

STATEMENT OF UNAUDITED STANDALONE RESULTS FOR THE QUARTER ENDED AND NINE MONTHS ENDED 31 DECEMBER 2017

(₹ in Crore except earning per share data)

Sr. No.	Particulars	Quarter ended			Nine Months ended		Year ended
		31-Dec-17	30-Sep-17	31-Dec-16	31-Dec-17	31-Dec-16	31-Mar-17
		Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
I	Income						
	a) Revenue from Operations :	5.68	63.21	717.56	98.14	2,258.95	761.68
	b) Other Income	(9.31)	9.12	93.28	62.26	243.57	308.17
	Total Income (a+b)	(3.63)	72.33	810.84	160.40	2,502.53	1,069.85
II	Expenses						
	a) Cost of material consumed						
	b) Excise Duty	3.76	10.01	206.36	29.16	734.67	246.10
	c) Purchases of stock-in-trade	-	-	2.90	-	9.07	-
	d) Changes in inventories of finished goods, work-in progress and stock-in-trade	-	-	33.53	-	165.71	-
	e) Subcontracting Expenses	(11.91)	(3.04)	(27.95)	(3.52)	(92.53)	49.39
	f) Employee benefits expense	11.35	7.64	148.83	25.76	527.05	203.44
	g) Finance Costs	2.72	3.63	85.46	9.40	250.03	78.43
	h) Depreciation & amortization	133.76	138.56	190.49	407.85	518.21	518.90
	i) Other expenses	3.06	3.37	29.27	9.03	87.75	32.65
	Total Expenses	12.73	13.59	160.81	68.74	458.07	298.57
III	Profit/(Loss) before exceptional items and tax	155.47	173.76	829.71	546.42	2,658.04	1,427.48
IV	Exceptional items Income / (Expense)	(159.10)	(101.43)	(18.87)	(386.02)	(155.51)	(357.63)
V	Profit / (Loss) before tax	12.57	(1,241.38)	(4.47)	(1,464.81)	(45.45)	(1,305.09)
VI	Profit/(Loss) from continuing operations	(146.53)	(1,342.81)	(23.33)	(1,850.83)	(200.96)	(1,662.72)
VII	Tax expenses						
	Current Tax	-	-	-	-	-	-
	Excess / Short Provision of Earlier years	-	-	-	-	-	2.93
	Deferred Tax Liability / (asset)	(0.02)	(32.96)	(2.80)	(32.98)	(17.93)	(5.73)
	Total tax expenses	(0.02)	(32.96)	(2.80)	(32.98)	(17.93)	(2.80)
VIII	Profit/(Loss) for the period from continuing operations	(146.51)	(1,309.85)	(20.53)	(1,817.85)	(183.03)	(1,612.02)
IX	Profit/(Loss) from discontinued Operations	-	-	-	-	-	(47.90)
X	Tax expenses						
	Current Tax	-	-	-	-	-	-
	Excess / Short Provision of Earlier years	-	-	-	-	-	-
	Deferred Tax Liability / (asset)	-	-	-	-	-	-
	Total tax expenses	-	-	-	-	-	-
XI	Profit/(Loss) from Discontinued Operations after Tax	-	-	-	-	-	(47.90)
XII	PROFIT FOR THE YEAR	(146.51)	(1,309.85)	(20.53)	(1,817.85)	(183.03)	(1,659.92)
XIII	Other Comprehensive Income:						
	Items that will not be reclassified to profit or loss (net of Tax)	-	0.04	(1.05)	-	(3.49)	(2.03)
	Income tax thereon	-	-	-	-	-	-
XIII	Other Comprehensive Income:	-	0.04	(1.05)	-	(3.49)	(2.03)
XIV	Total Comprehensive Income / (Loss) For The Period	(146.51)	(1,309.81)	(21.58)	(1,817.85)	(186.52)	(1,661.95)
XVII	Paid up Equity Share Capital (Face Value ₹ 2 per Equity share)	74.11	74.11	74.11	74.11	74.11	74.11
XVIII	Other Equity	-	-	-	-	-	569.47
XIX	Earnings per equity share						
	Basic	(3.97)	(35.59)	(0.56)	(49.28)	(4.99)	(45.10)
	Diluted	(3.96)	(35.52)	(0.56)	(49.19)	(4.99)	(45.01)

See accompanying notes to the financial results



[Handwritten Signature]

SIGNED FOR IDENTIFICATION BY
[Handwritten Signature]
NAYAN PARIKH & CO
MUMBAI.

GAMMON INDIA LIMITED

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

CIN: L74999MH1922PLC000997

Notes:

1. The Financial Results for the quarter and nine months ended December 31, 2017 were reviewed by the Audit Committee and approved by the Board of Directors of the Company at its meeting held on November 28, 2018 and have been subjected to limited review by the Statutory Auditors of the Company.
2. Results for the quarter and nine months ended December 31, 2017 have been prepared for the purposes of compliance with SEBI Listing Obligation and Disclosure Requirement Regulations and have been adopted simultaneously with the annual audited Standalone Financial Statements for the year ended March 31, 2018. The same 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 December 2016 are taken from published year to date figures upto December 31, 2016, which were subjected to limited review by the predecessor statutory auditors. These figures are not adjusted for the effects of scheme and BTA in respect of Transmission and Distribution division. The effect of the scheme and BTA were given effect to in the quarter ended March 31, 2017 after the receipt of the regulatory approval. Therefore the previous period quarterly numbers of December 31, 2016 are not comparable with the current quarter ended December 31, 2017
4. The Company's funded and non-funded exposure towards Franco Tosi Mecannica S.p.A (FTM) group is Rs. 933.06 crores (net of provisions made) as at December 31, 2017 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. has 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. The valuation pegged by the commissioner is based on the valuation of land in adjoining premises which is also under administration. 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. Despite these factors the management expects that the surplus available to the equity shareholder will be adequate to cover the exposure of the Company towards FTM.

The auditors have qualified their report on this account as follows

"We invite attention to note no 4 relating to one of the subsidiaries M/s Franco Tosi Meccanica S.p.A (FTM). As described in the note, the control of the operating/core asset of the said FTM has been transferred to the successful bidder and the Company is entitled only to the surplus arising out of disposal of non-core assets of FTM after paying off all other creditors/liabilities of FTM. The funded and non-funded exposure of the Company to FTM is Rs. 933.06 crores (net of provisions made) as at December 31, 2017 including towards the corporate guarantees issued towards the

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bank guarantees issued in favour of the said FTM. The management as detailed in the said note is awaiting the details of the surplus arising out of the disposal of the non-core assets and the recovery of the liabilities therefrom. The management expects that the surplus will be adequate to cover the exposure. However in the absence of any indication of the value of the non-core assets or the surplus we are unable to quantify the possible provision towards the exposure of the Company and therefore also the effect on the loss/profit of the Company for the quarter ended December 31, 2017.”

5. Pursuant to the rejection of remuneration paid/payable to Chairman for the period 1st April,2012 to 31st March,2017 aggregating to RS.30.54 crores and recovery of excess remuneration paid to erstwhile Executive Director aggregating to RS. 0.59 crores ,the Company has reversed the said managerial remuneration and has shown the net recoverable remuneration (after reversal of unpaid salary) aggregating to Rs. 24.53 crores as receivable from the Chairman and the erstwhile Executive Director. The Board on the recommendation of the nomination and remuneration committee has decided to seek from its shareholders /lenders waiver of the remuneration recoverable as aforementioned.
6. There are disputes in seven projects of the Company. The total exposure against these projects is Rs. 400.75 Crore consisting of receivable of Rs. 160.52 crores, inventory Rs. 51.82 crore and other receivables Rs. 188.41 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..

The auditors have qualified their report on this account as follows

“Trade receivable, inventories loans and advances which includes an amount of Rs. 400.75 crores in respect of disputes in seven 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 (refer Note 6).”

7. The accounts of a subsidiary M/s Campo Puma Oriente S.A. have not been audited since December 2012, due to certain disputes with the partner in the project. Furthermore, IDBI Bank Dubai, invoked the Stand by letter of credit provided by IDBI Mumbai in the month of October 2016. The exposure of the Company in the said subsidiary is Rs. 186.12 crores (net of provisions of Rs. 230 crores made). The company had received a valuation report for \$ 60 Million approximately from an independent merchant banker for its share more than 36 months ago, which the management believes is still valid. Furthermore, the company is in the process of enhancing its output of oil field from the current level, which is expected to further improve the value. The disputes between the partners are expected to be resolved within a short time after which the financial statements will be signed and released. The Company has already made a provision of Rs 130 crores in March 2017 against its exposure based on internal estimates of the realisable value and further provision of Rs. 100 crores during the year. The provision for the year has been shown as exceptional item

The auditors have qualified their report on this account as follows



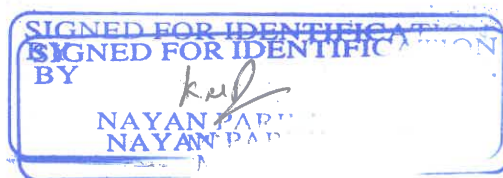
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"We invite attention to note no 7 relating to the Company's Exposure to Campo Puma Oriente S.A. of Rs. 286.12 crores net of impairment provision. During the year further provision of Rs. 100 crore is made leaving a net exposure of Rs. 186.12 crores based on internal estimates of realisability. In the light of the on-going dispute with the partners resulting in the financial statements not being finalised, in view of the impairment testing of the said exposure not being carried out by Gammon India Limited, the available independent valuations are more than 36 months old and the internal estimates of realisability not being backed by independent valuation, we are unable to state whether any further impairment would be required."

8. 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.114.22 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.
9. The Company has receivable including retention and work in progress aggregating to Rs. 54.82 Crore (inventory - Rs. 24.40 crores and receivables Rs. 30.42 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.
10. The Company has evaluated its existing claims in respect of on-going, completed and/or terminated contracts with the help of an independent expert in the field of claims and arbitration have assessed the likely amount of claims being settled in favour of the Company. During the period Company has recognised further claims amounting to Rs. 46 crores. The expert has reviewed all the claims and has opined that an amount aggregating to Rs. 866.01 crores will be reasonably certain to be settled in favour of the Company. The management contends that the same are due to them and they have a very good chance of realisation.

The auditors have qualified their opinion.

"We invite attention to note no 10, detailing the recognition of claims during the year of Rs. 46 crores in respect of on-going, completed and/or terminated contracts. The aggregate amount of claims outstanding as at December 31, 2017 is Rs. 866.01 crores. These claims are recognised only on the basis of opinion of an expert in the field of claims and arbitration as part of the requirement of the Strategic Debt Restructuring scheme with the lenders. 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 results of the quarter ended December 31, 2017.”

11. 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. As on December 31, 2017 the Company's current liabilities exceed the current assets by Rs. 5026.30 crores. The facilities of the Company with the CDR 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 CDR 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.

ICICI bank has invoked pledge of shares of Gammon Infrastructure Projects Limited which were pledged as security by one of the Company's wholly owned subsidiary towards recovery of its dues. As on December 31, 2017 the Company's wholly owned subsidiary held 40,04,99,700 equity shares (42.52%) in GIPL.

The CDR lenders also invoked pledge of Company's holdings of 17.26% in Gammon Engineers and Contractors Private Limited and 17.38% holding in Transrail Lighting Limited for recovery of its dues apart from invoking the personal guarantee of the promoter Mr. Abhijit Rajan and the Corporate Guarantee given by a "promoter Group Company".

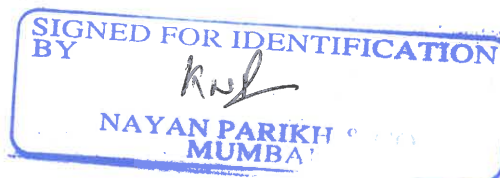
The Company has been making every effort in settling the outstanding CDR dues.

The demerger of the transmission and distribution business and part of the Civil EPC business in the previous year has resulted in the reduction of CDR lenders exposure by Rs. 10,362 crores including funded and non-funded exposures. After the carve out of businesses the total exposure of the lenders in the Company is RS. 4263 crores (Fund based-Rs. 3872 crores (excluding interest) and Non-Fund Based - Rs. 391 crores).

The Company's subsidiary has sold 16,50,00,300 equity shares of Gammon Infrastructure Projects Limited and repaid Bank loan of Rs. 57.81 crores.

Post the balance sheet date, the Company has repaid term loan of Canara bank aggregating to Rs. 286 crores (including interest) through monetization of the land owned by one of its subsidiary Metropolitan Infrastructure Private Limited.

During the year under review as part of its plan of revival under the CDR/SDR mechanism, the Company also undertook the demerger of residual EPC Business through a combination of slump sale and slump exchange to its wholly owned subsidiary Gammon Transmission Limited and also approved the investment by a strategic Investor in GTL with a change of management which is pending approval of lenders, shareholders and the regulatory authorities. It is proposed that a debt of Rs. 70 crore fund based and Rs. 52 crores non fund based will be transferred as part of the residual EPC undertaking.



The Company has recently been in talks with an Investor who has evinced interest in acquiring major stake in the Company and the draft proposal from the Investor also includes a debt resolution plan. The broad terms of the proposal are;

(I) The Investor upon satisfactory completion of the due diligence and conditions precedent (as may be specified in the Definitive Agreements), will invest INR 50 crore as primary investment into Gammon for a minimum of 60% stake and management control.

(II) Gammon India would be revived as a construction company primarily in the EPC business.

(III) The claims from various EPC projects are around INR 3,600 crore and will continue to remain in the Company.

(IV) The Total Debt to be assumed= INR 500 crore The assumed debt would be restructured with a new maturity and repayment profile having an IRR of 8%. To facilitate this restructuring and retire this restructured debt, the investor proposes that the following package of assets would be collateralized to the lenders:

Gammon House:

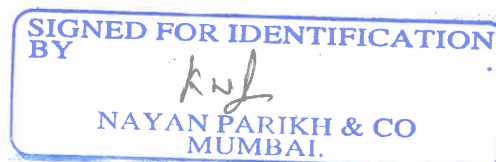
Gammon House asset will be developed and sold by entering into a development agreement with leading developers. For this a debt of INR 200 crore will be repaid by the Investor over a period of 4 years at an IRR of 8%.

CDR lenders having exclusive charge on Gammon House will continue to retain the charge and Rs 200 crore will be paid to them. Alternatively Gammon House can be sold & entire proceeds can be given to the two lenders.

Apart from Gammon House the company has other assets like claims, investments & other assets. The Investor expects to repay approx. Rs 500 crores over a period of 4 years to the lenders after deducting arbitration & legal costs.

The aforementioned proposal is subject to further negotiations between the Company, its lenders and the Investor.

The company is also actively exploring various options for monetisation of various assets to repay the debt. The above action plan of the Company for repaying the debts and servicing the same is exposed to material uncertainties including the necessary value of the balance stake being available and realised, realisation of the claim amounts filed by the Company, monetisation of the stake sale of Campo Puma and other investments and also the acceptance of the Investors proposal by the lenders. The management is however hopeful of being successful in accomplishing its objective and servicing the debt and maintain its going concern status. 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.

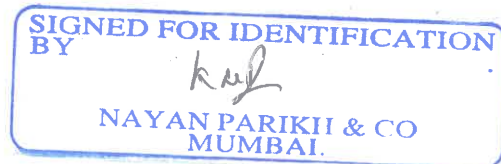


12. The Company's exposure to one of the subsidiary company developing a real estate project in Bhopal is Rs 343.86 crores. Due to slow down in the real estate market the subsidiary company is facing problems in its development and sale. During the year the management has on a conservative basis made a provision of Rs. 100 crores against its exposure based on internal estimates of the realizable value. The management is confident that there will be no further provision required towards impairment. The provision for the year has been shown as exceptional item

The auditors have qualified their report on this account as follows

"We invite attention to note no 12 relating to the exposure of the Company to a subsidiary engaged in real estate development in Bhopal. During the year on prudent basis the company has made a provision of Rs. 100 crores against the exposure of Rs. 343.86 crores. The Subsidiary's financials are also not available for our review. Hence in the absence of any indicators of value arising out of the project and its financial stability we are unable to state whether any further provision is required against the exposure."

13. 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.
14. The Company on prudent basis has stopped recognizing further interest on all the loans which are doubtful of recovery and for which provisions for impairment are made either in full or part
15. One of the subsidiary ("Metropolitan Infrahousing Private Limited") has sold the Land at Dombivali since the Balance Sheet date. After this there are no major assets in the books of MIPL except for a parcel of land aggregating to 45 acres to repay the loan of GIL. Therefore the company has made a provision for impairment of its investment in the subsidiary of Rs. 505.44 Crores net of the reversal of the provision of deferred tax liability recognised on transition date of Rs. 101.09 Crores. Further provision of Rs. 268.90 Crores has been made against its exposure as loan & interest receivable. The provision for the year has been shown as exceptional item.
16. The company has made impairment provision towards the carrying value of investment carried at cost in respect of investment in Gammon Power Limited and Gactel Turnkeys Project Limited, the companies through which the equity stake in Gammon Infrastructure Project Limited (GIPL) is held. The provision made is Rs.153.49 crores for the year. (Rs. 529.96 crores for the year ended March 31, 2017). The impairment provision is made based on the market price of the said shares of GIPL. The provision for the year has been shown as exceptional item.
17. The exposure of the Company in Sofinter S.p.A through two subsidiaries is Rs. 1112.34 crores of which Gammon International BV is Rs. 826.14 Crores and Gammon Holding Mauritius Limited is Rs. 286.20 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 the reduction in Equity value as per the recent valuation report is Rs. 125 Crores. However on the prudent basis Company has provided Rs. 350 crores during the year against its exposure to GIBV. The provision for the year has been shown as exceptional item.

18. One of the subsidiary ("Gammon Realty Limited) has received advance of Rs 30 Crore against sale of its stake in its subsidiary ("Preeti Township Private Limited) pending execution of share purchase agreement and transfer of shares in favour of buyer. Further there are no other major assets remains (in "Gammon Realty Limited") to repay the loan of GIL therefore the company has made a provision of Rs. 120 Crores against its exposure. The provision for the year has been shown as exceptional item.
19. The Exceptional items include the following

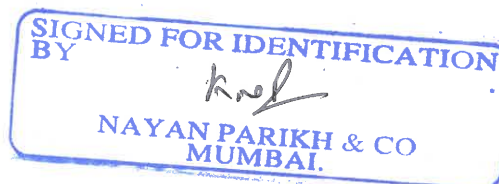
Particulars	Rs. In Crore	
	Nine months ended December, 2017	Year ended March 31, 2017
Net provision for impairment of Investments net of DTL reversal	583.90	557.97
Impairment provisions of Loans	940.90	606.26
Impairment provisions of Trade Receivable	-	119.28
Impairment provision of Other Receivable	-	28.55
Write back of Diminution in the value of Investment	-	(6.98)
Write back of provision of Loans	(59.49)	-
Total	1464.81	1305.09

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

For Gammon India Limited



Abhijit Rajan
Chairman
DIN No. 00177173
Mumbai, November 28, 2018



NAYAN PARIKH & CO.

(REGISTERED)

CHARTERED ACCOUNTANTS

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Review Report

To
The Board of Directors
Gammon India Limited,
Mumbai.

1. We have reviewed the accompanying statement of unaudited standalone financial results ("Statement") of Gammon India Limited ("the Company") for the quarter and nine months ended December 31, 2017. This statement is being submitted by the Company pursuant to Regulation 33 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulation, 2015, as modified by Circular No. CIR / CFD / FAC / 62 / 2016 dated July 5, 2016. These results are prepared for the purpose of compliance with the Listing Obligations and Disclosure Requirements and have been adopted alongwith the audited accounts for the year ended March 31, 2018. This Statement is the responsibility of the Company's Management and has been approved by the Board of Directors. This Statement has been prepared in accordance with the recognition and measurement principles laid down in the Indian Accounting Standard 34 "Interim Financial Reporting" (Ind-AS 34) prescribed under section 133 of the Companies Act, 2013 read with the relevant rules issued thereunder and other accounting principles generally accepted in India. Our responsibility is to issue a report on this Statement based on our review.
2. We conducted our review in accordance with the Standard on Review Engagement (SRE) 2410, "Review of Interim Financial Information performed by the Independent Auditor of the Entity" issued by the Institute of Chartered Accountants of India. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statement is free of material misstatements. A review is limited primarily to inquiries of Company personnel and analytical procedures applied to financial data and thus provide less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.
3. **Basis of Qualified Conclusion**
 - a. We invite attention to note no 4 relating to one of the subsidiaries M/s Franco Tosi Meccanica S.p.A (FTM). As described in the note, the control of the operating/core asset of the said FTM has been transferred to the successful bidder and the Company is entitled only to the surplus arising out of disposal of non-core assets of FTM after paying off all other creditors/liabilities of FTM. The funded and non-funded exposure of the Company to FTM is Rs. 933.06 crores (net of provisions made) as at December 31, 2017 including towards



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the corporate guarantees issued towards the bank guarantees issued in favour of the said FTM. The management as detailed in the said note is awaiting the details of the surplus arising out of the disposal of the non-core assets and the recovery of the liabilities therefrom. The management expects that the surplus will be adequate to cover the exposure. However in the absence of any indication of the value of the non-core assets or the surplus we are unable to quantify the possible provision towards the exposure of the Company and therefore also the effect on the loss/profit of the Company for the quarter ended December 31, 2017.

- b. We invite attention to note no 10, detailing the recognition of claims during the year of Rs. 46 crores in respect of on-going, completed and/or terminated contracts. The aggregate amount of claims outstanding as at December 31, 2017 is Rs. 866.01 crores. These claims are recognised only on the basis of opinion of an expert in the field of claims and arbitration as part of the requirement of the Strategic Debt Restructuring scheme with the lenders. 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 results of the quarter ended December 31, 2017.
- c. We invite attention to note no 7 relating to the Company's Exposure to Campo Puma Oriente S.A. of Rs. 286.12 crores net of impairment provision. During the year further provision of Rs. 100 crore is made leaving a net exposure of Rs. 186.12 crores based on internal estimates of realisability. In the light of the on-going dispute with the partners resulting in the financial statements not being finalised, in view of the impairment testing of the said exposure not being carried out by Gammon India Limited, the available independent valuations are more than 36 months old and the internal estimates of realisability not being backed by independent valuation, we are unable to state whether any further impairment would be required.
- d. Trade receivable, inventories loans and advances which includes an amount of Rs. 400.75 crores in respect of disputes in seven 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 (refer Note 6).
- e. We invite attention to note no 12 relating to the exposure of the Company to a subsidiary engaged in real estate development in Bhopal. During the year on prudent basis the company has made a provision of Rs. 100 crores against the exposure of Rs. 343.86 crores. The Subsidiary's financials are also not



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available for our review. Hence in the absence of any indicators of value arising out of the project and its financial stability we are unable to state whether any further provision is required against the exposure.

4. Qualified Conclusion

Except for the possible effects arising out of the matters mentioned in para a to e of our Basis for Qualified Conclusion mentioned hereinabove, nothing has come to our attention that causes us to believe that the accompanying Statement prepared in accordance with applicable accounting standards as specified under section 133 of the Companies Act, 2013, read with rule 7 of the Companies (Accounts) Rules, 2014 and other recognized accounting practices and policies has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with SEBI circular bearing nos. Circular No. CIR / CFD / CMD / 15 / 2015 dated November 30, 2015 and CIR / CFD / FAC / 62 / 2016 dated July 5, 2016 including the manner in which it is to be disclosed, or that it contains any material misstatement.

5. Material Uncertainty Related to Going Concern

We invite attention to the note no 11 relating to the present financial situation of the Company detailing the Material Uncertainties Relating to Going Concern and the Going Concern assumptions. The lenders have recalled all the loans and their present excess of Current Liabilities over Current Assets is Rs. 5025.30 crores. The Company is finding it difficult to meet its financial obligations and the lenders have still not approved its further restructuring plan. Further due to the issues detailed in the note 11 the Company is continuously delayed in the preparation of the financial statements and submissions to the stock exchanges as per the timelines of the listing agreement. The trading in the equity shares of the Company is presently suspended. Some of the creditors have filed for winding up petitions against the Company. However the Company has obtained stay subject to deposit of money with the NCLT. The company has severe manpower issues and is defaulting on its statutory and regulatory obligations. The issues as stated above and in note no 11 including but not limited to the Material uncertainties involved in the restructuring and resolution plans forming the basis of the Going Concern assumption indicates material uncertainties that may cast significant doubt about the Going Concern Assumption. Our report is not qualified on this account.



NAYAN PARIKH & CO.

(REGISTERED)

CHARTERED ACCOUNTANTS

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6. Emphasis of Matter

Without qualifying our conclusion, we draw attention to the following matters;

- a) We draw attention to Note no 8 of the financial results relating to recoverability of an amount of Rs.114.22 crores as at December 31, 2017 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 9 relating to the projects of real estate sector where the exposure is Rs. 54.82 crores. The management is confident of ultimate recovery of the amounts and we have relied on the management assertions of recoverability.
7. The Comparative financial results of the Company for the quarter ended December 31, 2016 included in this statement have been audited by the predecessor auditor. The report of the predecessor auditor on these comparative financial information dated February 15, 2017 expressed a modified opinion

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



K N Padmanabhan
Partner
M. No. 36410

Mumbai, Dated : November 28, 2018

