

Natvarlal Vepari & Co.

CHARTERED ACCOUNTANTS

903-904, 9th Floor, Raheja Chambers, 213, Nariman Point, Mumbai-400 021. Tel : 67527100 Fax : 6752 7101 E-Mail : nvc@nvc.in

Independent Auditor's Report on Audit of Annual Standalone Financial Results and Review of Quarterly Financial Results of Gammon India Limited

To,
The Board of Directors of
Gammon India Limited

Qualified Opinion and Qualified Conclusion

We have

- a. Audited the Standalone Financial Results for the year ended March 31, 2023 and
- b. Reviewed the Standalone Financial Results for the quarter ended March 31, 2023 (refer 'Other Matters' section below), which were subject to limited review by us,

both included in the accompanying "Statement of Standalone Financial Results for the quarter and year Ended March 31, 2023." of **Gammon India Limited** ("the Company"), being submitted by the Company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("the Listing Regulations")

(a) Opinion on Annual Standalone Financial Results

In our opinion and to the best of our information and according to the explanations given to us, the Standalone Financial Results for the year ended March 31, 2023 except for the possible effects of the matter described in Basis of Qualified Opinion paragraph (a) to (d):

- i. The Statement in our opinion and to the best of our information and according to the explanations given to us, is presented in accordance with the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended; and
- ii. gives a true and fair view in conformity with the recognition and measurement principles laid down in the Indian Accounting Standards and other accounting principles generally accepted in India of the net loss and total comprehensive income and other financial information of the Company for the year then ended.

(b) Conclusion on Unaudited Standalone Financial Results for the quarter ended March 31, 2023

With respect to the Standalone Financial Results for the quarter ended March 31, 2023, based on our review conducted as stated in paragraph (b) of Auditor's Responsibilities section below except for the possible effects of the matter described in Basis of Qualified



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Opinion paragraph (a) to (d), , nothing has come to our attention that causes us to believe that the Standalone Financial Results for the quarter ended March 31, 2023, prepared in accordance with the recognition and measurement principles laid down in the Indian Accounting Standards and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, including the manner in which it is to be disclosed, or that it contains any material misstatement.

Basis for Opinion on the Audited Standalone Financial Results for the year ended March 31, 2023

- 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, 2023 is Rs. 151.39 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, 2023.
- b) We invite attention to note no. 4 (b) of the statement relating to the claim of CMRL project wherein the Company has accounted the award at an amount of Rs 532.00 Crores. This amount includes an amount of Rs 123.08 Crores which is subject matter of appeal arising from the award. The company has given an unfunded exposure of Rs. 51.25 Crores in form of Bank Guarantee. The Company has accounted for the entire award to its account although 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 financial statement relating to Trade receivables, inventories and loans and advances which includes an amount of Rs. 182.37 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 financial statement relating to penal interest and charges of Rs 91.11 crores during the year charged by the lenders on its facilities. Total amount of penal interest amount to Rs. 415.76 Crores up to March 31, 2023. The



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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.

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 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's Current Liabilities exceeds Current Assets by Rs 9,496.90 Crore as at March 31, 2023. The Company is finding it difficult to meet its financial obligations and the resolution plan is under consideration by lenders. 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 is under consideration by the 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.291.42 crores as at March 31, 2023 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



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where the Company is confident of recovery. The recoverability is dependent upon the outcome of the appeals & negotiations getting resolved in favour of the company.

- b) We draw attention to Note no 6 of the Statement relating to the projects of real estate sector where the exposure is Rs. 23.33 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 Statement

This Statement which includes the Standalone Financial Results is the responsibility of the Company's Board of Directors and has been approved by them for the issuance. The Standalone Financial Results for the year ended March 31, 2023, have been compiled from the related audited standalone financial statements. This responsibility includes the preparation and presentation of the Standalone Financial Results for the quarter and year ended March 31, 2023 that give a true and fair view of the net loss and other comprehensive income and other financial information in accordance with the recognition and measurement principles laid down in the Indian Accounting Standards prescribed under Section 133 of the Act read with relevant rules issued 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 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 the 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 is free from material misstatement, whether due to fraud or error.

In preparing the Standalone Financial Results, the Board of Directors 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 the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors of the Company is also responsible for overseeing the financial reporting process of the Company.

Auditor's Responsibilities

(a) Audit of the Standalone Financial Results for the year ended March 31, 2023

Our objectives are to obtain reasonable assurance about whether the Standalone



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Financial Results for the year ended March 31, 2023 as a whole is 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this 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:

- Identify and assess the risks of material misstatement of the Annual 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.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors.
- Evaluate the appropriateness and reasonableness of disclosures made by the Board of Directors in terms of the requirements specified under Regulation 33 of the Listing Regulations.
- Conclude on the appropriateness of the Board of Directors' 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 ability of the Company 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 Statement 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.
- Evaluate the overall presentation, structure and content of the Annual Standalone Financial Results, including the disclosures, and whether the Annual Standalone Financial Results represent the underlying transactions and events in a manner that



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achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the Annual Standalone Financial Results of the Company to express an opinion on the Annual Standalone Financial Results.

Materiality is the magnitude of misstatements in the Annual Standalone Financial Results that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the Annual Standalone Financial Results 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 Annual Standalone Financial Results.

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.

(b) Review of the Standalone Financial Results for the quarter ended March 31, 2023

We conducted our review of the Standalone Financial Results for the quarter ended March 31, 2023, in accordance with the Standard on Review Engagements ("SRE") 2410 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity', issued by the ICAI. A review of interim financial information consists of making inquiries, primarily of the Company's personnel responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with SAs specified under section 143(10) of the Act and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Other Matters

- a. The Statement includes the results for the quarter ended March 31, 2023, being the balancing figure between audited figures in respect of the full financial year and the published year to date figures up to the third quarter of the current financial year which were subject to limited review by us. Our report on the Statement is not modified in respect of this matter.
- b. The comparative financial information of the Company for the quarter and the year



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ended March 31, 2022, included in these standalone financial statements have been audited by the predecessor auditor M/s Nayan Parikh & Co. Chartered Accountants who had reviewed the quarter ended March 31, 2022, and audited the financial statements for the year ended March 31, 2022. The report of the predecessor auditor on the comparative financial information dated June 21, 2022, expressed a modified opinion.

For Natvarlal Vepari & Co
Chartered Accountants
Firm Registration No. 106971W

Nuzhat

Nuzhat Khan
Partner

M. No. 124960

Mumbai, Dated: - October 28, 2023

UDIN: 23124960 BGVG615497





GAMMON INDIA LIMITED
CIN:L74999MH1922PLC000997

Statement of Standalone Assets and Liabilities as at March 31, 2023

(₹ in Crore)

Particulars	Audited As at	
	March 31, 2023	March 31, 2022
ASSETS		
NON-CURRENT ASSETS		
(a) Property, plant and equipment	405.17	412.11
(b) Capital work-in-progress	-	-
(c) Financial assets	-	-
(i) Investments	44.67	121.67
(ii) Trade receivable	360.75	204.93
(iii) Loans	196.54	657.51
(iv) Others	23.91	107.02
(d) Deferred tax assets (net)	-	-
(e) Other non-current assets	1,117.26	1,199.34
TOTAL NON-CURRENT ASSETS	2,148.30	2,702.58
CURRENT ASSETS		
(a) Inventories	10.97	32.71
(b) Financial assets	-	-
(i) Investments	0.03	0.03
(ii) Trade receivables	5.83	31.16
(iii) Cash and cash equivalents	0.00	0.01
(iv) Bank balances	1.56	10.26
(v) Loans	0.11	0.27
(vi) Others	32.07	29.85
(c) Current tax assets (net)	-	-
(d) Other current assets	65.65	95.50
TOTAL CURRENT ASSETS	116.22	199.79
TOTAL ASSETS	2,264.52	2,902.37
EQUITY AND LIABILITIES		
EQUITY		
(a) Equity share capital	74.11	74.11
(b) Other equity	(7,607.31)	(6,067.21)
TOTAL EQUITY	(7,533.20)	(5,993.10)
LIABILITIES		
NON-CURRENT LIABILITIES		
(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	11.70	11.96
(iii) Other financial liabilities	12.00	12.00
(b) Provisions	0.75	0.60
(c) Deferred tax liabilities (net)	92.79	104.34
(d) Other non-current liabilities	67.32	68.66
TOTAL NON-CURRENT LIABILITIES	184.56	197.56
CURRENT LIABILITIES		
(a) Financial liabilities	-	-
(i) Borrowings	-	-
(ii) Trade payables	-	-
- Total outstanding dues to Micro and Small Enterprises	0.29	0.34
- Total outstanding dues to other than Micro and Small Enterprises	92.51	97.15
(iii) Other financial liabilities	8,999.09	8,114.47
(b) Other current liabilities	32.81	33.88
(c) Provisions	488.46	452.07
(d) Current tax liabilities (net)	-	-
TOTAL CURRENT LIABILITIES	9,613.16	8,697.91
TOTAL EQUITY AND LIABILITIES	2,264.52	2,902.37



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Statement of Standalone Financial Results for the Quarter and Year Ended March 31, 2023

(₹ in Crore)

Sr. No.	Particulars	Quarter ended			Year ended	
		31-Mar-23	31-Dec-22	31-Mar-22	31-Mar-23	31-Mar-22
		Reviewed	Reviewed	Reviewed	Audited	Audited
I	Income					
	a) Revenue from Operations :	72.73	7.35	1.81	101.48	27.66
	b) Other Income	0.95	4.64	8.58	21.96	25.27
	Total Income (a+b)	73.69	11.99	10.39	123.44	52.93
II	Expenses					
	a) Cost of material consumed	2.97	3.92	4.44	16.41	12.11
	b) Changes in WIP & FG	21.95	-	-	21.95	-
	c) Subcontracting Expenses	2.29	1.14	3.36	8.99	14.29
	d) Employee benefits expense	2.71	2.19	2.01	8.87	8.09
	e) Finance Costs	211.53	206.96	187.83	813.29	721.90
	f) Depreciation & amortization	0.43	0.45	0.79	2.14	3.61
	g) Other expenses	98.63	30.13	236.42	150.97	246.72
	Total Expenses	340.51	244.79	434.85	1,022.62	1,006.72
III	Profit/(Loss) before exceptional items and tax	(266.83)	(232.80)	(424.46)	(899.18)	(953.79)
IV	Exceptional items (Income) / Expenses	393.82	258.64	130.76	652.46	130.76
V	Profit / (Loss) before tax	(660.65)	(491.44)	(555.22)	(1,551.63)	(1,084.55)
VI	Tax expenses					
	Current Tax	-	-	-	-	-
	Excess / Short Provision of Earlier years	-	-	-	-	-
	Deferred Tax Liability / (asset)	(13.60)	-	(1.48)	(11.55)	1.20
	Total tax expenses	(13.60)	-	(1.48)	(11.55)	1.20
VII	PROFIT FOR THE PERIOD / YEAR	(647.05)	(491.44)	(553.74)	(1,540.08)	(1,085.75)
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]	(0.03)	0.00	0.04	(0.02)	0.02
	- Net gain/ (loss) on fair value of equity instruments through OCI	-	-	-	-	-
	Other Comprehensive Income:	(0.03)	0.00	0.04	(0.02)	0.02
IX	Total Comprehensive Income / (Loss) For The Period / Year	(647.08)	(491.44)	(553.70)	(1,540.10)	(1,085.73)
X	Paid up Equity Share Capital (Face Value ₹ 2 per Equity share)				74.11	74.11
XI	Other Equity				(7,607.31)	(6,067.21)
XII	Earnings per equity share					
	Basic	(17.54)	(13.32)	(15.01)	(41.75)	(29.44)
	Diluted	(17.54)	(13.32)	(15.01)	(41.75)	(29.44)

See accompanying notes to the financial results



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Standalone Cash Flow Statement For the Year Ended 31 March 2023

Particulars	April to March 2023	April to March 2022
A CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit Before Tax and Extraordinary Items	(1,551.63)	(1,084.55)
Adjustments for :		
Depreciation	2.14	3.61
(Profit) / Loss on Sale of Assets	(5.58)	0.17
Net (Profit)/loss on financial asset through FVTPL	-	0.02
Interest Expenses	813.29	721.90
Provision for Doubtful Debts and Advances	20.45	2.02
Provision for Risk & contingencies	36.36	
Proviison of Investment	(0.03)	-
Foreign Exchange Loss / (Gain)	37.47	2.72
Interest Income	(10.28)	(11.45)
Bad Debts	3.00	-
Exceptional Items	652.46	130.76
Contract Asset Write off	10.85	-
Loss on recognition of Award	21.36	225.79
Sundry Balances Written off	4.68	2.23
Sundry Balances Written Back	(2.38)	(6.68)
Operating Profit Before Working Capital Changes	32.16	(13.46)
Trade and Other Financial Receivables	(53.37)	2.38
Inventories	(0.21)	0.42
Trade Payables and Provision	(2.45)	(1.74)
Other Financials and Non Financial Assets	12.54	11.44
Other financial liabilities	5.86	0.95
Other non-financial liabilities	(1.26)	1.47
CASH GENERATED FROM THE OPERATIONS	(6.74)	1.46
Direct Taxes Paid / (Refund)	0.91	1.16
Net Cash from Operating Activities	(7.65)	0.30
B CASH FLOW FROM INVESTMENT ACTIVITIES		
Proceeds from Sales PPE	1.78	2.17
Investment	0.00	-
Other Bank Balance	8.70	(2.50)
Interest Received	0.86	0.02
Net Cash from Investment Activities	11.35	(0.31)
C CASH FLOW FROM FINANCING ACTIVITIES		
Interest paid	(0.36)	-
Net proceeds from Short term Borrowings	(3.35)	-
Net Cash from Financing Activities	(3.71)	-
NET INCREASE IN CASH AND CASH EQUIVALENTS	(0.01)	(0.01)
Opening Balance	0.01	0.02
Closing Balance	0.00	0.01
NET INCREASE IN CASH AND CASH EQUIVALENTS	(0.01)	(0.01)
Components of Cash and Cash Equivalents		
Cash on Hand	0.00	0.01
Balances with Bank	-	-
Total Balance	0.00	0.01

Note : Figure in brackets denote outflows

Statement of significant accounting policies and explanatory notes forms an integral part of the financial statements.

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Notes:

1. The Standalone Financial Results for the quarter and year ended March 31, 2023 were reviewed by the Audit Committee and approved by the Board of Directors of the Company at its meeting held on 28th October 2023 and have been audited by the Statutory Auditors of the Company.
2. Results for the quarter and year ended March 31, 2023 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 of the quarter ended March 31,2023 are the balancing figures between the audited figures in respect of the full financial year and unaudited year-to-date figures up to the third quarter ended December 31,2022, which were subjected to limited review.
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. 151.39 crore as at March 31, 2023 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 accounted the award at an amount of Rs 532.00 Crores. This amount includes an amount of Rs 123.08 Crores which is subject matter of appeal arising from the award. The company has given an unfunded exposure of Rs. 51.25 Crores in form of Bank Guarantee. The Company has accounted for the entire award to its account although the award is in the name of joint venture as detailed in the note.
 - c) There are disputes in six projects of the Company. The total exposure against these projects is Rs. 182.37 Crore consisting of receivable of Rs. 60.70 crores, inventory Rs. 43.96 crore and other receivables Rs. 77.71 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) During the Year ended March 31, 2023 two lenders have levied penal interest and charges of Rs 91.11 Crores. Total amount of penal interest and charges amounts to Rs. 415.76 Crores up to March 31,2023. 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.291.42 Crore 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.

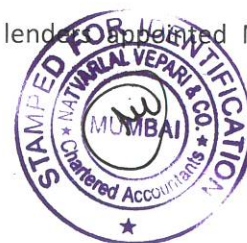
6. The Company has receivable including retention amounting to Rs. 23.33 Crore receivables in various jobs relating to the Real Estate Projects due to the problems faced by the Real Estate Sector. The management is confident of ultimate recovery considering its contractual position and therefore no adjustments are required to be made in respect of such contracts.

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 9,496.94 Crore as at March 31, 2023. It only increased further in the quarter. 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 Inter Creditor Agreement (ICA) the lender appointed M/s



Deloitte Touche Tohmatsu India LLP as Process Advisory (PA) in the resolution process of the Company. 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.

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. Pursuant to SARFAESI Union Bank of India has also issued several e-auction notices the latest on February 20, 2023.

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 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. The Group has received an investment proposal from an investor in Sofinter for a sale of stake of 57.5% holding at an aggregate value of Euro 12 Million. Considering the sale proposal, the Company has made provision for impairment of its stake and exposure in Sofinter of an amount of RS 400 crores as at March 31, 2023.
10. 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.
11. The Exceptional Income /(Expenses) include the following

Rs. In Crore

Particulars	Quarter Ended			Year ended	
	Mar 31, 2023	Dec 31, 2022	Mar 31, 2022	Mar 31, 2023	Mar 31, 2022
Provision for risk and contingency	-		(11.51)	-	(11.51)
Provision for Exposure of Deepmala Infrastructure Private Limited	6.18	(258.64)		(252.46)	-
Provision for Impairment of Exposure to Sofinter Group	(400.00)		(119.25)	(400.00)	(119.25)
Total	(393.82)	(258.64)	(130.76)	(652.46)	(130.76)

- a) During the year one of the subsidiary Company has entered into OTS Settlement with its primary lender Axis Bank. Due to the OTS settlement One of the Subsidiary company has Written off the Loan and interest amount of the Bank for the balancing amount. Pursuant to the OTS and the terms documented through tripartite agreement between the Company, its Shareholder and Financial Investor, amounts receivable (including interest) from related parties of the majority shareholder has been written off with the consent to each of such parties.
- b) The Group has received an investment proposal from an investor in Sofinter for a sale of stake of 57.5% holding at an aggregate value of Euro 12 Million. Considering the sale proposal, the Company has made provision for impairment of its exposure in Sofinter of an amount of Rs. 400 crores as at March 31, 2023.

In the Previous year : 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 earlier valuation of Sofinter



group 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 has made estimated provision in equity value of Rs 119.25 Crores and the same has been shown as exceptional item in the statement of profit and loss for the year ended March 31, 2022.

12. Corresponding figures for the previous period have been regrouped / rearranged wherever necessary.

For Gammon India Limited



Sandeep Sheth

Executive Director

DIN No. 00955456

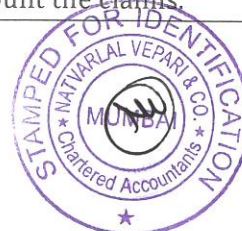
Mumbai 28th October 2023



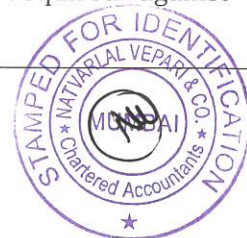
ANNEXURE I

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

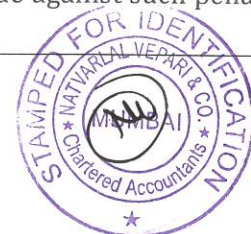
Statement on Impact of Audit Qualifications for the Financial Year Ended March 31, 2023 [See Regulation 33 / 52 of the SEBI (LODR) (Amendment) Regulations, 2016]				
I.	Sr. no.	Particulars	Audited Figures (as reported before adjusting for qualifications)	Adjusted Figures (audited figures after adjusting for qualifications)
	1	Turnover/Total Income	123.44	123.44
	2	Total Expenditure	1,663.52	1,663.52
	3	Net Profit/(loss) before OCI	(1,540.08)	(1,540.08)
	4	Earnings Per Share- Basic	(41.75)	(41.75)
	5	Total Assets	2,264.52	2,264.52
	6	Total Liabilities	9,797.72	9,797.72
	7	Net Worth	(7,533.20)	(7,533.20)
	8	Any Other Financial Item	-	-
II.	<u>Audit Qualification (each audit qualification separately):</u>			
1.	<p>a. Details of Audit Qualification: We invite attention to note no. 4(a) of the financial 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, 2023 is Rs. 151.39 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 current 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, 2023.</p>			
	b. Type of Audit Qualification: Qualified Opinion			
	c. Frequency of qualification: 8th Time in Audited Accounts			
	d. For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views: Not Applicable			
	e. For Audit Qualification(s) where the impact is not quantified by the auditor:			
	<p>(i) Management's estimation on the impact of audit qualification: 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.</p>			








	(ii) If management is unable to estimate the impact, reasons for the same: Not Applicable
	(iii) Auditors' Comments on (i) or (ii) above: 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 2023.
2.	<p>a. Details of Audit Qualification: We invite attention to note no. 4(b) of the financial statement relating to the claim of CMRL project wherein the Company has accounted the award at an amount of Rs 532.00 Crores. This amount includes an amount of Rs 123.08 Crores which is subject matter of appeal arising from the award. The company has given an unfunded exposure of Rs. 51.25 Crores in form of Bank Guarantee. The Company has accounted for the entire award to its account although 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. Type of Audit Qualification: Qualified Opinion</p> <p>c. Frequency of qualification: 2nd Time in Audited Accounts</p> <p>d. For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views: Not Applicable</p> <p>e. For Audit Qualification(s) where the impact is not quantified by the auditor:</p> <p>(i) Management's estimation on the impact of audit qualification: Company has received the award in the previous year and has filed appeal for certain issues. Management is confident of getting the above amount</p> <p>(ii) If management is unable to estimate the impact, reasons for the same: Not Applicable</p> <p>(iii) Auditors' Comments on (i) or (ii) above: 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>a. Details of Audit Qualification: We invite attention to note no. 4 (c) of the financial statement relating to Trade receivables, inventories and loans and advances which includes an amount of Rs. 182.37 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>



	b. Type of Audit Qualification: Qualified Opinion
	c. Frequency of qualification: 8th Time in Audited Accounts
	d. For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views: Not Applicable
	e. For Audit Qualification(s) where the impact is not quantified by the auditor:
	(i) Management's estimation on the impact of audit qualification: There are disputes in six projects of the Company. The total exposure against these projects is Rs. 182.37 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) If management is unable to estimate the impact, reasons for the same: Not Applicable
	(iii) Auditors' Comments on (i) or (ii) above: Pending the conclusion of the disputes we are unable to state whether any provisions would be required against the Company's exposure.
4.	a. Details of Audit Qualification: We invite attention to note no 4(d) of the financial statement relating to penal interest and charges of Rs 91.11 crores during the year charged by the lenders on its facilities. Total amount of penal interest amount to Rs. 415.76 Crores up to March 31, 2023. 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. Type of Audit Qualification: Qualified Opinion
	c. Frequency of qualification: 5th Time in Audited Accounts
	d. For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views: Not Applicable
	e. For Audit Qualification(s) where the impact is not quantified by the auditor:
	(i) Management's estimation on the impact of audit qualification: 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) If management is unable to estimate the impact, reasons for the same: Not Applicable
	(iii) Auditors' Comments on (i) or (ii) above: 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.



III.	Signatories:	Signatures
	Chief Financial Officer Mr Anurag Choudhry	
	Executive Director Mr. Sandeep Sheth	
	Chief Executive Officer Mr Ajit Desai	
	Audit Committee Chairman. Mr. Soumendra Nath Sanyal	
	Auditors For Natvarlal Vepari & Company Chartered Accountants Firm Registration No. 107023W Nuzhat khan Partner M. No. 124960	
	Place: Mumbai	
	Date: October 28, 2023	



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Independent Auditor's Report on Audit of Annual Consolidated Financial Results and Review of Quarterly Financial Results of Gammon India Limited

To
The Board of Directors
Gammon India Limited,
Mumbai.

Qualified Opinion and Qualified Conclusion

We have

- a) Audited the Consolidated Financial Results for the year ended March 31, 2023 and
- b) Reviewed the Consolidated Financial Results for the quarter ended March 31, 2023 (refer 'Other Matters' section below), which were subject to limited review by us, both 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, 2023, ("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").

(a) Qualified Opinion on Annual Consolidated Financial Results

In our opinion and to the best of our information and according to the explanations given to us, the Consolidated Financial Results for the year ended March 31, 2023 Except for the possible effects of the matter described in Basis of Qualified Opinion paragraph (a) to (f):

- i. The Result in our opinion and to the best of our information and according to the explanations given to us, is presented in accordance with the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended; and
- ii. gives a true and fair view in conformity with the recognition and measurement principles laid down in the Indian Accounting Standards and other accounting principles generally accepted in India of the net loss and total comprehensive income and other financial information of the Company for the year then ended.
- iii. Includes the results of the Companies listed in Annexure A to this report.



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(b) Qualified Conclusion on Unaudited Consolidated Financial Results for the quarter ended March 31, 2023

With respect to the Consolidated Financial Results for the quarter ended March 31, 2023, based on our review conducted as stated in paragraph (b) of Auditor's Responsibilities section below except for the possible effects of the matter described in Basis of Qualified Opinion paragraph (a) to (f), nothing has come to our attention that causes us to believe that the Consolidated Financial Results for the quarter ended March 31, 2023, prepared in accordance with the recognition and measurement principles laid down in the Indian Accounting Standards and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, including the manner in which it is to be disclosed, or that it contains any material misstatement.

Basis for Opinion on the Audited Consolidated Financial Results for the year ended March 31, 2023

- a) We invite attention to note no. 4 (a) of the Financial Result, 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, 2023 is Rs. 151.39 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, 2023.
- b) We invite attention to note no. 4 (b) of the Financial Result relating to the claim of CMRL project wherein the Company has accounted the award at an amount of Rs 532.00 Crores. This amount includes an amount of Rs 123.08 Crores which is subject matter of appeal arising from the award. The company has given an unfunded exposure of Rs. 51.25 Crores in form of Bank Guarantee. The Company has accounted for the entire award to its account although 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 Financial Result relating to Trade receivables, inventories and loans and advances which includes an amount of Rs. 97.95 crores in respect of disputes in four projects of the Company and/or its SPVs. The Company is pursuing legal



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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 Financial Result relating to penal interest and charges of Rs 91.11 crores during the year charged by the lenders on its facilities. Total amount of penal interest amount to Rs. 415.76 Crores up to March 31, 2023. 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.
- e) We invite attention to note no 5 of Financial Result, following material Joint Ventures are not consolidated or consolidated based on unaudited financial statement in these consolidated financial statements.
- i. M/s Campo Puma Oriente S.A, Panama, a Joint Venture of the Company whose financials statement post December 31, 2019 are not available for consolidation, and the last audited financial statements was available till December 31, 2012, and the management accounts was available till December 31, 2019.
 - ii. M/s Gammon OJSC Mosmetrostroy, a Joint Venture of the group. whose unaudited financial statement for past three years has been incorporated in these consolidated financial statements however the same are not audited for the last three years (Mar 2021 to Mar 2023)

Since the Joint Ventures mentioned above are material, the Assets, Revenue and Cash Flow represented in those Financial Result are subject to audit and consequent effect, if any.

- f) The auditors of one subsidiary Ansaldo Caldaie Boilers 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 and in line with the regulations of RBI. 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 for the reasons detailed in the Note no 21 (i) of Consolidated Financial Statements. 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.



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2. We invite attention to the Financial Statements regarding accessibility of the inventory of Rs.1.18 Crores. 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 Statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the Consolidated Financial Statements 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 Results 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 note no. 7 of the Financial Results 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's Current Liabilities exceeds Current Assets by Rs 9,909.38 Crore as at March 31, 2023. The Company is finding it difficult to meet its financial obligations and the resolution plan is under consideration by lenders. 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 is under consideration by the lenders as detailed in aforesaid note but the final approval of all lenders and the execution of the plan and its success involves material uncertainties that



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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:

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, 2023 Current liabilities exceed current assets by Euro 2.28 Crores (Rs. 204.69 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 March 31, 2023 current liabilities exceed current assets by Euro 7.72 Crores (Rs. 692.14 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 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.



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Gammon International BV

As on March 31, 2023 current liabilities exceed current assets by Euro 8.37 Crores (Rs. 750.30 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 March 31, 2023, current liabilities exceed current assets by AED 1.25 Crores (Rs. 27.95 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 March 31, 2023, current liabilities exceed current assets by Euro 1.96 Crores (Rs. 175.32 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.

Gammon Holdings Mauritius Limited

As on March 31, 2023, current liabilities exceed current assets by USD 4.77 Crores (Rs. 392.06 Crores). This Condition indicates the existence of a material uncertainty which may



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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 Results of Holding Company, a subsidiary company of the Holding Company, on matters which are relevant to our opinion on the consolidated financial results of the Group, and reproduced by us as under

- a) We draw attention to Note no 8 of the Financial Results relating to recoverability of an amount of Rs.291.42 crores as at March 31, 2023 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 9 of the Financial Results relating to the projects of real estate sector where the exposure is Rs. 23.33 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 an Emphasis of Matter in their review Report as follows –

Gammon Power Limited

Since major loan is from Holding company, we are informed that the going concern assumption for preparation of financial statements won't affected due to negative net worth of the company.

Metropolitan Infrahousing Private Limited

Since major loan is from Holding company, we are informed that the going concern assumption for preparation of financial statements won't affected due to negative net worth of the company.

Patna Water Supply Distribution Network Private Limited

We invite attention relating to the receipt of the award, related revenue recognition and



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



Natvarlal Vepari & Co.

CHARTERED ACCOUNTANTS

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

(a) Audit of the Consolidated Financial Results for the year ended March 31, 2023

Our objectives are to obtain reasonable assurance about whether the Consolidated Financial Results for the year ended March 31, 2023 as a whole is 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this 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:

- Identify and assess the risks of material misstatement of the Annual Consolidated 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.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors.
- Evaluate the appropriateness and reasonableness of disclosures made by the Board of Directors in terms of the requirements specified under Regulation 33 of the Listing Regulations.
- Conclude on the appropriateness of the Board of Directors' 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 ability of the Company 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 Statement or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to



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the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the Annual Consolidated Financial Results, including the disclosures, and whether the Annual Consolidated Financial Results represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the Annual Consolidated Financial Results of the Company to express an opinion on the Annual Consolidated Financial Results.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group and its joint venture and its associates to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the audit of the Consolidated Financial Statements of such entities included in the Consolidated Financial Results of which we are the independent auditors. For the other entities included in the Consolidated Financial Results, which have been audited by other auditors, such other 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 Annual Consolidated Financial Results that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the Annual Consolidated Financial Results 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 Annual Consolidated Financial Results.

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.

(b) Review of the Consolidated Financial Results for the quarter ended March 31, 2023

We conducted our review of the Consolidated Financial Results for the quarter ended March 31, 2023, in accordance with the Standard on Review Engagements (SRE) 2410



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'Review of Interim Financial Information Performed by the Independent Auditor of the Entity', issued by the ICAI. A review of interim financial information consists of making inquiries, primarily of the Company's personnel responsible for financial and accounting matters and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with SA specified under section 143(10) of the Act and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

The Statement includes the results of the entities as listed under paragraph (a)(i) of Qualified Opinion and Qualified Conclusion section above.

We also performed procedures in accordance with the circular issued by the SEBI under Regulation 33(8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, to the extent applicable

Other Matters

- a) We did not audit the financial results and other financial information, in respect of 11 subsidiaries, whose Financial Results reflect total assets of Rs. 1,317.62 crores as at March 31, 2023, total revenues of Rs. 48.70 crores, Net Profit after tax of Rs 109.92 Crores and net cash inflow amounting to Rs. 1.19 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 results. 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) The statement also includes the financial results of 2 immaterial subsidiaries, which have not been reviewed by their auditors or us, whose financial results reflect total assets of Rs. 0.03 Crores, total revenues of Rs. Nil and total net loss after tax of Rs. Nil and net cash inflow of Rs. Nil for the Year ended March 31, 2023, as considered in the statement. These financial statements are as prepared by the management of the holding company. Our conclusion is not qualified on this account.



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- c) The comparative financial information of the company for the quarter and year ended March 31, 2022 included in these Consolidated financial statements have been audited by the predecessor auditor M/s Nayan Parikh & Co. Chartered Accountants who had audited the consolidated financial statements for the relevant periods. The report of the predecessor auditor on the comparative financial information dated June 21, 2022 expressed a modified opinion.
- d) The Statement includes the results for the quarter ended March 31, 2023, being the balancing figure between audited figures in respect of the full financial year and the published year to date figures up to the third quarter of the current financial year which were subject to limited review by us. Our report on the Statement is not modified in respect of this matter.

Our opinion on the Consolidated Financial Statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors.

For Natvarlal Vepari & Co
Chartered Accountants
Firm Registration No. 106971W

Nuzhat

Nuzhat Khan

Partner

M. No. 124960

Mumbai, Dated: - October 28, 2023

UDIN: 23124960B6V66K 3726



Natvarlal Vepari & Co.

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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



Statement of Consolidated Assets and Liabilities as at March 31, 2023

Particulars	As at March 31,	As at March 31,
ASSETS		
NON-CURRENT ASSETS		
(a) Property, plant and equipment	405.51	412.56
(b) Capital work-in-progress	-	-
(c) Intangible Asset	-	-
(d) Goodwill on Consolidation	-	-
(e) Financial assets	-	-
(i) Investments	33.70	578.19
(ii) Trade receivable	369.89	220.09
(iii) Loans	89.74	89.66
(iv) Others financial assets	4.69	4.57
(f) Deferred tax assets (net)	-	0.18
(g) Other non-current assets	1,153.67	1,242.41
TOTAL NON-CURRENT ASSETS	2,057.20	2,547.66
CURRENT ASSETS		
(a) Inventories	503.00	874.12
(b) Financial assets	-	-
(i) Investments	0.04	0.04
(ii) Trade receivables	31.05	55.37
(iii) Cash and cash equivalents	2.30	1.56
(iv) Bank balances	4.26	14.23
(v) Loans	8.37	62.62
(vi) Others	35.59	34.19
(c) Other current assets	85.67	149.67
TOTAL CURRENT ASSETS	670.28	1,191.80
TOTAL ASSETS	2,727.48	3,739.47
EQUITY AND LIABILITIES		
EQUITY		
(a) Equity share capital	74.11	74.11
(b) Other equity	(8,241.95)	(6,570.62)
Equity attributable to owners of the parent	(8,167.84)	(6,496.51)
(c) Non-controlling interests	(117.15)	(146.46)
TOTAL EQUITY	(8,284.99)	(6,642.97)
LIABILITIES		
NON-CURRENT LIABILITIES		
(a) Financial liabilities	-	-
(i) Borrowings	103.00	-
(ii) Trade payables	-	-
- Total outstanding dues to Micro and Small Enterprises	-	-
- Total outstanding dues to other than Micro and Small Enterprises	22.85	23.21
(iii) Other financial liabilities	0.00	-
(b) Provisions	3.19	2.96
(c) Deferred tax liabilities (net)	92.63	104.35
(d) Other non-current liabilities	211.13	188.94
TOTAL NON-CURRENT LIABILITIES	432.80	319.46
CURRENT LIABILITIES		
(a) Financial liabilities	-	-
(i) Borrowings	153.35	572.13
(ii) Trade payables	-	-
- Total outstanding dues to Micro and Small Enterprises	0.29	0.34
- Total outstanding dues to other than Micro and Small Enterprises	151.69	176.17
(iii) Other financial liabilities	9,837.70	8,929.11
(b) Other current liabilities	82.48	95.32
(c) Provisions	354.16	284.06
(d) Current tax liabilities (net)	0.00	5.85
TOTAL CURRENT LIABILITIES	10,579.67	10,062.98
TOTAL EQUITY AND LIABILITIES	2,727.48	3,739.47

See accompanying notes to the financial results



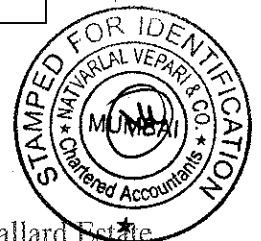
GAMMON INDIA LIMITED

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

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CIN : L74999MH1922PLC000997



Statement of Consolidated Financial Results for the Quarter and Year Ended March 31, 2023

(₹ in Crore)

Sr No	Particulars	Quarter Ended			Year Ended	
		31-Mar-23	31-Dec-22	31-Mar-22	31-Mar-23	31-Mar-22
		Reviewed	Reviewed	Reviewed	Audited	Audited
1	Income					
	(a) Revenue from Operations	85.13	7.51	1.82	115.05	27.85
	(b) Other Income	79.23	33.60	2.55	123.26	13.61
	Total Income	164.36	41.11	4.37	238.31	41.46
2	Expenses					
	(a) Cost of Sales	15.85	3.89	4.28	29.84	11.42
	(b) Changes in inventories of finished goods, work-in progress and stock-in-trade	21.95	-	-	21.95	-
	(c) Subcontracting Expenses	2.29	1.14	3.36	8.99	14.29
	(d) Employee benefits expense	2.97	2.32	4.01	9.57	8.68
	(e) Finance Costs	228.06	256.27	223.02	965.35	870.56
	(f) Depreciation & amortization	0.45	0.47	0.81	2.22	3.70
	(g) Other expenses	120.81	(172.49)	232.67	147.34	312.52
	Total Expenses	392.38	91.60	468.15	1,185.26	1,221.17
3	Profit/(Loss) before exceptional items and tax	(228.02)	(50.48)	(463.78)	(946.95)	(1,179.71)
4	Exceptional items Income / (Expense)	298.52	(258.92)	-	39.60	-
5	Profit / (loss) before share of (profit)/loss of associates and joint ventures and tax	70.50	(309.40)	(463.78)	(907.35)	(1,179.71)
6	Share of profit / (loss) of associates and joint ventures	(0.30)	-	0.43	(0.30)	0.43
7	Profit / (Loss) before tax	70.20	(309.40)	(463.35)	(907.65)	(1,179.28)
8	Tax expenses					
	Current Tax	-	-	-	-	-
	Excess / Short Provision of Earlier years	1.06	-	-	1.06	-
	Deferred Tax Liability / (asset)	(13.60)	0.00	(1.47)	(11.53)	1.23
	Total tax expenses	(12.54)	0.00	(1.47)	(10.47)	1.23
9	Profit after tax for the period	82.74	(309.40)	(461.88)	(897.18)	(1,180.51)
10	Other Comprehensive Income:					
	Items that will not be reclassified to profit or loss:					
	- Remeasurements of the defined benefit plans [net of tax]	(0.01)	(0.03)	0.05	-	0.04
	Items that will be reclassified to profit or loss					
	- Exchange differences through OCI	67.34	(234.27)	(5.13)	(46.84)	47.91
	- Net gain/ (loss) on fair value of equity instruments through OCI	(698.00)	-	(202.52)	(698.00)	(202.52)
	Other Comprehensive Income for the year	(630.67)	(234.30)	(207.60)	(744.84)	(154.57)
11	Total Comprehensive Income / (Loss) For The Period	(547.93)	(543.70)	(669.48)	(1,642.02)	(1,335.08)
	Profit for the year attributable to:					
	- Owners of the Company	(76.65)	(185.74)	(458.69)	(926.49)	(1,167.88)
	- Non- Controlling interest	159.39	(123.66)	(3.19)	29.31	(12.63)
12	Other Comprehensive income attributable to:					
	- Owners of the Company	(630.67)	(234.30)	(207.60)	(744.84)	(154.57)
	- Non- Controlling interest	-	-	-	-	-
13	Total Comprehensive Income attributable to:					
	- Owners of the Company	(707.32)	(420.04)	(666.29)	(1,671.33)	(1,322.45)
	- Non- Controlling interest	159.39	(123.66)	(3.19)	29.31	(12.63)
14	Paid up Equity Share Capital (Face Value ₹ 2 per Equity share)				74.11	74.11
15	Other Equity				(8,241.95)	(6,570.62)
16	Earnings per equity share					
	Basic	(2.08)	(5.04)	(12.44)	(25.12)	(31.66)
	Diluted	(2.08)	(5.04)	(12.44)	(25.12)	(31.66)

See accompanying notes to the financial results

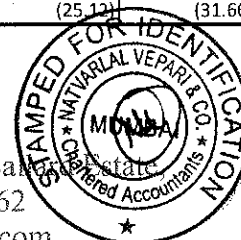
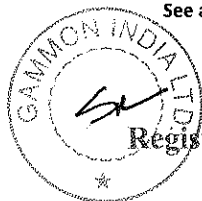
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Consolidated Cash Flow Statement For The Year Ended 31 March 2023

(₹ in Crore)

Particulars	2022-23	2021-22
A CASH FLOW FROM OPERATING ACTIVITIES		
Profit / (loss) before share of (profit)/loss of associates and joint ventures and tax	(907.35)	(1,179.71)
Adjustments for :		
Depreciation	2.22	3.70
Interest Expenses and Other Finance Cost	965.35	870.56
(Profit) / Loss on Sale of Assets	(5.58)	0.17
Loss on Sale/Revalue of Investment	(0.03)	0.02
Bad Debt	8.78	-
Loss on Recognition of Award	21.36	225.79
Provision for Doubtful Debts and Advances	0.33	2.52
Exceptional Item	(39.60)	-
Foreign Exchange Loss / (Gain)	(76.50)	60.92
Interest Income	(1.02)	(0.17)
Provision for Risk & Contingencies	36.36	6.79
Sundry Balances Written off	5.64	2.23
Asset written off	10.85	0.05
Sundry Balances Written Back	(36.40)	(7.19)
Operating Profit Before Working Capital Changes	(15.60)	(14.32)
Trade Receivables	(54.59)	3.24
Inventories	6.56	(0.29)
Other financial and non financial Asset	14.75	11.30
Trade Payables and Provision	30.08	(0.19)
Other financial and non financial liabilities	441.25	0.01
CASH GENERATED FROM THE OPERATIONS	422.46	(0.25)
Direct Taxes Paid	(1.42)	1.26
Net Cash from Operating Activities	423.88	(1.51)
B CASH FLOW FROM INVESTMENT ACTIVITIES		
Sale of Fixed Assets	1.79	2.11
Other Bank Balance	9.97	(2.36)
proceeds from sales of investment	(0.01)	0.00
Loans (Given)/Repaid to/by Others	(0.46)	0.25
Interest Received	1.07	0.18
	12.36	0.18
C CASH FLOW FROM FINANCING ACTIVITIES		
Interest paid	(447.77)	0.00
Proceeds from Short term Borrowings	158.97	0.80
(Repayment)/ Proceeds from Short term Borrowings	(146.70)	0.00
Net Cash from Financing Activities	(435.50)	0.80
NET INCREASE IN CASH AND CASH EQUIVALENTS	0.74	(0.53)
Opening Balance	1.56	2.09
Closing Balance	2.30	1.56
NET INCREASE IN CASH AND CASH EQUIVALENTS	0.74	(0.53)
Components of Cash and Cash Equivalents		
Cash on Hand	0.01	0.01
Balances with Bank	2.29	1.55
Total Balance	2.30	1.56



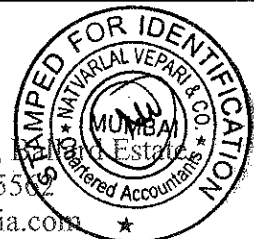
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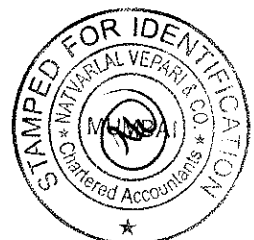
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Notes:

1. The Consolidated Financial Results for the year ended 31st March 2023 were reviewed by the Audit Committee and taken on record by the Board of Directors of the Company at its meeting held on October 28, 2023.
2. Results for the year ended March 31, 2023 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 2023 and March 2022 are derived from the audited figures of the twelve months period ended March 31, 2023 and March 31, 2022 and the year to date figures up to December 31, 2022 and December 31, 2021 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. 151.39 crore as at March 31, 2023 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) During the year ended March 31, 2022 the Holding Company accounted for the award received in respect of its joint venture relating the Chennai Metro Rail project (CMRL) at a value of Rs. 532.00 crores. 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. Company has also filed appeal against certain items of the award. The aforesaid award is received in the name of the Joint Venture, but the Holding 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. 97.95 Crore consisting of receivable of Rs. 60.70 crores, inventory Rs. 43.96 crore and Other Payable Rs. 6.71 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) During the Year ended March 31, 2023 two lenders have levied penal interest and charges of Rs 91.11 Crores. Total amount of penal interest and charges amounts to Rs. 415.76 Crores up to March 31,2023. 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. Following material Joint Ventures are not consolidated or consolidated based on unaudited financial statement in these consolidated financial statements.

- i. M/s Campo Puma Oriente S.A, Panama, a Joint Venture of the Company whose financials statement post December 31, 2019 are not available for consolidation, and the last audited financial statements was available till December 31, 2012, and the management accounts was available till December 31, 2019.
- ii. M/s Gammon OJSC Mosmetrostroy, a Joint Venture of the group. whose unaudited financial statement for past three years has been incorporated in these consolidated financial statements however the same are not audited for the last three years (Mar 2021 to Mar 2023)

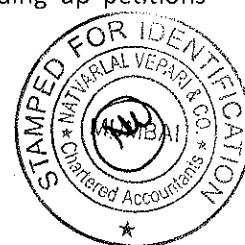
6. The auditors of one subsidiary Ansaldo Caldaie Boilers India Limited (ACBI) of the Company have qualified their audit report which is being replicated by the Group auditor as follows:

- 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

7. Material Uncertainty Relating to Going Concern

a) 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. 9,909.38 Crore as at March 31, 2023. Which has only increased further in the quarter. 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. 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.

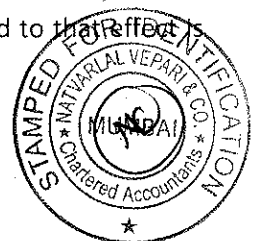
In furtherance to the execution of the ICA, the Company submitted a draft resolution plan to the consortium of lenders. Pursuant to the submission of the resolution plan, seven lenders including the lead monitoring institution provided their in-principal sanction to the company and the company is pursuing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

Meanwhile the company has received several notices 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. Pursuant to SARFAESI Union Bank of India has also issued several e-auction notices the latest on February 20, 2023.

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) Subsidiary Companies

Ansaldo Caldaie Boilers India Limited

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.

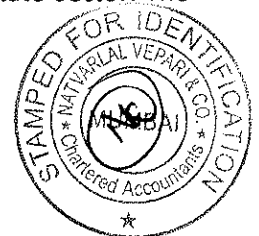
GHBV, GIBV, PVAN, ATSLBV, GIFZE, GHM

The Company has underlying investment in Sofinter group and also land available in Francotossi Meccanica 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.

8. The Holding 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. 291.42 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 aggregating to Rs. 23.32 Crore in various jobs relating to the Real Estate Projects due to the problems faced by the Real Estate Sector. The



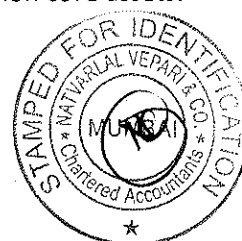
management is confident of ultimate recovery considering its contractual position and therefore no adjustments are required to be made in respect of such contracts.

10. One of the subsidiary companies, DIPL was classified as Non-Performing Asset (NPA) by Axis Bank in 2018 as Company was not able to service the repayments including the interest of the financial facility it had availed from Axis Bank. The subsidiary Company in consultation with Axis Bank and security trustees had made several efforts to restructure the debt through its existing shareholder(s) including but not limited to restructuring involving change in management of the subsidiary Company. Subsequently, Axis Bank approved an One-time Settlement (OTS) proposal received from an identified financial investor in terms of the restructuring framework prescribed by RBI. Accordingly, a tripartite agreement was entered between the subsidiary Company, its majority shareholder and the Financial Investor documenting various terms and conditions of the OTS. Also, as per the terms of tripartite agreement amounts receivable (including interest) from and payable to related parties of the majority shareholder has been written off with the consent to each of such parties. The OTS was accepted by the Lender for a settlement amount of INR 200 crores as on January, 24 2023 whereby the agreed OTS amount was required to be paid in Installments as agreed with the Lenders.

In accordance with the terms of OTS agreed by the Lender, the subsidiary Company has agreed to issue secured non-convertible Debentures (NCD) having face value of Rs. 10 each up to an extent of aggregate amount of Rs. 160.00 crores through private placement to the Financial Investor as per the agreed terms and conditions.

11. The Company's funded and non-funded exposure towards Franco Tosi Mecannica S.p.A (FTM) group is Rs.818.59 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.

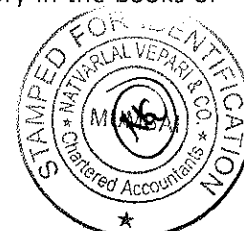
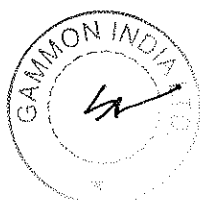
The said Subsidiary has therefore been accounted as Financial Instrument accounted on Fair Value through Other Comprehensive Income. Since no information is available from the commissioner, the fair value changes cannot be identified and the investment is carried without further fair value changes. However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

12. 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.
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 Income /(Expenses) include the following

Rs. In Crore

Particulars	Quarter Ended			Year ended	
	Mar 31, 2023	Dec 31, 2022	Mar 31, 2022	Mar 31, 2023	Mar 31, 2022
Impairment of Inventory	86.23	(341.99)	-	(255.76)	-
Waiver of Loan and Interest	300.80	-	-	300.80	-
Net Balance (write off)/ written back	(88.51)	83.07	-	(5.44)	-
Total	298.52	(258.92)	-	39.60	-

- a) During the year one of the subsidiary Company (DIPL) has entered into OTS Settlement with its primary lender Axis Bank. Due to the OTS settlement Subsidiary company has Written off the Loan and interest amount of the Bank for the balancing amount (shown under exceptional item). Pursuant to the OTS and the terms documented through tripartite agreement between the Company, its Shareholder and Financial Investor, amounts receivable (including interest) from related parties of the majority shareholder has been written off with the consent to each of such parties.
- b) The subsidiary Company (DIPL) has obtained a valuation report in March 2023 for realisability from its project which is valued at Rs 450 cr. The carrying value of inventory in the books of



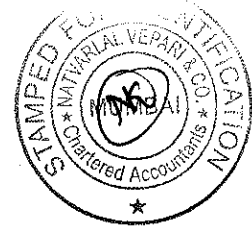
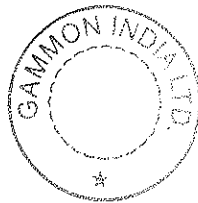
the Company has been written down to its Net Realisable Value, which is also adjusted in exceptional items.

15. The Group has received an investment proposal from an investor in Sofinter for a sale of stake of 57.5% holding at an aggregate value of Euro 12 Million. Considering the sale proposal, the Company has fair valued the stake in Sofinter through Other comprehensive Income as the said Sofinter was accounted as Fair Value Through Other Comprehensive Income. The Impact of the same is an amount of RS 698.00 crores as at March 31, 2023.

For Gammon India Limited

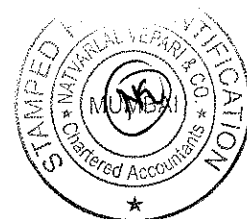
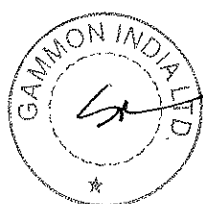


Sandeep Sheth
Executive Director
DIN No. 00955456
Mumbai,
Dated: October 28, 2023



Annexure 1

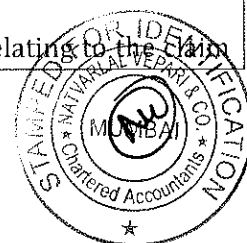
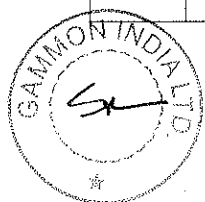
Particulars	Quarter Ended			Year Ended	
	31-Mar-23	31-Dec-22	31-Mar-22	31-Mar-23	31-Mar-22
	Reviewed	Reviewed	Reviewed	Audited	Audited
Segment Revenue					
External Turnover					
Real Estate Business	12.28	-	-	12.28	
Construction & Engineering	72.86	7.52	1.82	102.77	27.85
		-	-		
Interest Expenses		-	-		
Real Estate Business	(31.51)	10.78	8.03	0.83	43.11
Construction & Engineering	259.57	245.49	215.00	964.52	827.44
		-	-		
Interest Income		-	-		-
Real Estate Business	0.00	0.00	-	0.01	-
Construction & Engineering	0.07	0.83	(1.47)	1.02	(1.34)
		-	-		
Segment Results - Profit Before Tax		-	-		-
Real Estate Business	356.46	(320.25)	(10.76)	14.47	(43.30)
Construction & Engineering	(286.26)	10.85	(452.59)	(922.12)	(1,135.98)
Profit Before Tax	70.20	(309.40)	(463.35)	(907.65)	(1,179.28)
Taxes	12.54	-	1.47	10.47	(1.23)
Profit after Tax	82.74	(309.40)	(461.88)	(897.18)	(1,180.51)
		-	-		-
Other Information					
Depreciation					
Real Estate Business	0.00	0.00	(0.01)	0.01	0.01
Construction & Engineering	0.45	0.47	0.82	2.21	3.69
Capital Expenditure					
Real Estate Business	0.05	0.05	0.06	0.05	0.06
Construction & Engineering	405.46	405.94	412.50	405.46	412.50
Segment Assets		-	-		-
Real Estate Business	590.11	639.71	981.11	590.11	981.11
Construction & Engineering	2,835.39	2,780.22	2,758.35	2,835.39	2,758.35
Segment Liabilities					-
Real Estate Business	536.71	925.62	973.51	536.71	973.51
Construction & Engineering	10,475.77	10,231.43	9,408.92	10,475.77	9,408.92



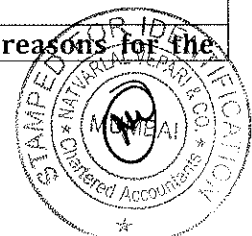
ANNEXURE I

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

Statement on Impact of Audit Qualifications for the Financial Year Ended March 31, 2023 [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	238.31	238.31
	2	Total Expenditure	1,145.95	1,145.95
	3	Net Profit/(loss)	(897.18)	(897.18)
	4	Earnings Per Share	(25.12)	(25.12)
	5	Total Assets	2,727.48	2,727.48
	6	Total Liabilities	10895.32	10,895.32
	7	Net Worth	(7,469.84)	(7,469.84)
	8	Any Other Financial Item	-	-
II. Audit Qualification (each audit qualification separately):				
1	<p>a. Details of Audit Qualification: We invite attention to note no. 4 (a) of the Financial Result, 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, 2023 is Rs. 151.39 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, 2023.</p>			
	b. Type of Audit Qualification: Qualified Opinion			
	c. Frequency of qualification: 8th Time in Audited Accounts			
	d. For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views: Not Applicable			
	e. For Audit Qualification(s) where the impact is not quantified by the auditor:			
	(i) Management's estimation on the impact of audit qualification: The management believes that they have a 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.			
	(ii) If management is unable to estimate the impact, reasons for the same: Not Applicable			
	(iii) Auditors' Comments on (i) or (ii) above: 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 2023.			
2.	<p>a. Details of Audit Qualification: We invite attention to note no. 4 (b) of the Financial Result relating to the claim</p>			

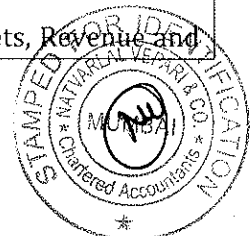




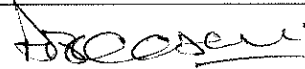
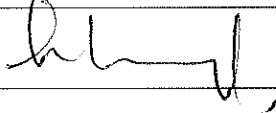

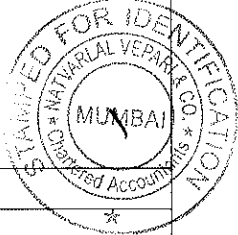
	<p>of CMRL project wherein the Company has accounted the award at an amount of Rs 532.00 Crores. This amount includes an amount of Rs 123.08 Crores which is subject matter of appeal arising from the award. The company has given an unfunded exposure of Rs. 51.25 Crores in form of Bank Guarantee. The Company has accounted for the entire award to its account although 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. Type of Audit Qualification: Qualified Opinion
	c. Frequency of qualification: 2nd Time in Audited Accounts
	d. For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views: Not Applicable
	e. For Audit Qualification(s) where the impact is not quantified by the auditor:
	(i) Management's estimation on the impact of audit qualification: 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) If management is unable to estimate the impact, reasons for the same: Not Applicable
	(iii) Auditors' Comments on (i) or (ii) above 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.	a. Details of Audit Qualification: We invite attention to note no. 4(c) of the Financial Result relating to Trade receivables, inventories and loans and advances which includes an amount of Rs. 97.95 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.
	b. Type of Audit Qualification: Qualified Opinion
	c. Frequency of qualification: 8th Time in Audited Accounts
	d. For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views: Not Applicable
	e. For Audit Qualification(s) where the impact is not quantified by the auditor:
	(i) Management's estimation on the impact of audit qualification: There are disputes in four projects of the Company. The total exposure against these projects is Rs. 97.95 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) If management is unable to estimate the impact, reasons for the same:



	<p>same: Not Applicable</p>
	<p>(iii) Auditors' Comments on (i) or (ii) above: 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>a. Details of Audit Qualification: We invite attention to note no 4 (d) of the Financial Result relating to penal interest and charges of Rs 91.11 crores during the year charged by the lenders on its facilities. Total amount of penal interest amount to Rs. 415.76 Crores up to March 31, 2023. 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>
	<p>b. Type of Audit Qualification: Qualified Opinion</p>
	<p>c. Frequency of qualification: 5th Time in Audited Accounts</p>
	<p>d. For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views: Not Applicable</p>
	<p>e. For Audit Qualification(s) where the impact is not quantified by the auditor:</p>
	<p>(i) Management's estimation on the impact of audit qualification: 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.</p>
	<p>(ii) If management is unable to estimate the impact, reasons for the same: Not Applicable</p>
	<p>(iii) Auditors' Comments on (i) or (ii) above: 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.</p>
5.	<p>Details of Audit Qualification: We invite attention to note no 5 of Financial Result, following material Joint Ventures are not consolidated or consolidated based on unaudited financial statement in these consolidated financial statements.</p> <p>i. M/s Campo Puma Oriente S.A, Panama, a Joint Venture of the Company whose financials statement post December 31, 2019 are not available for consolidation, and the last audited financial statements was available till December 31, 2012, and the management accounts was available till December 31, 2019.</p> <p>ii. M/s Gammon OJSC Mosmetrostroy, a Joint Venture of the group. whose unaudited financial statement for past three years has been incorporated in these consolidated financial statements however the same are not audited for the last three years (Mar 2021 to Mar 2023)</p>

Since the Joint Ventures mentioned above are material, the Assets, Revenue and



	Cash Flow represented in those Financial Result are subject to audit and consequent effect, if any.
	b. Type of Audit Qualification: Qualified Opinion
	c. Frequency of qualification: 10th Time in Audited Accounts
	d. For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views: Not Applicable
	e. For Audit Qualification(s) where the impact is not quantified by the auditor:
	(i) Management's estimation on the impact of audit qualification: 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.
	(ii) If management is unable to estimate the impact, reasons for the same: Not Applicable
	(iii) Auditors' Comments on (i) or (ii) above: In the absence of audit reports we are unable to further comments on the management response
III. Signatories:	Signatures
Chief Financial Officer Mr Anurag Choudhry	
Executive Director Mr. Sandeep Sheth	
Chief Executive Officer Mr Ajit Desai	
Audit Committee Chairman. Mr. Soumendra Nath Sanyal	
Auditors For Natvarlal Vepari & Company Chartered Accountants Firm Registration No. 107023W Nuzhat khan Partner M. No. 124960	 
Place: Mumbai	
Date: October 28, 2023	

