executive Officer Mr Ajit Desai	
	Audit Committee Chairman. Mr. Soumendra Nath Sanyal	
	Auditors For Nayan Parikh & Co. Chartered Accountants Firm Registration No. 107023W  K N Padmanabhan Partner M. No. 36410	
	Place: Mumbai	
	Date: June 21, 2022.	

