Date: 7th February, 2019

The National Stock Exchange of India Ltd.
Exchange Plaza, 5th Floor,
Plot No. C/1, G Block,
Bandra - Kurla Complex,
Bandra (East),
Mumbai - 400 051

NSE Code: GAMMONIND

BSE Limited
1st Floor, New Trading Ring,
Rotunda Building,
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai - 400 001

BSE Code: 509550

Dear Sir/Madam,

Sub: Outcome of Board meeting held on 7th February, 2019 pursuant to Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Pursuant to Regulation 30 and 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, you are hereby informed that the Board of Directors ("Board") of the Company at its meeting held on 7th February, 2019 which commenced at 3 p.m. and concluded at 7 p.m. transacted the following businesses:

1. The Board approved and took on record the Revised Audited Standalone Financial Statements of the Company for the quarter and Financial Year ended 31st March, 2018:

   The Audited Standalone Financial Statements for the quarter and year ended March 31, 2018 which were approved by the Board of Directors at their meeting held on 28th November 2018 did not include the effects of the recall notices issued by the lenders of the certain foreign subsidiaries. Gammon India Limited had issued Corporate Guarantees against the loans taken. The bankers had issued letters to the holding company enforcing the corporate guarantee and demanding repayment of the aforesaid amounts. Impacts of these letters were missed by oversight at the time of adoption of standalone accounts on 28th November, 2018. Hence the Board approved the revised Audited Standalone Financial Statements, as duly reviewed by the Audit Committee.

2. The Board also approved and took on record the following:

   (i) Audited Consolidated Financial Statements of the Company for the Financial Year ended 31st March, 2018 as reviewed by the Audit Committee;
   (ii) Statement of Assets & Liabilities as on 31st March, 2018;
   (iii) Audit Report on the Financial Results for the financial year ended 31st March, 2018 and
   (iv) Statement on Impact of Audit Qualifications (with modified opinion) on the Financial Results for financial year ended 31st March, 2018.

   The aforesaid Revised Audited Standalone Financial Statements of the Company for the Quarter and Financial Year ended 31st March, 2018 and the Audited Consolidated Financial Statements of the Company for the Financial Year ended 31st March, 2018 duly reviewed by the Audit Committee are placed on the website of the Company at http://www.gammonindia.com/investors/financial-results.htm.

3. The Board has granted its consent to pledge the entire shareholding (i.e. 84%) held by the Company in its subsidiary Metropolitan Infrahousing Private Limited as security for its dues to CDR lenders;

4. The Board has also appointed Mr. Sugato Ghosh as a 'Nominee Director', duly nominated by Axis Trustee Services Limited, the Debenture Trustee.

Additional Information pursuant to Regulation 30(1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015:

(i) Reason for change and date and term of appointment:

Mr. Sugato Ghosh has been appointed as Nominee Director of Axis Trustee Services Limited w.e.f. 7th February, 2019.

(ii) Brief profile:

Mr. Ghosh worked in Axis Bank from 1994 to 2015 in various capacities. He was the Sector Head of Corporate Credit Department and Head – Treasury Department. Prior to joining Axis Bank he worked in various capacities with State Bank of India. He holds Bachelor's Degree in Economics from Jadhavpur University.

(iii) Disclosure of relationships between directors:

Mr. Ghosh is not related to any other Directors and Key Managerial Personnel of the Company.

You are requested to take the above information on record.

Thanking you,

For Gammon India Limited

Niki Shingade
Compliance Officer

Encl: As above

STATEMENT OF STANDALONE RESULTS FOR THE QUARTER ENDED AND YEAR ENDED 31 MARCH 2018

(₹ in Crore except earning per share data)

Sr. No.	Particulars	Quarter ended			Year ended	
		31-Mar-18	31-Dec-17	31-Mar-17	31-Mar-18	31-Mar-17
		Audited	Unaudited	Audited	Audited	Audited
I	**Income**					
	a) Revenue from Operations :	144.30	5.68	71.28	242.44	761.68
	b) Other Income	50.16	(9.31)	76.37	112.42	308.17
	Total Income (a+b)	**194.46**	**(3.63)**	**147.65**	**354.86**	**1,069.85**
II	**Expenses**					
	a) Cost of material consumed	11.15	3.76	7.16	40.31	246.10
	b) Excide Duty	-	-	-	-	-
	c) Purchases of stock-in-trade	-	-	-	-	-
	d) Changes in inventories of finished goods, work-in progress and stock-in-trade	7.21	(11.91)	4.14	3.69	49.39
	e) Subcontracting Expenses	35.49	11.35	13.78	61.25	203.44
	f) Employee benefits expense	2.43	2.72	5.15	11.83	78.43
	g) Finance Costs	168.06	133.76	129.89	575.91	518.90
	h) Depreciation & amortization	2.74	3.06	3.02	11.77	32.65
	i) Other expenses	8.56	12.73	134.07	77.30	298.57
	Total Expenses	**235.64**	**155.47**	**297.21**	**782.06**	**1,427.48**
III	**Profit/(Loss) before exceptional items and tax**	**(41.18)**	**(159.10)**	**(149.56)**	**(427.20)**	**(357.63)**
IV	**Exceptional items Income / (Expense)**	(121.84)	12.57	(1,259.63)	(1,586.65)	(1,305.09)
V	**Profit / (Loss) before tax**	**(163.02)**	**(146.53)**	**(1,409.19)**	**(2,013.85)**	**(1,662.72)**
VI	**Profit/(Loss) from continuing operations**	**(163.02)**	**(146.53)**	**(1,409.19)**	**(2,013.85)**	**(1,614.82)**
VII	**Tax expenses**					
	Current Tax	-	-		-	-
	Excess / Short Provision of Earlier years	-	-	2.93	-	2.93
	Deferred Tax Liability / (asset)	0.43	(0.02)	(0.01)	(32.55)	(5.73)
	Total tax expenses	**0.43**	**(0.02)**	**2.92**	**(32.55)**	**(2.80)**
VIII	**Profit/(Loss) for the period from continuing operations**	**(163.45)**	**(146.51)**	**(1,412.11)**	**(1,981.30)**	**(1,612.02)**
IX	**Profit/(Loss) from discontinued Operations**	-	-			(47.90)
X	**Tax expenses**	-				
	Current Tax	-	-	-		-
	Excess / Short Provision of Earlier years	-	-	-		-
	Deferred Tax Liability / (asset)	-	-			-
	Total tax expenses	-	-	-	-	-
XI	**Profit/(Loss) from Discontinued Operations after Tax**	-	-	-	-	**(47.90)**
XII	**PROFIT FOR THE YEAR**	**(163.45)**	**(146.51)**	**(1,412.11)**	**(1,981.30)**	**(1,659.92)**
XIII	**Other Comprehensive Income:**					
	Items that will not be reclassified to profit or loss (net of Tax)	(0.20)	(0.04)	(1.28)	(0.20)	(2.03)
XIV	**Total Comprehensive Income / (Loss) For The Period**	**(163.65)**	**(146.55)**	**(1,413.39)**	**(1,981.50)**	**(1,661.95)**
XVII	**Paid up Equity Share Capital (Face Value ₹ 2 per Equity share)**	74.11	74.11	74.11	74.11	74.11
XVIII	**Other Equity**	-	-	-	-	569.47
XIX	**Earnings per equity share**					
	Basic	(4.43)	(3.97)	(38.37)	(53.72)	(45.10)
	Diluted	(4.42)	(3.96)	(38.29)	(53.61)	(45.01)

See accompanying notes to the financial results

GAMMON INDIA LTD.

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NAYAN PARIKH & CO
MUMBAI.

GAMMON INDIA LIMITED
Registered Office: Floor 3rd, Plot No - 3/8, Hamilton House, J.N. Heredia Marg, Ballard Estate, Mumbai 400038. Maharashtra, India; **Telephone:** +91-22-22705562;
E-mail: gammon@gammonindia.com; **Website:** www.gammonindia.com;
CIN: L74999MH1922PLC000997

STANDALONE STATEMENT OF ASSETS AND LIABILITIES AS AT 31 MARCH 2018

(₹. in Crore)

Particulars	As at 31 March 2018	As at 31 March 2017
ASSETS		
NON-CURRENT ASSETS		
(a) Property, plant and equipment	450.74	451.28
(b) Capital work-in-progress	10.38	20.05
(c) Intangible Asset	-	-
(d) Financial assets		
(i) Investments	442.77	1,202.79
(ii) Trade receivable	207.71	294.86
(iii) Loans	1,984.60	2,009.01
(iv) Others	197.02	356.04
(e) Deferred tax assets (net)	-	-
(f) Other non-current assets	1,311.88	1,266.77
TOTAL NON-CURRENT ASSETS	**4,605.10**	**5,600.80**
CURRENT ASSETS		
(a) Inventories	123.82	146.27
(b) Financial assets		
(i) Investments	3.93	5.74
(ii) Trade receivables	132.00	60.46
(iii) Cash and cash equivalents	10.11	44.84
(iv) Bank balances	3.05	6.95
(v) Loans	8.65	15.63
(vi) Others	25.81	33.03
(c) Current tax assets (net)	-	-
(d) Other current assets	59.21	57.07
TOTAL CURRENT ASSETS	**366.58**	**369.99**
TOTAL ASSETS	**4,971.68**	**5,970.79**
EQUITY AND LIABILITIES		
EQUITY		
(a) Equity share capital	74.11	74.11
(b) Other equity	(1,411.63)	569.47
TOTAL EQUITY	**(1,337.52)**	**643.58**
LIABILITIES		
NON-CURRENT LIABILITIES		
(a) Financial liabilities		
(i) Borrowings	-	2,192.17
(ii) Trade payables	-	-
- Total outstanding dues to Micro and Small Enterprises	-	-
- Total outstanding dues to other than Micro and Small Enterprises	10.95	8.77
(iii) Other financial liabilities	12.00	12.00
(b) Provisions	0.35	0.90
(c) Deferred tax liabilities (net)	110.06	243.70
(d) Other non-current liabilities	90.59	101.92
TOTAL NON-CURRENT LIABILITIES	**223.95**	**2,559.46**
CURRENT LIABILITIES		
(a) Financial liabilities		
(i) Borrowings	-	949.14
(ii) Trade payables		
- Total outstanding dues to Micro and Small Enterprises	0.44	0.65
- Total outstanding dues to other than Micro and Small Enterprises	137.13	199.06
(iii) Other financial liabilities	5,758.76	1,298.49
(b) Other current liabilities	114.46	67.72
(c) Provisions	72.14	250.37
(d) Current tax liabilities (net)	2.32	2.32
TOTAL CURRENT LIABILITIES	**6,085.25**	**2,767.75**
TOTAL EQUITY AND LIABILITIES	**4,971.68**	**5,970.79**

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Notes:

1. The Financial Statements for the quarter and year ended March 31, 2018 were reviewed by the Audit Committee and authorized for issue vide resolution passed at the meeting of Board of Directors held on 28th November 2018 on which the Statutory Auditors' issued their report dated 28th November 2018. Those financial statements did not include the effects of the recall notice issued by the lenders of the Foreign SPV's namely Gammon Holding BV, Gammon International BV, PVAN, ATSL BV, Gammon Holding (Mauritius) Ltd. The Holding Company Gammon India Limited had issued Corporate Guarantees against the loans taken in the aforesaid foreign subsidiaries for investments in target operating companies as follows:

Sr No	Name of the SPV	Target Company	Amount of Facility guaranteed (in Cr.)	Amount of facility recalled (in Cr.)	Date of letter
1	Gammon Holding BV	Franco Tosi Meccanica S.p.A.	495.85	226.75	06th February, 2018
2	Gammon International Bv	Sofinter S.p.A	517.35	323.14	06th February, 2018
3	PVAN EERD BEHEERSMAATSCHAPPIJ BV	Sadelmi S.p.A	75.70	75.89	06th February, 2018
4	ATSL BV	SAE Powerlines S.r.l	94.31	83.99	06th February, 2018
5	Gammon Holding (Mauritius) Ltd	Sofinter S.p.A	117.08	150.84	13th December, 2017

The bankers had issued letters to the holding company enforcing the corporate guarantee and demanding repayment of the aforesaid amounts. Impacts of these letters were missed by oversight at the time of adoption of standalone accounts on November 28, 2018.

This was noticed subsequently at the time of preparation of consolidated financial statements and therefore the standalone financial statements approved on November 28, 2018 are modified to give the effect to the recall notice by the lenders.

On account of the revision the liabilities to the lenders including lenders of the SPV has increased by Rs. 860.61 Crores and amounts due from the SPVs are correspondingly increased. There were also consequential effects to the income statement on account of guarantees fees accrual.

Since the impairment testing considered unfunded liabilities in the case of exposure to investment in FTM, Sofinter, Sadelmi, SAE the above did not result in to any change in impairment.

In the case of exposure to FTM the management believes that the value of non-core assets adequately cover the exposure.

2. The Financial Results for the quarter and year ended March 31, 2018 were reviewed by the Audit Committee and approved by the Board of Directors of the Company at

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its meeting held on February 7, 2019 and have been subjected to limited review by the Statutory Auditors of the Company.

3. Results for the quarter and year ended March 31, 2018 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.

4. The figures for the quarter ended March 18 are derived from the audited figures of the twelve months period ended March 31, 2018 and the year to date figures upto December 31 2017, which were subjected to limited review by the statutory auditors and are adopted simultaneously with these results.

5. The Company's funded and non-funded exposure towards Franco Tosi Mecannica S.p.A (FTM) group is Rs. 943.08 crores (net of provisions made) as at March 31, 2018 including Investments and guarantees towards the acquisition loan taken by the SPV.

   The commissioner in charge of the Extraordinary Administration of Franco Tosi Meccanica S.p.A. has already concluded the sale of the operating business of FTM to the successful bidder and has commenced the disposal of the non-core assets (i.e. those assets which were not part of the sale of operating business), which includes 60 acres of land in Legnano, Italy. The commissioner has not started the actual disposal of the property. The valuation pegged by the commissioner is based on the valuation of land in adjoining premises which is also under administration. However the liabilities to be discharged against the surplus on disposal (net of tax) are not yet crystallised and firmed up as on date. The Commissioner of the said FTM has released summarized statement of affairs from July 2016 to December 2016 from which also the values of assets and liabilities to be discharged there against are unclear. Despite these factors the management expects that the surplus available to the equity shareholder will be adequate to cover the exposure of the Company towards FTM.

   The auditors have qualified their report on this account as follows

   "We invite attention to note no 5 relating to one of the subsidiaries M/s Franco Tosi Meccanica S.p.A (FTM). As described in the note, the control of the operating/core asset of the said FTM has been transferred to the successful bidder and the Company is entitled only to the surplus arising out of disposal of non-core assets of FTM after paying off all other creditors/liabilities of FTM. The funded and non-funded exposure of the Company to FTM is Rs. 943.08.crores (net of provisions made) as at March 31 2018 including towards the corporate guarantees issued towards the bank guarantees issued in favour of the said FTM. The management as detailed in the said note is awaiting the details of the surplus arising out of the disposal of the non-core assets and the recovery of the liabilities therefrom. The management expects that the surplus will be adequate to cover the exposure. However in the absence of any indication of the value of the non-core assets or the surplus we are unable to quantify the possible provision towards the exposure of the Company and therefore also the effect on the loss/profit of the Company for the year ended March 31, 2018."

6. Pursuant to the rejection of the waiver of recovery of managerial remuneration by the Members in General Meeting, the Company has reversed the managerial remuneration of the Chairman and Managing Director and another Executive Director

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aggregating to Rs. 31.13 crore and has shown the net recoverable amount (after reversal of unpaid salary) of Rs. 24.53 crores as excess managerial remuneration receivable

7. There are disputes in seven projects of the Company. The total exposure against these projects is Rs. 402.54 Crore consisting of receivable of Rs. 164.29 crores, inventory 38.72 crore and other receivables Rs. 199.53 crores. The Company is pursuing legal recourse / negotiations for settling the disputes in favour of the Company and is of the opinion that it has a good case in the matter hence does not require any provision considering the claims of the Company against the Clients..

The auditors have qualified their report on this account as follows

"We invite attention to Note 7 relating to Trade receivables, inventories and loans and advances which includes an amount of Rs. 402.54 crores in respect of disputes in seven projects of the Company and/or its SPVs. The Company is pursuing legal recourse/ negotiations for addressing the disputes in favour of the Company. Pending the conclusion of the matters we are unable to state whether any provisions would be required against the Company's exposure."

8. The accounts of a subsidiary M/s Campo Puma Oriente S.A. have not been audited since December 2012, due to certain disputes with the partner in the project. Furthermore, IDBI Bank Dubai, invoked the Stand by letter of credit provided by IDBI Mumbai in the month of October 2016. The exposure of the Company in the said subsidiary is Rs. 192.88 crores (net of provisions of Rs. 230 crores made). The company had received a valuation report for $ 60 Million approximately from an independent merchant banker for its share more than 36 months ago, which the management believes is still valid. Furthermore, the company is in the process of enhancing its output of oil field from the current level, which is expected to further improve the value. The disputes between the partners are expected to be resolved within a short time after which the financial statements will be signed and released. The Company has already made a provision of Rs 130 crores in March 2017 against its exposure based on internal estimates of the realisable value and further provision of Rs. 100 crores is made during the period. The provision for the year has been shown as exceptional item

The auditors have qualified their report on this account as follows

"We invite attention to note no 8 relating to the Company's Exposure to Campo Puma Oriente S.A. of Rs. 192.88 crores net of impairment provisions of Rs. 230 crores made based on internal estimates of asset value. In the light of the on-going dispute with the partners resulting in the financial statements not being finalised, in view of the impairment testing of the said exposure not being carried out by Gammon India Limited, the available independent valuations are more than 36 months old and the internal estimates of realisability not being backed by independent valuation, we are unable to state whether any further impairment would be required."

9. 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.

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In furtherance to the recommendation of the Dispute Resolution Board (DRB) and Arbitration Awards in the Company's favour, the Company has recognized income to the extent of Rs.114.22 Crore, which is part of Long Term Trade Receivable. The Company contends that such awards have reached finality for the determination of the amounts of such claims and are reasonably confident of recovery of such claims although the client has moved the court to set aside the awards. Considering the fact that the Company has received favorable awards from the DRB and the Arbitration Tribunal, the management is reasonably certain that the claims will get favorable verdict from the courts.

10. The Company has receivable including retention and work in progress aggregating to Rs. 54.72 Crore (inventory - Rs. 24.30 crores and receivables Rs. 30.42 crores) in various jobs relating to the Real Estate Projects due to the problems faced by the Real Estate Sector. The management is confident of ultimate recovery considering its contractual position and therefore no adjustments are required to be made in respect of such contracts.

11. The Company has evaluated its existing claims in respect of on-going, completed and/or terminated contracts with the help of an independent expert in the field of claims and arbitration have assess the likely amount of claims being settled in favour of the Company. During the year Company has recognised further claims amounting to Rs. 140.35 crores. The expert has reviewed all the claims and has opined that an amount aggregating to Rs. 912.36 crores will be reasonably certain to be settled in favour of the Company. The management contends that the same are due to them and they have a very good chance of realisation.

The auditors have qualified their opinion.

"We invite attention to note no 11, detailing the recognition of claims during the earlier years and the current year in respect of on-going, completed and/or terminated contracts. During the year Company has recognised further claims amounting to Rs. 140.35 crores. The aggregate amount of claims outstanding as at March 31, 2018 is Rs. 912.36 crores. These claims are recognised only on the basis of opinion of an expert in the field of claims and arbitration as part of the requirement of the Strategic Debt Restructuring scheme with the lenders. In view of the above-mentioned circumstances and facts we are unable to comment upon the amounts recognised, its realisation and the consequent effect on the financial statements for the year ended March 31, 2018".

12. Material Uncertainty Relating to Going Concern

The Company's operations have been affected in the last few years by various factors including liquidity crunch, unavailability of resources on timely basis, delays in execution of projects, delays in land acquisition, operational issues etc. The Company's overseas operations are characterized due to weak order booking, paucity of working capital and uncertain business environment. As on March 31, 2018 the Company's current liabilities exceed the current assets by Rs. 5718.67 crores. The facilities of the Company with the CDR lenders are presently marked as NPA since June 2017. The liquidity crunch has resulted in several winding up petitions being filed against the Company by various stakeholders for recovery of the debts which the Company has been settling as per the mutually agreed repayment terms. The CDR lenders have recalled the various facilities, initiated recovery suits in the Debt Recovery Tribunals as well as filing a winding up petition with the National Company Law Tribunal, Mumbai bench under the Insolvency and Bankruptcy code.

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K.N. [signature]
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ICICI bank has invoked pledge of shares of Gammon Infrastructure Projects Limited which were pledged as security by one of the Company's wholly owned subsidiary towards recovery of its dues. As on March 31, 2018 the Company's wholly owned subsidiary held 40,04,99,700 equity shares (42.52%) in GIPL.

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

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

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

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

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

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

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

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

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

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

(IV) The Total Debt to be assumed= INR 500 crore The assumed debt would be restructured with a new maturity and repayment profile having an IRR of 8%. To

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facilitate this restructuring and retire this restructured debt, the investor proposes that the following package of assets would be collateralized to the lenders:

Gammon House:

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

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

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

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

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

13. The Company's exposure to one of the subsidiary company developing a real estate project in Bhopal is Rs 324.68 crores. Due to slow down in the real estate market the subsidiary company is facing problems in its development and sale. During the year the management has on a conservative basis made a provision of Rs. 100 crores against its exposure based on internal estimates of the realizable value. The management is confident that there will be no further provision required towards impairment. The provision for the year has been shown as exceptional item

The auditors have qualified their report on this account as follows

"We invite attention to note no 13 relating to the exposure of the Company to a subsidiary engaged in real estate development in Bhopal. The Company has on prudent basis made a provision of Rs. 100 crores against the exposure of Rs. 324.68 crores. The Subsidiary's financials are also not available for our review. Hence in the absence of any indicators of value arising out of the project and its financial stability we are unable to state whether any further provision is required towards the balance exposure of Rs. 224.68 crores."

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

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15. One of the subsidiary ("Metropolitan Infrahousing Private Limited") has sold the Land at Dombivali since the Balance Sheet date. After this there are no major assets in the books of MIPL except for a parcel of land aggregating to 45 acres to repay the loan of GIL. Therefore the company has made a provision for impairment of its investment in the subsidiary of Rs. 505.44 Crores net of the reversal of the provision of deferred tax liability recognised on transition date of Rs. 101.09 Crores. Further provision of Rs. 268.90 Crores has been made against its exposure as loan & interest receivable as on March 31, 2018. The provision for the year has been shown as exceptional item.

16. The company has made impairment provision towards the carrying value of investment carried at cost in respect of investment in Gammon Power Limited and Gactel Turnkeys Project Limited, the companies through which the equity stake in Gammon Infrastructure Project Limited (GIPL) is held. The provision made is Rs.153.49 crores for the year ended March 31, 2018 (Rs. 529.96 crores for the year ended March 31, 2017). The impairment provision is made based on the market price of the said shares of GIPL. The provision for the year has been shown as exceptional item.

17. The exposure of the Company in Sofinter S.p.A through two subsidiaries is Rs. 1112.34 crores of which Gammon International BV is Rs. 826.14 Crores and Gammon Holding Mauritius Limited is Rs. 286.20 Crores. Based on the valuation carried out by an independent valuer, there is a diminution in the equity value of Sofinter group as compared to the total exposure of the Company. The management is of the view that this diminution in the equity value of Sofinter group is of temporary in nature considering the Sofinter Group's strong order book position. Considering the combined exposure in GIBV & GHML the reduction in Equity value as per the recent valuation report is Rs. 125 Crores. However on the prudent basis Company has provided Rs. 350 crores during the year against its exposure to GIBV. The provision for the year has been shown as exceptional item.

18. One of the subsidiary ("Gammon Realty Limited) has received advance of Rs 30 Crore against sale of its stake in its subsidiary ("Preeti Township Private Limited) pending execution of share purchase agreement and transfer of shares in favour of buyer. Further there are no other major assets remains in ("Gammon Realty Limited") to repay the loan of GIL therefore the company has made a provision of Rs. 120 Crores against its exposure as on March 31, 2018. The provision for the year has been shown as exceptional item.

19. The Exceptional items include the following

Rs. In Crore

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Net provision for impairment of Investments net of DTL reversal	658.93	557.97
Impairment provisions of Loans	940.90	606.26
Impairment provisions of Trade Receivable	-	119.28
Impairment provision of Other Receivable	-	28.55

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Loss on Foreclosure of Project	44.80	-
Write back of Diminution in the value of Investment	-	(6.98)
Write back of provision of Loans	(57.98)	-
Total	**1586.65**	**1305.09**

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

Particulars	Previous Due Date	Paid (Y / N)	Next Due Date	Next Due Amount
NCD 10.5% monthly interest payments (Rs. 14.36 Cr. not paid since April'16)	31.03.2018	No	30.04.2018	0.59 Cr
NCD 11.05% monthly interest payments (Rs. 20.38 Cr. not paid since April'16)	31.03.2018	No	30.04.2018	0..84 Cr
NCD 9.50% monthly interest payments (Rs. 17.38 Cr. not paid since April'16)	31.03.2018	No	30.04.2018	0.72 Cr
NCD 9.95% half yearly interest payments (Rs. 9.22 Cr. not paid since September'16)	31.03.2018	No	30.09.2018	2.22 Cr

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

Particulars	Previous Due Date	Paid (Y / N)	Next Due Date	Amount in crores
NCD 10.5% quarterly Principal payments (Rs. 15.28 Cr. not paid since April'16)	15.01.2018	No	15.04.2018	2.73 Cr.
NCD 11.05% quarterly Principal payments (Rs. 20 Cr. not paid since April'16)	15.01.2018	No	15.04.2018	3.25 Cr.
NCD 9.50% quarterly Principal payments (Rs. 18 Cr. not paid since April'16)	15.01.2018	No	15.04.2018	2.93 Cr.
NCD 9.95% yearly Principal payments (Rs. 10.81 Cr.cr not paid since April'16)	15.01.2018	No	15.04.2018	1.63 Cr.

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

Sr. No.	Particulars	As at March 31, 2018
A	Debt Equity Ratio	(3.55)
B	Debt Service Coverage Ratio	(0.28)
C	Interest Service Coverage Ratio	(1.86)
D	Debenture Redemption Reserve	81.00
E	Net Worth	(1337.52)
F	Net Profit after Tax	(1981.30)
G	Basic Earnings per share	(53.72)

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

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

For Gammon India Limited

Abhijit Rajan
Chairman
Mumbai, February 7, 2019

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MUMBAI.

NAYAN PARIKH & CO.
(REGISTERED)
CHARTERED ACCOUNTANTS
OFFICE NO. 9, 2ND FLOOR, JAIN CHAMBERS, 577, S.V. ROAD, BANDRA (WEST), MUMBAI 400050, INDIA.
PHONE : (91-22) 2640 0358, 2640 0359

Auditor's Report on Standalone Financial Results of the Company Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

To
The Board of Directors
Gammon India Limited,
Mumbai.

1. We have audited the Standalone Financial Results of Gammon India Limited ("the Company") for the year ended March 31, 2018, attached herewith ("Statement"), being submitted by the company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with Circular No. CIR/CFD/FAC/62/2016 dated July 5, 2016. The quarterly Standalone Financial Results are the derived figures between the audited figures in respect of the year ended March 31, 2018 and the year-to-date figures up to December 31, 2017, being the date of the end of the third quarter of the current financial year, which were subjected to limited review. These financial statements have been prepared to give effects to the recall notices from the lenders, received by the Company for Bank loans of foreign SPV's for which the corporate guarantees were given by the Company, that were not accounted in the earlier financial statements approved on November 28, 2018 by the Company through oversight (Refer note no. 1 of the Statements). These notices came to the attention of the management only when the consolidation of accounts was in progress. These notices were not brought to our attention earlier at the time of preparation of the financial statements approved on November 28, 2018. On account of the revision, the liabilities to the lenders including lenders of the foreign SPV has increased by Rs 860.61 crores and amounts due from the foreign SPVs are correspondingly increased. There were also consequential effects to the guarantees fees accrual. Prior to the preparation of these financial statements, the Board of Directors of the Company in their meeting held on November 28, 2018 had prepared earlier financial statements and on which we had issued our report dated November 28, 2018 thereon. Since the said earlier financial statements adopted by the Board of Directors on November 28, 2018 were yet to be adopted by the shareholders of the Company, the Board of Directors have now modified the financial statements to give effect to the recall notices from the lenders and have now approved these financial statements at their meeting held on February 07, 2019 and we have been called upon to issue our Audit Report on such financial statements and also a report on the effectiveness of internal control with reference to financial statements.

2. The Standalone Financial Results for the quarter ended March 31, 2018 have been prepared on the basis of the financial results for the nine-month period ended December 31, 2017, the audited Annual Financial Statements as at and for the year ended March 31, 2018, and the relevant requirements of Regulation 33 of the

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SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and are the responsibility of Company's management and have been approved by the Board of Directors of the Company. Our responsibility is to express an opinion on these financial results based on our review of the financial results for the nine-month period ended December 31, 2017 which was prepared in accordance with the recognition and measurement principles laid down in Companies (Indian Accounting Standards) Regulation, 2015 specified under Section 133 of the Companies Act, 2013 and other accounting principles generally accepted in India; our audit of the annual financial statements as at and for the year ended March 31, 2018; and the relevant requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

3. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial results are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts disclosed as financial results. An audit also includes assessing the accounting principles used and significant estimates made by management. We believe that our audit provides a reasonable basis for our qualified opinion.

4. Basis of Qualified Opinion

(a) We invite attention to note no 5 relating to one of the subsidiaries M/s Franco Tosi Meccanica S.p.A (FTM). As described in the note, the control of the operating/core asset of the said FTM has been transferred to the successful bidder and the Company is entitled only to the surplus arising out of disposal of non-core assets of FTM after paying off all other creditors/liabilities of FTM. The funded and non-funded exposure of the Company to FTM is Rs. 943.08.crores (net of provisions made) as at March 31, 2018 including towards the corporate guarantees issued towards the bank guarantees issued in favour of the said FTM. The management as detailed in the said note is awaiting the details of the surplus arising out of the disposal of the non-core assets and the recovery of the liabilities therefrom. The management expects that the surplus will be adequate to cover the exposure. However in the absence of any indication of the value of the non-core assets or the surplus we are unable to quantify the possible provision towards the exposure of the Company and therefore also the effect on the loss/profit of the Company for the year ended March 31, 2018.

(b) We invite attention to note no 11, detailing the recognition of claims during the earlier years and the current year in respect of on-going, completed and/or terminated contracts. During the year Company has recognised further claims amounting to Rs. 140.35 crores. The aggregate amount of claims outstanding as at March 31, 2018 is Rs. 912.36 crores. These claims are recognised only on the basis of opinion of an expert in the field of claims and arbitration as part of the requirement of the Strategic Debt Restructuring scheme with the lenders.

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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, 2018.

(c) We invite attention to note no 8 relating to the Company's Exposure to Campo Puma Oriente S.A. of Rs. 192.88 crores net of impairment provisions of Rs. 230 crores made based on internal estimates of asset value. In the light of the on-going dispute with the partners resulting in the financial statements not being finalised, in view of the impairment testing of the said exposure not being carried out by Gammon India Limited, the available independent valuations are more than 36 months old and the internal estimates of realisability not being backed by independent valuation, we are unable to state whether any further impairment would be required.

(d) We invite attention to Note 7 relating to Trade receivables, inventories and loans and advances which includes an amount of Rs. 402.54 crores in respect of disputes in seven projects of the Company and/or its SPVs. The Company is pursuing legal recourse/ negotiations for addressing the disputes in favour of the Company. Pending the conclusion of the matters we are unable to state whether any provisions would be required against the Company's exposure

(e) We invite attention to note no 13 relating to the exposure of the Company to a subsidiary engaged in real estate development in Bhopal. The Company has on prudent basis made a provision of Rs. 100 crores against the exposure of Rs. 324.68 crores. The Subsidiary's financials are also not available for our review. Hence in the absence of any indicators of value arising out of the project and its financial stability we are unable to state whether any further provision is required towards the balance exposure of Rs. 224.68 crores.

5. **Qualified Opinion**

Except for the possible effects arising out of the matters mentioned in para a to e of our basis for qualified opinion mentioned hereinabove, In our opinion and to the best of our information and according to the explanations given to us these quarterly financial results as well as the year to date results:

(i) are presented in accordance with the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with Circular No. CIR/CFD/FAC/62/2016 dated July 5, 2016; and

(ii) give a true and fair view of the net profit, total comprehensive income and other financial information for the quarter ended March 31, 2018 and for the year ended March 31, 2018.

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

We invite attention to the note no 12 relating to the present financial situation of the Company detailing the Material Uncertainties Relating to Going Concern and the Going Concern assumptions. The lenders have recalled all the loans and their present excess of Current Liabilities over Current Assets is Rs. 5718.67 crores. The Company is finding it difficult to meet its financial obligations and the lenders have still not approved its further restructuring plan. Further due to the issues

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detailed in the note 12 the Company is continuously delayed in the preparation of the financial statements and submissions to the stock exchanges as per the timelines of the listing agreement. The trading in the equity shares of the Company is presently suspended. Some of the creditors have filed for winding up petitions against the Company. However the Company has obtained stay subject to deposit of money with the NCLT. The company has severe manpower issues and is defaulting on its statutory and regulatory obligations. The issues as stated above and in note 12 including but not limited to the Material uncertainties involved in the restructuring and resolution plans forming the basis of the Going Concern assumption indicates material uncertainties that may cast significant doubt about the Going Concern Assumption. Our report is not qualified on this account

7. **Emphasis of Matter**

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

a) We draw attention to Note no 9 relating to recoverability of an amount of Rs.114.22 crores as at March 31, 2018 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. 10 relating to the projects of real estate sector where the exposure is Rs. 54.72 crores. The management is confident of ultimate recovery of the amounts and we have relied on the management assertions of recoverability.

8. The comparative financial information of the Company for the quarter ended and the year ended March 31, 2017 included in this statement have been audited by the predecessor auditor. The report of the predecessor auditor on these comparative financial information dated September 20, 2017 expressed a qualified opinion.

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

NAYAN PARIKH & CO. MUMBAI Chartered Accountants

K N Padmanabhan
Partner
M. No. 36410
Mumbai, Dated: - February 7, 2019

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, 2018 [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	354.86	354.86
	2	Total Expenditure	2336.16	2336.16
	3	Net Profit/(loss) before OCI	(1,981.30)	(1,981.30)
	4	Earnings Per Share- Basic	(53.72)	(53.72)
	5	Total Assets	4971.68	4971.68
	6	Total Liabilities	4971.68	4971.68
	7	Net Worth	(1337.52)	(1337.52)
	8	Any Other Financial Item	-	-
II.	**Audit Qualification (each audit qualification separately):**			
1.	a.	**Details of Audit Qualification:** We invite attention to note no 5 relating to one of the subsidiaries M/s Franco Tosi Meccanica S.p.A (FTM). As described in the note, the control of the operating/core asset of the said FTM has been transferred to the successful bidder and the Company is entitled only to the surplus arising out of disposal of non-core assets of FTM after paying off all other creditors/liabilities of FTM. The funded and non-funded exposure of the Company to FTM is Rs. 943.08.crores (net of provisions made) as at March 31, 2018 including towards the corporate guarantees issued towards the bank guarantees issued in favour of the said FTM. The management as detailed in the said note is awaiting the details of the surplus arising out of the disposal of the non-core assets and the recovery of the liabilities therefrom. The management expects that the surplus will be adequate to cover the exposure. However in the absence of any indication of the value of the non-core assets or the surplus we are unable to quantify the possible provision towards the exposure of the Company and therefore also the effect on the loss/profit of the Company for the year ended March 31, 2018.		
	b.	**Type of Audit Qualification: Qualified Opinion**		
	c.	**Frequency of qualification:** Since December 2013 – 5th Time in audited accounts.		
	d.	**For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views: NA**		
	e.	**For Audit Qualification(s) where the impact is not quantified by the auditor:**		
	(i)	**Management's estimation on the impact of audit qualification:** Based on estimation given by the Commissioner in charge, the management believes the value of non-core assets including land is sufficient to cover external liabilities of FTM as also the exposure of the Group. However on a prudent basis Company has provided Rs.100 crores. Accordingly Board has come to the conclusion that no further impairment is required for the Company.		
	(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 indication of the value of the non-core assets or the surplus we are unable to quantify the possible further provision towards the exposure of the Company and therefore also the effect on the loss/profit of the		

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	Company for the quarter and the period ended 31st March 2018.
2.	a. **Details of Audit Qualification:** We invite attention to note no 11, detailing the recognition of claims during the earlier years and the current year in respect of on-going, completed and/or terminated contracts. During the year Company has recognised further claims amounting to Rs. 140.35 crores. The aggregate amount of claims outstanding as at March 31, 2018 is Rs. 912.36 crores. These claims are recognised only on the basis of opinion of an expert in the field of claims and arbitration as part of the requirement of the Strategic Debt Restructuring scheme with the lenders. In view of the above-mentioned circumstances and facts we are unable to comment upon the amounts recognised, its realisation and the consequent effect on the financial statements for the year ended March 31, 2018.
	b. **Type of Audit Qualification: Qualified Opinion**
	c. **Frequency of qualification:** 3rd 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. 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 realisation and the consequent effect on the financial results of the quarter ended 31st March 2018 and year ended 31st March 2018
3.	a. **Details of Audit Qualification:** We invite attention to note no 8 relating to the Company's Exposure to Campo Puma Oriente S.A. of Rs. 192.88 crores net of impairment provisions of Rs. 230 crores made based on internal estimates of asset value. In the light of the on-going dispute with the partners resulting in the financial statements not being finalised, in view of the impairment testing of the said exposure not being carried out by Gammon India Limited, the available independent valuations are more than 36 months old and the internal estimates of realisability not being backed by independent valuation, we are unable to state whether any further impairment would be required.
	b. **Type of Audit Qualification: Qualified Opinion**
	c. **Frequency of qualification:** Since September 2014 – 4th Time in Audited Accounts.
	d. **For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:** e. **Not Applicable**
	f. **For Audit Qualification(s) where the impact is not quantified by the auditor:**
	(i) **Management's estimation on the impact of audit qualification:** The company had received a valuation report for $ 60 Million approximately from an independent merchant banker for its share more than 36 months ago, which the management believes is still valid. Furthermore, the company is in the process of enhancing its output of oil field from the current level, which is expected to further improve the value. The disputes between the partners are expected to be resolved within a short time after which the financial statements will be signed and released.

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		The Company has made a provision of Rs 230 crores against its exposure based on internal estimates of the realisable value and the management is confident that there will be no further provision required towards impairment.
	(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 light of the on-going dispute with the partners resulting in the financial statements not being finalised and in view of the impairment testing of the said exposure not being carried out by Gammon India Limited and the available independent valuations are more than 36 months old. The internal estimates of realisability are not backed by independent valuation and we are therefore unable to state whether the said impairment carried out is adequate or not.
4.	a.	**Details of Audit Qualification:** We invite attention to Note 7 relating to Trade receivables, inventories and loans and advances which includes an amount of Rs. 402.54 crores in respect of disputes in seven projects of the Company and/or its SPVs. The Company is pursuing legal recourse/ negotiations for addressing the disputes in favour of the Company. Pending the conclusion of the matters we are unable to state whether any provisions would be required against the Company's exposure.
	b.	**Type of Audit Qualification: Qualified Opinion**
	c.	**Frequency of qualification:** 3rd Time in Audited Accounts
	d.	**For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:** **a. 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 seven projects of the Company. The total exposure against these projects is Rs. 402.54 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.
5.	a.	**Details of Audit Qualification:** We invite attention to note no 13 relating to the exposure of the Company to a subsidiary engaged in real estate development in Bhopal. The Company has on prudent basis made a provision of Rs. 100 crores against the exposure of Rs. 324.68 crores. The Subsidiary's financials are also not available for our review. Hence in the absence of any indicators of value arising out of the project and its financial stability we are unable to state whether any further provision is required towards the balance exposure of Rs. 224.68 crores.
	b.	**Type of Audit Qualification: Qualified Opinion**
	c.	**Frequency of qualification:** 2nd Time in Audited Accounts
	d. e.	**For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:** **Not Applicable**
	f.	**For Audit Qualification(s) where the impact is not quantified by the auditor:**

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	(i) **Management's estimation on the impact of audit qualification:** Due to slow down in the real estate market the subsidiary company is facing problems in its development and sale. The management is confident that there will be no further provision required towards impairment.	
	(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 indicators of value arising out of the project we are unable to state whether any provision is required towards the exposure of Rs. 224.68 crores.	
III.	**Signatories:**	**Signatures**
	Chairman Mr. Abhijit Rajan	
	Audit Committee Chairman. Mr. Naval Chowdhary GAMMON INDIA LTD.	
	Auditors For Nayan Parikh & Co. Chartered Accountants Firm Registration No. 107023W K.N.Padmanabhan Partner M. No. 036410 NAYAN PARIKH & CO. MUMBAI Chartered Accountants	K.N
	Place: Mumbai	
	Date: 07.02.2019	

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STATEMENTS OF CONSOLIDATED AUDITED RESULTS FOR THE YEAR ENDED 31 MARCH 2018

(₹ in Crore)

Sr No		Particulars	Year Ended April 2017 - March 2018 Audited	Year Ended April 2016 - March 2017 Audited
1		**Income**		
	(a)	Revenue from Operations	704.13	1667.62
	(b)	Other Income	329.66	121.20
		Total Income	**1033.79**	**1788.82**
2		**Expenses**		
	(a)	Cost of material consumed	225.29	370.55
	(b)	Purchases of stock-in-trade	2.00	8.18
	(c)	Changes in inventories of finished goods, work-in progress and stock-in-trade	16.45	71.07
	(d)	Subcontracting Expenses	188.62	442.55
	(e)	Employee benefits expense	38.59	155.31
	(f)	Finance Costs	782.81	874.97
	(g)	Depreciation & amortization	46.39	90.44
	(h)	Other expenses	113.66	594.27
		Total Expenses	**1413.81**	**2607.34**
3		**Profit/(Loss) before exceptional items and tax (1-2)**	**(380.02)**	**(818.52)**
4		Exceptional items (Income) / Expense	1225.98	291.98
5		**Profit / (loss) before share of (profit)/loss of associates and joint ventures and tax (3-4)**	**(1606.00)**	**(1110.50)**
6		Share of profit / (loss) of associates and joint ventures	**(21.76)**	**(26.41)**
7		**Profit/(loss) before tax (5-6)**	**(1627.76)**	**(1136.91)**
8		**Profit/(Loss) from continuing operations**	**(1627.76)**	**(1089.01)**
9		**Tax expenses**		
		Current Tax	6.79	22.30
		Excess / Short Provision of Earlier years	2.58	2.93
		Deferred Tax Liability / (asset)	(15.67)	(8.36)
		Total tax expenses	**(6.30)**	**16.87**
10		**Profit/(Loss) for the period from continuing operations (8-9)**	**(1621.46)**	**(1105.88)**
11		**Profit/(Loss) from discontinued Operations**	0.00	(47.90)
12		**Tax expenses**		
		Current Tax	-	0.00
		Excess / Short Provision of Earlier years	-	-
		Deferred Tax Liability / (asset)	-	0.00
		Total tax expenses	**0.00**	**0.00**
13		**Profit/(Loss) from Discontinued Operations after Tax (11-12)**	**0.00**	**(47.90)**
14		**PROFIT FOR THE YEAR (10) + (13)**	**(1621.46)**	**(1153.78)**
15		**Other Comprehensive Income:**		
		Items that will not be reclassified to profit or loss:		
		- Remeasurements of the defined benefit plans [net of tax]	0.19	(3.02)
		Items that will be reclassified to profit or loss		
		- Exchange differences through OCI	(127.60)	66.48
		- Net gain/ (loss) on fair value of equity instruments through OCI	(90.53)	401.18
		Other Comprehensive Income for the year	**(217.95)**	**464.64**
16		**Total Comprehensive Income / (Loss) For The Period**		
		Profit for the year attributable to:		
		- Owners of the Company	(1573.86)	(1086.46)
		- Non- Controlling interest	(47.60)	(67.32)
17		**Other Comprehensive Income attributable to:**		
		- Owners of the Company	(217.96)	464.63
		- Non- Controlling interest	0.01	0.01
18		**Total Comprehensive Income attributable to:**		
		- Owners of the Company	(1791.81)	(621.82)
		- Non- Controlling interest	(47.59)	(67.31)
19		**Earnings per equity share**		
		Basic	(42.67)	(29.52)
		Diluted	(42.59)	(29.46)

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CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES

(₹ in Crore)

Particulars	As at March 31, 2018	As at March 31, 2017
ASSETS		
NON-CURRENT ASSETS		
(a) Property, plant and equipment	459.34	707.58
(b) Capital work-in-progress	10.38	105.45
(c) Investment Property	-	-
(d) Intangible Asset	0.18	1,918.15
(e) Goodwill on Consolidation	147.42	622.55
(f) Intangible Assets under development	-	723.42
Financial assets	-	-
(i) Investments	1,053.26	968.07
(ii) Trade receivable	256.76	1,356.43
(iii) Loans	237.05	350.79
(iv) Others financial assets	54.19	153.90
(e) Deferred tax assets (net)	0.36	74.02
(f) Other non-current assets	1,346.05	1,351.06
TOTAL NON-CURRENT ASSETS	**3,564.99**	**8,331.42**
CURRENT ASSETS		
(a) Inventories	1,801.47	2,423.77
(b) Financial assets	-	-
(i) Investments	3.92	153.13
(ii) Trade receivables	199.04	500.97
(iii) Cash and cash equivalents	33.55	105.93
(iv) Bank balances	4.66	10.03
(v) Loans	67.86	132.66
(vi) Others	27.09	37.20
(c) Current tax assets (net)	-	-
(d) Other current assets	84.35	112.80
TOTAL CURRENT ASSETS	**2,221.94**	**3,476.49**
TOTAL ASSETS	**5,786.93**	**11,807.91**
EQUITY AND LIABILITIES		
EQUITY		
(a) Equity share capital	74.11	74.11
(b) Other equity	(2,263.48)	(473.64)
Equity attributable to owners of the parent	**(2,189.37)**	**(399.53)**
(c) Non-controlling interests	(87.12)	243.81
TOTAL EQUITY	**(2,276.49)**	**(155.72)**
LIABILITIES		
NON-CURRENT LIABILITIES		
(a) Financial liabilities		
(i) Borrowings	116.28	5,587.38
(ii) Trade payables		
- Total outstanding dues to Micro and Small Enterprises	-	-
- Total outstanding dues to other than Micro and Small Enterprises	34.53	30.40
(iii) Other financial liabilities	0.00	730.17
(b) Provisions	3.64	33.76
(c) Deferred tax liabilities (net)	110.36	300.81
(d) Other non-current liabilities	224.13	670.06
TOTAL NON-CURRENT LIABILITIES	**488.94**	**7,352.58**
CURRENT LIABILITIES		
(a) Financial liabilities		
(i) Borrowings	699.86	1,378.70
(ii) Trade payables		
- Total outstanding dues to Micro and Small Enterprises	0.30	0.65
- Total outstanding dues to other than Micro and Small Enterprises	249.70	389.33
(iii) Other financial liabilities	6,208.79	2,379.00
(b) Other current liabilities	245.35	251.35
(c) Provisions	162.05	181.89
(d) Current tax liabilities (net)	8.44	30.13
TOTAL CURRENT LIABILITIES	**7,574.48**	**4,611.05**
TOTAL EQUITY AND LIABILITIES	**5,786.93**	**11,807.91**

See accompanying notes to the financial results

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Notes:

1. The Consolidated Financial Results for the year ended 31st March 2018 were reviewed by the Audit Committee and taken on record by the Board of Directors of the Company at its meeting held on 07th February 2018.

2. The above published audited consolidated results for the year ended 31 March 2018 have been prepared in accordance with the Companies (Indian Accounting Standards) Regulation, 2015 specified under Section 133 of the Companies Act, 2013), read with relevant Rules thereon and other accounting principles generally accepted in India.

3. The Company's funded and non-funded exposure towards Franco Tosi Mecannica S.p.A (FTM) group net of eliminations is Rs. 556.78 crores (net of provisions towards impairment of Rs. 422.40 crores) as at March 31, 2018 including Investments and guarantees towards the acquisition loan taken by the SPV.

   The commissioner in charge of the Extraordinary Administration of Franco Tosi Meccanica S.p.A. has already concluded the sale of the operating business of FTM to the successful bidder and has commenced the disposal of the non-core assets (i.e. those assets which were not part of the sale of operating business), which includes 60 acres of land in Legnano, Italy. The commissioner has not started the actual disposal of the property. The valuation pegged by the commissioner is based on the valuation of land in adjoining premises which is also under administration. However the liabilities to be discharged against the surplus on disposal (net of tax) are not yet crystallised and firmed up as on date. The Commissioner of the said FTM has released summarized statement of affairs from July 2016 to December 2016 from which also the values of assets and liabilities to be discharged there against are unclear.

   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.

   Despite the factors stated above the management expects that the surplus available to the equity shareholder will be adequate to cover the exposure of the Company towards FTM and no further provision for diminution in the value required.

   The auditors have qualified their report on this account as follows

   "The accounts of one of the entities M/s Franco Tosi Meccanica S.p.A, Italy (FTM) in which the Holding Company owns 83.94% stake have not been audited since December 2011 for reasons mentioned in note 3 which inter-alia covers the application for pre-insolvency composition agreement with creditors in Italian court, partial completion of the composition agreement where the control of the operating/core asset of the said FTM has been transferred to the successful bidder and the Company is entitled only to the surplus arising out of disposal of non-core assets of FTM after paying off all other creditors/liabilities of FTM. In the light of what is stated in the aforesaid note, the Holding Company does not have any control over the financial and operating decisions of the said FTM. Therefore the said FTM has not been consolidated in accordance with INDAS 110 – Consolidated Financial Statements. Further the management contends that considering the status as detailed in the above-referred note the entity operates under severe restrictions, which significantly impairs its access to variable returns. The said Subsidiary has therefore been accounted as Financial Instrument accounted

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on Fair Value through Other Comprehensive Income. However since the financial information and other records are not available the fair value could not be determined. The funded and non-funded exposure of the group to FTM net of eliminations is Rs. 556.78 Crores (net of provisions towards impairment of Rs. 422.40 crores) as at 31st March 2018 including towards the corporate guarantees issued towards the bank guarantees issued in favour of the said FTM. The management as detailed in the said note is awaiting the details of the surplus arising out of the disposal of the non-core assets and the recovery of the liabilities therefrom. The management expects that the surplus will be adequate to cover the exposure. However in the absence of any indication of the value of the non-core assets and the surplus after recovering the liability therefrom we are unable to quantify the possible further provision towards the exposure of the Group. We are also unable to determine whether the said entity carrying value is appropriate as FVTOCI and whether the effect on the consolidated loss of the Group for the year ended March 31, 2018 is appropriate."

4. Pursuant to the rejection of remuneration paid/payable to Chairman for the period 1st April,2012 to 31st March,2017 aggregating to RS.30.54 crores and recovery of excess remuneration paid to erstwhile Executive Director aggregating to RS. 0.59 crores ,the Company has reversed the said managerial remuneration and has shown the net recoverable remuneration (after reversal of unpaid salary) aggregating to Rs. 24.53 crores as receivable from the Chairman and the erstwhile Executive Director. The Board on the recommendation of the nomination and remuneration committee has decided to seek from its shareholders /lenders waiver of the remuneration recoverable as aforementioned.

5. There are disputes in seven projects of the Company. The total exposure against these projects is Rs. 335.89 Crores consisting of receivable of Rs. 164.29 crores, inventory 38.72 crores and other receivables Rs. 132.88 crores. The Company is pursuing legal recourse / negotiations for settling the disputes in favour of the Company and is of the opinion that it has a good case in the matter hence does not require any provision considering the claims of the Company against the Clients.

   The auditors have qualified their report on this account as follows

   "Trade receivables, inventories and loans and advances which includes an amount of Rs. 335.89 crores in respect of disputes in seven projects of the Company and/or its SPVs. The Company is pursuing legal recourse/ negotiations for addressing the disputes in favour of the Company. Pending the conclusion of the matters we are unable to state whether any provisions would be required against the Company's exposure (refer note 5)."

6. The Company has evaluated its existing claims in respect of on-going, completed and/or terminated contracts with the help of an independent expert in the field of claims and arbitration have assess the likely amount of claims being settled in favour of the Company. During the year Company has recognised further claims amounting to Rs. 140.35 crores. The expert has reviewed all the claims and has opined that an amount aggregating to Rs. 912.36 crores will be reasonably certain to be settled in favour of the Company. The management contends that the same are due to them and they have a very good chance of realisation.

   The auditors have qualified their opinion.

   "We invite attention to note no 6, detailing the recognition of claims during the earlier years and the current year in respect of on-going, completed and/or terminated contracts. During the year Holding Company has recognised further claims amounting to Rs. 140.35 crores. The aggregate amount of claims outstanding as at March 31, 2018 is Rs. 912.36 crores. These claims are recognised only on the basis of opinion of an expert in the field of claims and arbitration as part of the requirement of the Strategic Debt Restructuring scheme with the lenders. In view of the above-mentioned circumstances and facts we are unable to comment upon the amounts recognised, its realisation and the consequent effect on the consolidated financial statements for the year ended March 31, 2018."

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

The Company's operations have been affected in the last few years by various factors including liquidity crunch, unavailability of resources on timely basis, delays in execution of projects, delays in land acquisition, operational issues etc. The Company's overseas operations are characterized due to weak order booking, paucity of working capital and uncertain business environment. As on March 31, 2018 the Company's current liabilities exceed the current assets by Rs. 5718.67 crores. The facilities of the Company with the CDR lenders are presently marked as NPA since June 2017. The liquidity crunch has resulted in several winding up petitions being filed against the Company by various stakeholders for recovery of the debts which the Company has been settling as per the mutually agreed repayment terms. The CDR lenders have recalled the various facilities, initiated recovery suits in the Debt Recovery Tribunals as well as filing a winding up petition with the National Company Law Tribunal, Mumbai bench under the Insolvency and Bankruptcy code.

ICICI bank has invoked pledge of shares of Gammon Infrastructure Projects Limited which were pledged as security by one of the Company's wholly owned subsidiary towards recovery of its dues. As on March 31, 2018 the Company's wholly owned subsidiary held 40,04,99,700 equity shares (42.52%) in GIPL.

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

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

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

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

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

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

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

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

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

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

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

Gammon House:

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

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

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

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

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

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

i. GBLLC:
GBLLC has successfully completed several projects in Dubai. Due to the downturn in real estate market in Dubai company is facing liquidity crunch. The Company is exploring the various opportunities in Dubai to get the new projects. Company is hopeful to improve its cash flows.

ii. ACBI
The Company is facing financial difficulties and material uncertanities relataing to Operations and cashflows . Company is on the verge of completion of its major Project and is in search of new projects. The Company has made profits in the current year and out of the collection repaid its majority of the debts towards lenders. The Company is also in negotiation with various customers for getting manufacturing and spares contracts and suceeded in getting few. The Compnay is also taking up the overseas opportunities with its associate companies which can give the new order to substantiate future operations of the Company.
The management also is constantly persuing new opprtunities in the power sector and therefore is of the view that there are material uncertainties relating to going concern but is hopeful of reviving the Company.

iii. GHBV, GIBV, PVAN, ATSLBV, GIFZE
The Company has underlying investment in Sofinter group and also land available in Francotossi Mechanica S.p.A.. As per the valuation reports for each companies the investment value is sufficient

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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.

8. The Group's exposure to a real estate project being carried out in one of the subsidiary company in Bhopal is Rs 932.99 Crores (PY: ₹ 998.38 Crore as at March 31, 2017). Due to slow down in the real estate market, one of the subsidiary company ("Deepmala Infrastructure Private Limited") developing a real estate project in Bhopal is facing problems in its project development and sale. During the year the management has on a conservative basis made a provision of Rs. 100 crores in against its project development inventory based on internal estimates of the realizable value which has been adjusted against its carrying value. The management is confident that there will be no further provision required towards impairment. The provision for the year has been shown as exceptional item.

The auditors have qualified their report on this account as follows

"We invite attention to note no 8 relating to the exposure of the Company to a real estate project of one of the subsidiary engaged in real estate development in Bhopal. The Company had on prudent basis, based on internal estimates, made a provision of Rs. 100 crores against the exposure of Rs. 324.68 crores in the standalone financials which has been adjusted against the carrying value of inventory of said project in these consolidated financial statements. The Subsidiary's financials are not audited and the realisable value of the project work in progress and other receivables are not available for our review. Hence in the absence of any indicators of value arising out of the project and its financial stability we are unable to state whether any further provision is required towards the exposure of Rs. 832.99 crores (net of provision)."

9. The financial statements of the following material Associate, Subsidiaries and Joint Ventures are based on un-audited management prepared financial statements including the INDAS effects:

i. M/s Campo Puma Oriente S.A, Panama, a Joint Venture of the Company whose financials statement for the year 31st December 2017 has been not received. There are no audited financial statements after 31st December 2011.

ii. M/s Deepmala Infrastructure Private Limited, a subsidiary of the Company whose financial statements reflects total assets of Rs. 1,087.36 crores and total revenues of Rs. 109.06 crores.

iii. M/s SAE Powerlines S.r.L, Associated Transrail Structures Limited (Nigeria) and Gammon Italy S.r.L, wholly owned subsidiary of the Companies whose financial statements for the year 31st December 2017 has been not received.

iv. M/s Gammon OJSC Mosmetrostroy, a Joint Venture of the group whose financial statements reflect Total Assets of Rs. 160.30 Crores, Revenue of Rs. NIL Crores for the year ended March 31, 2018, the groups share in the Revenue being Rs. NIL Crores. The JV is accounted on equity method.

The auditors have qualified their opinion.

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

i. M/s Campo Puma Oriente S.A, Panama, a Joint Venture of the Company whose financials statement for the year 31st December 2017 has been not received. There are no audited financial statements after 31st December 2011.

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ii. *M/s Deepmala Infrastructure Private Limited, a subsidiary of the Company whose financial statements reflects total assets of Rs. 1,087.36 crores and total revenues of Rs. 109.06 crores.*

iii. *M/s SAE Powerlines S.r.L, Associated Transrail Structures Limited (Nigeria) and Gammon Italy S.r.L, wholly owned subsidiary of the Companies whose financial statements for the year 31st December 2017 has been not received.*

iv. *M/s Gammon OJSC Mosmetrostroy, a Joint Venture of the group whose financial statements reflect Total Assets of Rs. 160.30 Crores, Revenue of Rs. NIL Crores for the year ended March 31, 2018, the groups share in the Revenue being Rs. NIL Crores. The JV is accounted on equity method.*

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

10. The auditors of four subsidiaries of the Company have qualified their auditors' report which is being replicated by the Group auditor as follows:

i. *Ansaldo Caldaie Boilers India Limited:*

- *"In respect to the investment and other exposure of the Company in Ansaldo GB Engineering Pvt Ltd aggregating to Rs 20 Crores, the management has indicated a possible resolution plan due to which in the opinion no impairment will be required presently. In the absence of definitive resolution plan, we are unable to opine whether any provision towards impairment is required towards the exposure of the Company in the said Ansaldo GB Engineering Pvt Ltd."*

- *"ACBI had received amounts as Share Application Money of Rs. 16.64 crores for further allotment of shares which were to be issued on terms and conditions to be decided by the Board and in line with the extant regulation of the RBI. The RBI Vide 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 reasons detailed in aforesaid note. RBI has not responded on the matter till the date. The Company has not given any effects to the RBI directive and has disclosed the same as Current Liabili ACBI had received amounts as share application money of Rs 16.64 Crores for further allotment of shares which were to be issued on terms and conditions to be decided by the Board and in line with the extant regulation of the RBI. The RBI vide its letter dated August 16, 2018 has asked the company to refund the money. The company has applied to RBI asking them to reconsider their directive for reasons detailed in the aforesaid note. 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."*

ii. *In the case of G&B Contracting LLC:*

"Included in accounts and other receivables is an amount of AED 2.7 million (Rs. 4.77 Crores (Previous Year AED 2.7 million Rs. 4.76 Crores), which due to the Company as a sub- contractor. Since the company has back to back terms with its customer i.e. the main contractor, the recoverability of the amount is dependent on the successful outcome of the customers dispute with the main client, a matter which could potentially be referred to arbitration. In view of the foregoing, we were unable to satisfy ourselves as to the extent of the recoverability of the receivables of AED 2.7 million (Rs. 4.77 Crores (Previous Year AED 2.7 million Rs. 4.76 Crores) and are of the view that a substantial portion thereof could be impaired."

iii. *In the case of Gammon & Billimoria Limited:*

- *"On account of sticky advances, interest on advances given is not provided in books of accounts. Interest provision not made is of Rs 9.62 crores.*
- *Interest is not paid provided on Loans outstanding in the name of Bebanco Developers Limited and Gammon India Limited in view of financial loss. Company appreciates and*

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acknowledges the right of Bebanco Developers Limited for the interest of Rs 4.38 crores not provided in the books as and when the financial position of the company improves.

Consequent effects of two qualifications are as under:

1. *On account of non- provision of interest profits would go up by Rs 9.62 crores.*
2. *On account of non- provision of interest on amount advance profit would go down by Rs 4.38 crores*

Net effects profit would go up by Rs 5.23 crores "

The above would impact the Consolidated financial statement by non-provision of Rs 4.38 crores towards the loan of Bebanco Developers Limited and to that extent consolidated loss is lower by Rs 4.38 crores.

iv. *In the case of Patna Water Supply Private Limited:*

- *The company has unilaterally terminated the contract and also encashed the Bank Guarantees for a total amount of Rs 65.85 crores. The said amount is dependent upon the outcome of the litigation in the form of writ petition filed before the Delhi High Court by the Company , pending the outcome, the amount encashed net of the unadjusted advance received from the client has been shown as current and considered good based on the legal advice received by the Company. The amount due to Parent Company arising out of encashment of the guarantee given by their bankers net of advances have been shown under Current Liabilities. In view thereof we are unable to state whether the same is good and recoverable pending the outcome of the decision.*

11. The Company in evaluating its jobs has considered an amount of Rs. 7.56 Crore relating to the likelihood of the claim materializing in favour of the Company, arising out of claims for work done, cost overruns arising due to client delays, changes of scope, escalation claims, variation orders, deviation in design and other charges recoverable from the client which are pending acceptance or certification by the client or referred the matter to the dispute resolution board / arbitration panel. In furtherance to the recommendation of the Dispute Resolution Board (DRB) and Arbitration Awards in the Company's favour, the Company has recognized income to the extent of Rs.114.22 Crore, which is part of Long Term Trade Receivable. The Company contends that such awards have reached finality for the determination of the amounts of such claims and are reasonably confident of recovery of such claims although the client has moved the court to set aside the awards. Considering the fact that the Company has received favorable awards from the DRB and the Arbitration Tribunal, the management is reasonably certain that the claims will get favorable verdict from the courts.

12. The Company has receivable including retention and work in progress (unbilled revenue) aggregating to Rs. 54.72 crores in various jobs relating to the real Estate Projects due to the problems faced by the Real Estate Sector. The management is confident of ultimate recovery considering its contractual position and therefore no adjustments are required to be made in respect of such contracts.

13. In respect of one of the step down Subsidiary SAE Powerlines S.r.L. (Held through ATSL Holdings BV) has declared the bankruptcy by the Court of Monza on Balance Sheet date. The company has provided for entire exposure of Rs. 82.77 crores in the net assets of the aforesaid subsidiary.

14. One of the subsidiary ("Metropolitan Infrahousing Private Limited") has sold the Land at Dombivali since the Balance Sheet date. After this there are no major assets in the books of MIPL except for a parcel of land aggregating to 45 acres to repay the loan of GIL. Therefore the company has made provision for impairment of goodwill of Rs. 345.04 crores and written down carrying amount of property development (inventory) by Rs. 359.26 crores on the basis of aforesaid transaction.

15. The company has made impairment provision towards the carrying value of investment carried at cost in respect of investment in Gammon Power Limited and Gactel Trunkeys Project Limited, the companies through which the equity stake in Gammon Infrastructure Project Limited (GIPL) is held. The impairment provision is made based on the market price of the said shares of GIPL.

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

17. Exceptional items represents the following

Particulars	Period ended March 31, 2018	Period ended March 31, 2017
Impairment of insurance claim	1.85	-
Claim Recovery from Trade receivable	-	(14.90)
Impairment provisions of Investments , Goodwill and Loans and Receivables	1,179.33	309.29
Project Claim Received	-	(2.41)
Loss on Foreclosure of projects	44.80	-
TOTAL	**1,225.98**	**291.98**

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

For **Gammon India Limited**

Abhijit Rajan
Chairman
Mumbai, February 7, 2019

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NAYAN PARIKH & CO.
(REGISTERED)
CHARTERED ACCOUNTANTS
OFFICE NO. 9, 2ND FLOOR, JAIN CHAMBERS, 577, S.V. ROAD, BANDRA (WEST), MUMBAI 400050, INDIA.
PHONE : (91-22) 2640 0358, 2640 0359

Auditor's Report On Consolidated Financial Results of the Company Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

To
The Board of Directors of
Gammon India Limited,

1. We have audited the accompanying Statement of Consolidated Ind AS Financial Results of Gammon India Limited ("the Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), its Associates and Joint ventures (as defined in the Companies (Indian Accounting Standards) Rules, 2015, for the year ended March 31, 2018 ("the Statement"), being submitted by the Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with Circular No. CIR/CFD/FAC/62/2016 dated July 5, 2016. 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 the related consolidated Ind AS financial statements of the Group, which is in accordance with the Companies (Indian Accounting Standards) Regulations, 2015 specified under Section 133 of the Companies Act, 2013, read with relevant Rules thereon and other accounting principles generally accepted in India. Our responsibility is to express an opinion on the Statement.

2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial results are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts disclosed as financial results. An audit also includes assessing the accounting principles used and significant estimates made by management. We believe that our audit provides a reasonable basis for our opinion.

3. (a) We did not audit the financial statements and other financial information, in respect of 19 subsidiaries, whose Ind AS financial statements reflect total assets of Rs. 3,470.90 crores as at March 31, 2018, total revenues of Rs. 505.75 crores and net cash flow amounting to Rs. 17.46 crores for the year ended on that date, before giving effect to elimination of intra-group transactions as considered in the preparation of the consolidated financial statements. The consolidated financial statements also includes the Group's share of net profit of Rs 1.31 crores in respect of 1 associates and 2 joint ventures for the year ended March 31, 2018, as considered in the consolidated financial statements, whose financial statements have not been audited by us. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and associates, and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, joint ventures and associates in India, is based solely on the reports of the other auditors. One subsidiary located outside India whose financial statements and other financial information have been

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prepared in accordance with accounting principles generally accepted in its respective country and which have been audited by other auditors under generally accepted auditing standards applicable in its respective country. The Company's management has converted the financial statements of the subsidiary from accounting principles generally accepted in its respective country to accounting principles generally accepted in India. We have audited these conversion adjustments made by the Company's management. Our opinion in so far as it relates to the balances and affairs of such subsidiary located outside India is based on the report of other auditors and the conversion adjustments prepared by the management of the Company.

(b) We did not audit the financial statements of 1 subsidiary, whose financial statements reflect total assets of Rs. 1,087.36 crores as at March 31, 2018, total revenues of Rs. 109.06 crores and net cash out flow amounting to Rs. 7.12 crores for the year ended on that date, as considered in the preparation of the consolidated financial statements. We also did not audit the financial statements of 1 joint ventures whose financial statements reflect total assets of Rs. 160.30 crores and total revenue of Rs. Nil crores, the Company's share of loss in such joint ventures accounted under equity method being Rs. 0.06 crores. These financial statements are unaudited and have been furnished to us by the Management including the application of the INDAS accounting standards. Our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiary and joint ventures, and our report in terms of sub-sections (3) and (11) of Section 143 of the Act in so far as it relates to the aforesaid subsidiary and joint ventures, is based solely on such unaudited financial statements. In our opinion and according to the information and explanations given to us by the Management, these financial statements are not material to the Group.

4. Basis of Qualified Opinion

a. The accounts of one of the entities M/s Franco Tosi Meccanica S.p.A, Italy (FTM) in which the Holding Company owns 83.94% stake have not been audited since December 2011 for reasons mentioned in note 3 which inter-alia covers the application for pre-insolvency composition agreement with creditors in Italian court, partial completion of the composition agreement where the control of the operating/core asset of the said FTM has been transferred to the successful bidder and the Company is entitled only to the surplus arising out of disposal of non-core assets of FTM after paying off all other creditors/liabilities of FTM. In the light of what is stated in the aforesaid note, the Holding Company does not have any control over the financial and operating decisions of the said FTM. Therefore the said FTM has not been consolidated in accordance with INDAS 110 – Consolidated Financial Statements. Further the management contends that considering the status as detailed in the above-referred note the entity operates under severe restrictions, which significantly impairs its access to variable returns. The said Subsidiary has therefore been accounted as Financial Instrument accounted on Fair Value through Other Comprehensive Income. However since the financial information and other records are not available the fair value could not be determined. The funded and non-funded exposure of the group to

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FTM net of eliminations is Rs. 556.78 Crores (net of provisions towards impairment of Rs. 422.40 crores) as at 31st March 2018 including towards the corporate guarantees issued towards the bank guarantees issued in favour of the said FTM. The management as detailed in the said note is awaiting the details of the surplus arising out of the disposal of the non-core assets and the recovery of the liabilities therefrom. The management expects that the surplus will be adequate to cover the exposure. However in the absence of any indication of the value of the non-core assets and the surplus after recovering the liability therefrom we are unable to quantify the possible further provision towards the exposure of the Group. We are also unable to determine whether the said entity carrying value is appropriate as FVTOCI and whether the effect on the consolidated loss of the Group for the year ended March 31, 2018 is appropriate.

b. Trade receivables, inventories and loans and advances which includes an amount of Rs. 335.89 crores in respect of disputes in seven projects of the Company and/or its SPVs. The Company is pursuing legal recourse/ negotiations for addressing the disputes in favour of the Company. Pending the conclusion of the matters we are unable to state whether any provisions would be required against the Company's exposure (refer note 5)

c. We invite attention to note no 6, detailing the recognition of claims during the earlier years and the current year in respect of on-going, completed and/or terminated contracts. During the year Holding Company has recognised further claims amounting to Rs. 140.35 crores. The aggregate amount of claims outstanding as at March 31, 2018 is Rs. 912.36 crores. These claims are recognised only on the basis of opinion of an expert in the field of claims and arbitration as part of the requirement of the Strategic Debt Restructuring scheme with the lenders. In view of the above-mentioned circumstances and facts we are unable to comment upon the amounts recognised, its realisation and the consequent effect on the consolidated financial statements for the year ended March 31, 2018.

d. We invite attention to note no 8 relating to the exposure of the Company to a real estate project of one of the subsidiary engaged in real estate development in Bhopal. The Company had on prudent basis, based on internal estimates, made a provision of Rs. 100 crores against the exposure of Rs. 324.68 crores in the standalone financials which has been adjusted against the carrying value of inventory of said project in these consolidated financial statements. The Subsidiary's financials are not audited and the realisable value of the project work in progress and other receivables are not available for our review. Hence in the absence of any indicators of value arising out of the project and its financial stability we are unable to state whether any further provision is required towards the exposure of Rs. 832.99 crores (net of provision).

e. The financial statements of the following material Associate, Subsidiaries and Joint Ventures are based on un-audited management prepared financial statements and have been accounted as such and on which no further audit procedures have been

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carried out by us, including to determine whether the INDAS effects have been appropriately considered , as follows.

i. M/s Campo Puma Oriente S.A, Panama, a Joint Venture of the Company whose financials statement for the year 31st December 2017 has been not received. There are no audited financial statements after 31st December 2011.

ii. M/s Deepmala Infrastructure Private Limited, a subsidiary of the Company whose financial statements reflects total assets of Rs. 1,087.36 crores and total revenues of Rs. 109.06 crores

iii. M/s SAE Powerlines S.r.L, Associated Transrail Structures Limited (Nigeria) and Gammon Italy S.r.L, wholly owned subsidiary of the Companies whose financial statements for the year 31st December 2017 has been not received.

iv. M/s Gammon OJSC Mosmetrostroy, a Joint Venture of the group whose financial statements reflect Total Assets of Rs. 160.30 Crores, Revenue of Rs. NIL Crores for the year ended March 31, 2018, the groups share in the Revenue being Rs. NIL Crores. The JV is accounted on equity method.

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

f. The auditors of four subsidiaries of the Company have qualified their auditors' report as follows:

(i) Ansaldo Caldaie Boilers India Limited:

- "In respect to the investment and other exposure of the Company in Ansaldo GB Engineering Pvt Ltd aggregating to Rs 20 Crores, the management has indicated a possible resolution plan due to which in the opinion no impairment will be required presently. In the absence of definitive resolution plan, we are unable to opine whether any provision towards impairment is required towards the exposure of the Company in the said Ansaldo GB Engineering Pvt Ltd.
- ACBI had received amounts as share application money of Rs 16.64 Crores for further allotment of shares which were to be issued on terms and conditions to be decided by the Board and in line with the extant regulation of the RBI. The RBI vide its letter dated August 16, 2018 has asked the company to refund the money. The company has applied to RBI asking them to reconsider their directive for reasons detailed in the aforesaid note. 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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(ii) In the case of G&B Contracting LLC:

"Included in accounts and other receivables is an amount of AED 2.7 million (Rs. 4.77 Crores (Previous Year AED 2.7 million Rs. 4.76 Crores), which due to the Company as a sub- contractor. Since the company has back to back terms with its customer i.e. the main contractor, the recoverability of the amount is dependent on the successful outcome of the customers dispute with the main client, a matter which could potentially be referred to arbitration. In view of the foregoing, we were unable to satisfy ourselves as to the extent of the recoverability of the receivables of AED 2.7 million (Rs. 4.77 Crores (Previous Year AED 2.7 million Rs. 4.76 Crores) and are of the view that a substantial portion thereof could be impaired."

(iii) In the case of Gammon & Billimoria Limited:

- "On account of sticky advances, interest on advances given is not provided in books of accounts. Interest provision not made is of Rs. 9.62 crores
- Interest is not paid provided on Loans outstanding in the name of Bebanco Developers Limited in view of financial loss. Company appreciates and acknowledges the right of Bebanco Developers Limited for the interest of Rs. 4.38 crores not provided in the books as and when the financial position of the company improves.

Consequent effects of two qualifications are as under:

1. On account of non-provision of interest profits would go up by Rs 9.61 crores.

2. On account of non- provision of interest on amount advance profit would go down by Rs 4.38 crores

Net effects profit would go up by Rs 5.23 crores "

The above would impact the consolidated financial statement by non-provision of Rs 4.38 crores towards the loan of Bebanco Developers Limited and to that extent consolidated profit is higher by Rs 4.38 crores.

(iv) Patna Water Supply Private Limited:

The company has unilaterally terminated the contract and also encashed the Bank Guarantees for a total amount of Rs 65.85 crores. The said amount is dependent upon the outcome of the litigation in the form of writ petition filed before the Delhi High Court by the Company , pending the outcome, the amount encashed net of the unadjusted advance received from the client has been shown as current and considered good based on the legal advice received by the Company. The amount due to Parent Company arising out of encashment of the guarantee given by their bankers net of advances have been shown under Current Liabilities. In view thereof we are unable to state whether the same is good and recoverable pending the outcome of the decision.

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5. Except for the possible effects arising out of the matters mentioned in our basis for qualified opinion mentioned hereinabove, In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of the reports of the other auditors referred to in paragraph 3 above, the Statement:

   (a) In the case of the consolidated financial results of the Group includes the results for the year ended March 31, 2018 of the companies listed in Annexure A to this report which are consolidated in accordance with the requirements of the Companies (Indian Accounting Standards) Rules 2015 specified under Section 133 of the Companies Act 2013 and the relevant rules thereon.;

   (b) is presented in accordance with the requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, and

   (c) gives a true and fair view in conformity with the aforesaid Indian Accounting Standards and other accounting principles generally accepted in India in the case of the consolidated financial results of the Group of the net loss and other financial information of the Group for the year ended March 31, 2018.

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

   a. In respect of Holding Company

      Without qualifying our opinion, we invite attention to the note 7(a) relating to the present financial situation of the Group detailing the Material Uncertainties Relating to Going Concern and the Going Concern assumptions. The lenders have recalled all the loans and their present excess of Current Liabilities over Current Assets is Rs. 5718.67 crores. The Holding Company is finding it difficult to meet its financial obligations and the lenders have still not approved its further restructuring plan. Further due to the issues detailed in the note 44 the Holding Company is continuously delayed in the preparation of the financial statements and submissions to the stock exchanges as per the timelines of the listing agreement. The trading in the equity shares of the Holding Company is presently suspended. Some of the creditors have filed for winding up petitions against the Company. However the Company is actively responding to these matters before the NCLT. The company has severe manpower issues and is defaulting on its statutory and regulatory obligations. The issues as stated above and in note 44 including but not limited to the Material uncertainties involved in the restructuring and resolution plans forming the basis of the Going Concern assumption indicates material uncertainties that may cast significant doubt about the Going Concern Assumption

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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:

- G & B Contracting L.L.C: This Financials statement are prepared on a going concern basis which assumes that the company will continue to operate as going concern for the foreseeable future, during the year ended 31 March 2018, the company earned profit of AED 0.06 Crores (Rs. 1.08 Crores) [2017: loss of AED 0.19 Crores (Rs. 3.52 Crores)] but as that date, the company had accumulated losses amounting to AED 4.39 Crores (Rs. 77.75 Crores) [2017: AED 4.56 Crores (Rs. 80.27 Crores)] which exceeded the share capital. Also as at the reporting date, the company had deficiency of assets in the amount of AED 3.89 Crores (Rs 68.79 Crores) [2017: AED 4.05 Crores (Rs. 71.42 Crores)]. To support the continuance of the Company's operations, the shareholders have confirmed their willingness to continue the operations and provide enough funds to meet the liabilities as the fall due.
  We draw attention to above note to the financial statements which explain why the financial statements are prepared on a going concern basis.

- Ansaldo Caldaie Boilers India Pvt Ltd: The Company is facing difficulties sand 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. Our report is not qualified on this matter

- ATSL Holding BV: As at March 31, 2018 Current liabilities exceed current assets by Euro 1.44 Crores (Rs. 116.25 Crores), the Company is taking various steps to meet its commitments both short term and long term in nature. This situation along with the financial stress the parent Company is presently facing indicates significant uncertainty which may have a significant effect on the going concern assumption and the carrying values of the assets and liabilities in these financial statements.

- Gammon Holding BV: As on 31st March, 2018, current liabilities exceed current assets by Euro 5.30 Crores (Rs. 427.35 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 Tossi Mechanica. This situation along with the financial stress the parent Company is presently facing indicates significant uncetainty which may have an significant effect on the going concern assumption and the carrying values of the assets and liabilities in these financial statements

- Gammon International BV: As on 31st March, 2018, current liabilities exceed current assets by Euro 5.92 Crores (Rs. 477.77 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

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uncertainty, which may have an effect on the going concern assumption and the carrying values of the assets and liabilities in these financial statements. These accounts are prepared on the going concern basis considering the continued support of the parent Gammon India Limited. The conditions as detailed in aforesaid note indicate existence of material uncertainties relating to the timing and realisation of the cash flows that may cast significant doubt about the going concern assumptions. Our opinion is not qualified on this account

- Gammon International FZE: As on 31st March, 2018, current liabilities exceed current assets by AED 1.60 Crores (Rs. 28.35 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. These accounts are prepared on the going concern basis considering the continued support of the parent Gammon India Limited. 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

- Pvan Eerd Beheersmaatschappij B.V: As on 31st March, 2018, current liabilities exceed current assets by Euro 1.21 Crores (Rs. 97.62 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. These accounts are prepared on the going concern basis considering the continued support of the parent Gammon India Limited. 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

7. Emphasis of Matter

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

a. We draw attention to Note no 11 relating to recoverability of an amount of Rs.114.22 crores as at March 31, 2018 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.

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NAYAN PARIKH & CO.
(REGISTERED)
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b. We draw attention to Note 12 relating to the projects of real estate sector where the exposure is Rs. 54.72 crores. The management is confident of ultimate recovery of the amounts and we have relied on the management assertions of recoverability.

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

NAYAN PARIKH & CO. MUMBAI Chartered Accountants

K N Padmanabhan
Partner
M. No. 36410
Mumbai, Dated : February 7, 2019

NAYAN PARIKH & CO.

(REGISTERED)

CHARTERED ACCOUNTANTS

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Annexure A

Sr no.	Name of Entity	Nature of Relationship
1.	Gammon India Limited	Parent
2.	ATSL Infrastructure Projects Limited	Subsidiary
3.	Gactel Turnkey Projects Limited. ('GACTEL')	Subsidiary
4.	Gammon & Billimoria Limited. ('GB')	Subsidiary
5.	G & B Contracting LLC ('GBLLC')	Subsidiary
6.	Gammon International FZE ('GIFZE')	Subsidiary
7.	P.Van Eerd Beheersmaatschappaji B.V. Netherlands ('PVAN')	Subsidiary
8.	Deepmala Infrastructure Private Limited ('DIPL')	Subsidiary
9.	Gammon Retail Infrastructure Private Limited ('GRIPL')	Subsidiary
10.	Gammon Power Limited. ('GPL')	Subsidiary
11.	ATSL Holding B.V. Netherlands	Subsidiary
12.	SAE Powerlines S.r.L (Subsidiary of ATSL Holdings B.V.)	Subsidiary
13.	Associated Transrail Structures Limited., Nigeria	Subsidiary
14.	Gammon Realty Limited. ('GRL')	Subsidiary
15.	Gammon Holdings B.V., Netherlands ('GHBV')	Subsidiary
16.	Franco Tosi Meccanica S.p.A (Refer Note 1(a)(ii))	Subsidiary
17.	Gammon Italy S.r.L	Subsidiary
18.	Gammon International B.V., Netherlands ('GIBV')	Subsidiary
19.	Metropolitan Infrahousing Private Limited ('MIPL')	Subsidiary
20.	Gammon Transmission Limited ('GTL')	Subsidiary
21.	Franco Tosi Hydro Private Limited ('FTH')	Subsidiary
22.	Preeti Townships Private Limited	Subsidiary
23.	Ansaldocaldaie Boilers India Private Limited ('ACB')	Subsidiary
24.	Gammon Holdings (Mauritius) Limited ('GHM')	Subsidiary
25.	Patna Water Supply Distribution Network Private Limited ('PWS')	Subsidiary
26.	GIPL - GIL JV	Joint Venture
27.	Gammon – Ojsc Mosmetrostroy – JV('GOM')	Joint Venture
28.	Ansaldocaldaie-GB Engineering Private Limited.('ACGB')	Joint Venture
29.	Gammon SEW('GSEW')	Joint Venture
30.	Campo Puma Oriente S.A.	Subsidiary
31.	Fin est S.p.A	Associates
32.	Sofinter S.p.A	Associates
33.	Transrail Lighting Limited (TLL)	Associates
34.	Gammon Engineers and Contractors Private Limited (GECPL)	Associates
35.	Gammon Infrastructure Projects Limited (GIPL)	Associates

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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, 2018 [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	1,033.78	1,033.78
	2	Total Expenditure	2607.63	2612.01
	3	Net Profit/(loss)	(1,573.85)	(1,578.23)
	4	Earnings Per Share	(42.67)	(42.79)
	5	Total Assets	5,786.91	5,786.91
	6	Total Liabilities	5,786.91	5,786.91
	7	Net Worth	(2,189.53)	(2193.91)
	8	Any Other Financial Item	-	-
II.	**Audit Qualification (each audit qualification separately):**			
1.	a.	**Details of Audit Qualification:** The accounts of one of the entities M/s Franco Tosi Meccanica S.p.A, Italy (FTM) in which the Holding Company owns 83.94% stake have not been audited since December 2011 for reasons mentioned in note 3 which inter-alia covers the application for pre-insolvency composition agreement with creditors in Italian court, partial completion of the composition agreement where the control of the operating/core asset of the said FTM has been transferred to the successful bidder and the Company is entitled only to the surplus arising out of disposal of non-core assets of FTM after paying off all other creditors/liabilities of FTM. In the light of what is stated in the aforesaid note, the Holding Company does not have any control over the financial and operating decisions of the said FTM. Therefore the said FTM has not been consolidated in accordance with INDAS 110 – Consolidated Financial Statements. Further the management contends that considering the status as detailed in the above-referred note the entity operates under severe restrictions, which significantly impairs its access to variable returns. The said Subsidiary has therefore been accounted as Financial Instrument accounted on Fair Value through Other Comprehensive Income. However since the financial information and other records are not available the fair value could not be determined. The funded and non-funded exposure of the group to FTM net of eliminations is Rs. 556.78 Crores (net of provisions towards impairment of Rs. 422.40 crores) as at 31st March 2018 including towards the corporate guarantees issued towards the bank guarantees issued in favour of the said FTM. The management as detailed in the said note is awaiting the details of the surplus arising out of the disposal of the non-core assets and the recovery of the liabilities therefrom. The management expects that the surplus will be adequate to cover the exposure. However in the absence of any indication of the value of the non-core assets and the surplus after recovering the liability therefrom we are unable to quantify the possible further provision towards the exposure of the Group. We are also unable to determine whether the said entity carrying value is appropriate as FVTOCI and whether the effect on the consolidated loss of the Group for the year ended March 31, 2018 is appropriate.		
	b.	**Type of Audit Qualification: Qualified Opinion**		
	c.	**Frequency of qualification:** Since December 2013 – 5th Time in audited accounts.		
	d.	**For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views: NA**		
	e.	**For Audit Qualification(s) where the impact is not quantified by the auditor:**		
		(i) **Management's estimation on the impact of audit qualification:**		

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		Based on estimation given by the Commissioner in charge, the management believes the value of non-core assets including land is sufficient to cover external liabilities of FTM as also the exposure of the Group. However on a prudential basis Company has provided Rs.100 crores. Accordingly Board has come to the conclusion that no impairment is required for the Company.
		(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 indication of the value of the non-core assets or the surplus to we are unable quantify the possible provision towards the exposure of the Company and therefore also the effect on the loss/profit of the Company for the quarter and the period ended 31st March 2018.
2.	a.	**Details of Audit Qualification:** Trade receivables, inventories and loans and advances which includes an amount of Rs. 335.89 crores in respect of disputes in seven projects of the Company and/or its SPVs. The Company is pursuing legal recourse/ negotiations for addressing the disputes in favour of the Company. Pending the conclusion of the matters we are unable to state whether any provisions would be required against the Company's exposure (refer note 5).
	b.	**Type of Audit Qualification: Qualified Opinion**
	c.	**Frequency of qualification:** 3rd 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 seven projects of the Company. The total exposure against these projects is Rs. 335.89 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.
3.	a.	**Details of Audit Qualification:** We invite attention to note no 6, detailing the recognition of claims during the earlier years and the current year in respect of on-going, completed and/or terminated contracts. During the year Holding Company has recognised further claims amounting to Rs. 140.35 crores. The aggregate amount of claims outstanding as at March 31, 2018 is Rs. 912.36 crores. These claims are recognised only on the basis of opinion of an expert in the field of claims and arbitration as part of the requirement of the Strategic Debt Restructuring scheme with the lenders. In view of the above-mentioned circumstances and facts we are unable to comment upon the amounts recognised, its realisation and the consequent effect on the consolidated financial statements for the year ended March 31, 2018.
	b.	**Type of Audit Qualification: Qualified Opinion**
	c.	**Frequency of qualification:** 3nd 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. This has been validated by independent techno legal

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		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 realisation and the consequent effect on the financial results for the year ended 31st March 2018.
4.	a.	**Details of Audit Qualification:** We invite attention to note no 8 relating to the exposure of the Company to a real estate project of one of the subsidiary engaged in real estate development in Bhopal. The Company had on prudent basis, based on internal estimates, made a provision of Rs. 100 crores against the exposure of Rs. 324.68 crores in the standalone financials which has been adjusted against the carrying value of inventory of said project in these consolidated financial statements. The Subsidiary's financials are not audited and the realisable value of the project work in progress and other receivables are not available for our review. Hence in the absence of any indicators of value arising out of the project and its financial stability we are unable to state whether any further provision is required towards the exposure of Rs. 832.99 crores (net of provision).
	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:** Due to slow down in the real estate market the subsidiary company is facing problems in its development and sale. However on prudent basis management has made a provision of Rs. 100 crores and management is confident that there will be no further provision required towards impairment.
		(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 indicators of value arising out of the project we are unable to state whether any provision is required towards the exposure of Rs. 832.99 crores.
5.	a.	**Details of Audit Qualification:** a. The financial statements of the following material Associate, Subsidiaries and Joint Ventures are based on un-audited management prepared financial statements and have been accounted as such and on which no further audit procedures have been carried out by us, including to determine whether the INDAS effects have been appropriately considered , as follows. i. M/s Campo Puma Oriente S.A, Panama, a Joint Venture of the Company whose financial statements for the year ended 31st December 2017 has been not received. There are no audited financial statements after 31st December 2011. ii. M/s Deepmala Infrastructure Private Limited , a subsidiary of the Company whose financial statements reflects total assets of Rs. 1087.36 crores and total revenues of Rs. 39.29 crores. iii. M/s SAE Powerlines S.r.L, Associated Transrail Structures Limited (Nigeria) and Gammon Italy S.r.L, a wholly owned subsidiary of the Company whose financial statements for the year 31st December 2017 has been not received. iv. M/s Gammon OJSC Mosmetrostroy, a Joint Venture of the group

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	whose financial statements reflect Total Assets of Rs. 160.30 Crores, Revenue of Rs. NIL Crores for the year ended March 31, 2018, the groups share in the Revenue being Rs. NIL Crores. The JV is accounted on equity method. Since the Subsidiaries, Joint Ventures and Associates mentioned above are material, the Assets, Revenue and Cash Flow represented in those financial statements are subject to audit and consequent effect, if any.
	b. Type of Audit Qualification: Qualified Opinion
	c. Frequency of qualification: 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 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
6.	**a. Details of Audit Qualification:** *The auditors of three subsidiaries of the Company have qualified their auditors' report as follows:* i. *Ansaldo Caldaie Boilers India Limited:* - *"In respect to the investment and other exposure of the Company in Ansaldo GB Engineering Pvt Ltd aggregating to Rs 20 Crores, the management has indicated a possible resolution plan due to which in the opinion no impairment will be required presently. In the absence of definitive resolution plan, we are unable to opine whether any provision towards impairment is required towards the exposure of the Company in the said Ansaldo GB Engineering Pvt Ltd.* - *ACBI had received amounts as share application money of Rs 16.64 Crores for further allotment of shares which were to be issued on terms and conditions to be decided by the Board and in line with the extant regulation of the RBI. The RBI vide its letter dated August 16, 2018 has asked the company to refund the money. The company has applied to RBI asking them to reconsider their directive for reasons detailed in the aforesaid note. 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."* ii. *In the case of G&B Contracting LLC:* *"Included in accounts and other receivables is an amount of AED 2.7 million (Rs 4.77 crores) (31st march 2017:AED 2.7 million (Rs 4.76 crores)) , Which due to the Company as a sub- contractor. Since the company has back to back terms with its customer i.e. the main contractor, the recoverability of the amount is dependent on the successful outcome of the customers dispute with the main client, a matter which could potentially be referred to arbitration. In view of the foregoing, we were unable to satisfy ourselves as to the extent of the recoverability of the receivables of AED 2.7 million (Rs. 4.77 Crores*

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	(Previous Year AED 2.7 million Rs. 4.76 Crores) and are of the view that a substantial portion thereof could be impaired." iii. *In the case of Gammon & Billimoria Limited:* - *"On account of sticky advances, interest on advances given is not provided in books of accounts. Interest provision not made is of RS 9.62 crores* - *Interest is not paid provided on Loans outstanding in the name of Bebanco Developers Limited in view of financial loss. Company appreciates and acknowledges the right of Bebanco Developers Limited for the interest of RS 4.38 crores not provided in the books as and when the financial position of the company improves."* *Consequent effects of two qualifications are as under:* *1. On account of non- provision of interest profits would go up by Rs 9.61 crores.* *2. On account of non- provision of interest on amount advance profit would go down by Rs 4.38 crores* *Net effects profit would go up by Rs 5.23 crores "* *The above would impact the Consolidated financial statement by non-provision of Rs 4.38 crores towards the loan of Bebanco Developers Limited and to that extent consolidated profit is higher by Rs 4.38 crores.* iv. *Incase of Patna Water Supply Private Limited:* *The company has unilaterally terminated the contract and also encashed the Bank Guarantees for a total amount of Rs 65.85 crores. The said amount is dependent upon the outcome of the litigation in the form of writ petition filed before the Delhi High Court by the Company , pending the outcome, the amount encashed net of the unadjusted advance received from the client has been shown as current and considered good based on the legal advice received by the Company. The amount due to Parent Company arising out of encashment of the guarantee given by their bankers net of advances have been shown under Current Liabilities. In view thereof we are unable to state whether the same is good and recoverable pending the outcome of the decision.*
	b. Type of Audit Qualification: Qualified Opinion
	c. Frequency of qualification: In respect of ACBI – 2nd time In respect of G&B Contracting LLC : Continuing since March 31, 2012 In respect of Gammon & Billimoria Limited: 2nd time In respect of Patana Water Suppy Private Ltd: 1st time
	d. For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views: In respect of Gammon & Billimoria Limited due to financial losses and liquidity crunch it was agreed that till the financial condition of Gammon & Billimoria Ltd. Improves, it can defer provisioning of interest on loans provided by Bebanco Developers Ltd. Accordingly Gammon & Billimoria Ltd. has not provided interest on loan given by Bebanco Developers Ltd.
	e. For Audit Qualification(s) where the impact is not quantified by the auditor:
	(i) Management's estimation on the impact of audit qualification: Management believes that the value of land in ACGB is sufficient to cover the investment in ACGB.

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	ACBI has made an application to RBI for write back of the share application money received from Ansaldo Caldaie Italy. . In respect of G&B Contracting LLC (GBLLC) –the management continues to be hopeful of receiving the amount from the Customer. In respect of Patna Water Supply Pvt. Ltd.(PWS)- The Company has raised final bill of encashment of Bank Guarantee aggregating to Rs 125 crores. The Company has also invoked arbitration and appointed its arbitrator. Therefore management believes that it has a good chance of winning the arbitration and to receive 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 respect of ACBI and GBLLC- In the absence of fresh development we are unable to offer further comments. In respect of Gammon & Billimoria Limited- The Company i.e,. Gammon & Billimoria is required to accrue the interest as it follows mercantile system of accounting.	
III.	**Signatories:**	**Signatures**
	Chairman Mr. Abhijit Rajan	
	Audit Committee Chairman. Mr. Naval Choudhary	
	Auditors For Nayan Parikh & Co. Chartered Accountants Firm Registration No. 107023W K N Padmanabhan Partner M. No. 36410	
	Place: Mumbai	
	Date: February 7, 2019.	