



17<sup>th</sup> June, 2016

**The National Stock Exchange of India Ltd.,**

Exchange Plaza, 5<sup>th</sup> Floor,  
Plot No. C/1, G Block,  
Bandra - Kurla Complex,  
Bandra (East),  
Mumbai - 400 051

**BSE Limited**

1<sup>st</sup> Floor, New Trading Ring,  
Rotunda Building,  
Phiroze Jeejeebhoy Towers,  
Dalal Street,  
Mumbai - 400 001

NSE CODE: GAMMONIND

BSE CODE:509550

Dear Sir/Madam,

**Sub: Outcome of Board meeting held on 17<sup>th</sup> June, 2016 pursuant to Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015**

We wish to inform the exchanges that pursuant to Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we are enclosing herewith the following documents:-

- (i) Standalone Audited Financial Results for the quarter and financial year (18 months period) ended 31<sup>st</sup> March, 2016;
- (ii) Statement of Assets & Liabilities as on 31<sup>st</sup> March, 2016;
- (iii) Audit Report on the Standalone Audited Financial Results for the quarter and financial year (18 months) ended 31<sup>st</sup> March, 2016 and
- (iv) Statement on Impact of Audit Qualifications for the financial year (18 months) ended 31<sup>st</sup> March, 2016 (Standalone).

The aforesaid Audited Financial Results duly reviewed by the Audit Committee, have been approved and taken on record by the Board of the Directors together with the Auditor's Report at its meeting held on 17<sup>th</sup> June, 2016 and the same are placed on the website of the Company at <http://www.gammonindia.com/investors/financial-results.htm>.

The meeting of Board of Directors commenced at 5.00 p.m and concluded at 11.30 p.m.

You are requested to take the above information on record.

Thanking you,

**FOR GAMMON INDIA LIMITED**

  
**GITA BADE**  
**COMPANY SECRETARY**

Encl: As above

**GAMMON INDIA LIMITED**

**An ISO 9001 Company**

GAMMON HOUSE, VEER SAVARKAR MARG, P. O. BOX NO. 9129, PRABHADEVI, MUMBAI-400 025. INDIA.  
Telephone : 91- 22 - 6111 4000 • 2430 6761 • Fax : 91 - 22 - 2430 0221 • 2430 0529  
E-Mail : [gammon@gammonindia.com](mailto:gammon@gammonindia.com) • Website : [www.gammonindia.com](http://www.gammonindia.com)

CIN: L74999MH1922PLC000997



## GAMMON INDIA LIMITED

### Audited Financial Results for the Quarter and Period Ended 31 March 2016

(Rupees in Crore)

S.No.	Particulars	Quarter Ended			18 Month Ended	9 Month Ended
		Audited	Unaudited	Unaudited	Audited	Audited
		31 Mar 16	31 Dec 2015	31 Mar 2015	31 Mar 2016	30 Sep 2014
1	<b>Income from Operations</b>					
	Net Sales / Income from Operations	1,115.08	807.50	1,019.02	6,147.00	2,966.99
2	<b>Expenses</b>					
	Cost of Material Consumed	276.41	272.02	358.95	1,861.45	1,295.77
	Purchases of Stock-in-trade	33.75	14.63	42.08	147.19	164.37
	Change in inventory of WIP and FG	122.59	5.50	(1.68)	407.87	46.24
	Subcontracting Expenses	245.85	224.02	238.56	1,282.67	625.67
	Employee Benefits Expenses	76.60	91.71	103.62	553.46	336.65
	Depreciation and Amortisation	30.68	35.23	46.86	254.16	81.85
	Other Expenses	171.34	176.57	180.91	1,000.15	587.03
	<b>Total Expenses</b>	<b>957.22</b>	<b>819.68</b>	<b>969.30</b>	<b>5,506.95</b>	<b>3,137.58</b>
3	<b>Profit/(Loss) from Operations Before Other Income, Finance Costs</b>	<b>157.86</b>	<b>(12.18)</b>	<b>49.72</b>	<b>640.05</b>	<b>(170.59)</b>
4	Interest & Other Income	110.31	69.43	61.11	434.96	708.46
5	<b>Profit/(Loss) from Ordinary Activities Before Finance Costs and Forex Fluctuation</b>	<b>268.17</b>	<b>57.25</b>	<b>110.83</b>	<b>1,075.01</b>	<b>537.87</b>
6	Finance Cost	173.76	180.68	168.56	1,038.29	452.72
7	Forex Fluctuation (Gain) / Loss	(4.90)	(0.84)	4.43	(13.68)	7.71
8	Exceptional Items	-	-	-	27.90	-
9	<b>Profit Before Tax</b>	<b>99.31</b>	<b>(122.59)</b>	<b>(62.16)</b>	<b>22.50</b>	<b>77.44</b>
10	Tax Expenses	45.93	(1.38)	11.37	7.86	9.64
11	<b>Net Profit/(Loss) for the period</b>	<b>53.38</b>	<b>(121.21)</b>	<b>(73.53)</b>	<b>14.64</b>	<b>67.80</b>
12	Paid-up Equity Share Capital (Face Value Rs.2/- per Equity Share)	72.94	57.37	27.16	72.94	27.16
13	Reserves, excluding Revaluation Reserve as per Audited Balance Sheet				1,248.26	955.88
14	Debenture Redemption Reserves				81.00	81.00
	Capital Redemption Reserve				105.00	105.00
15	Networth				1,321.54	983.38
16	Debt Service Coverage Ratio(DSCR)**				1.02	1.53
17	Interest Service Coverage Ratio (ISCR)***				1.27	1.35
18	Debt Equity ratio****				4.14	4.94
19	Asset Coverage ratio*****				1.40	1.36
20	<b>Earning Per Share (Rupees)</b>					
	Basic	3.72	(8.86)	(5.42)	0.89	4.99
	Diluted	3.72	(8.82)	(5.42)	0.89	4.97

\*\* DSCR = (PAT+Depreciation+Interest on long term loans) / (Interest & Principal repayment of long term loans during the year)

\*\*\* ISCR = (PBT+Depreciation+Gross Interest) / Interest expenses during the year

\*\*\*\* Debt Equity ratio = Total Debt / Networth

\*\*\*\*\* Asset Coverage ratio = (( Total Asset - Intangible ) - (Current Liabilities - Short term Debt )) / Total Debt

## GAMMON INDIA LIMITED

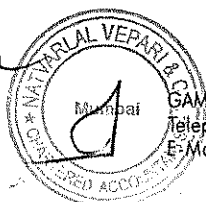
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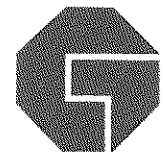
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**GAMMON****GAMMON INDIA LIMITED**

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**Statement of Standalone Assets and Liabilities**

S.No.	Particulars	As At 31 March 2016	As At 30 Sep 2014
<b>A</b>	<b>EQUITY AND LIABILITIES</b>		
<b>1</b>	<b>Shareholders' Funds</b>		
	Share Capital	73.28	27.50
	Reserves and Surplus	1,354.76	1,064.54
		<b>1,428.04</b>	<b>1,092.04</b>
<b>2</b>	<b>Non-Current Liabilities</b>		
	Long Term Borrowings	2,920.76	3,568.97
	Deferred Tax Liabilities (Net)	-	-
	Other Long Term Liabilities	505.28	381.20
	Long Term Provisions	9.54	13.22
		<b>3,435.58</b>	<b>3,963.39</b>
<b>3</b>	<b>Current Liabilities</b>		
	Short Term Borrowings	2,162.82	1,177.13
	Trade Payables		
	- Outstanding dues of Micro & Small Enterprise	0.73	-
	- Outstanding dues of Other than Micro & Small Enterprise	1,156.86	1,438.92
	Other Current Liabilities	1,479.77	1,144.27
	Short Term Provisions	272.92	252.09
		<b>5,073.10</b>	<b>4,012.41</b>
	<b>TOTAL EQUITY AND LIABILITIES</b>	<b>9,936.72</b>	<b>9,067.84</b>
<b>B</b>	<b>ASSETS</b>		
<b>1</b>	<b>Non-Current Assets</b>		
	Fixed Assets (Net)	827.44	1,092.64
	Non-Current Investments	723.58	76.27
	Deferred Tax Assets (Net)	134.75	82.69
	Long Term Loans and Advances	2,482.95	2,225.85
	Long Term Trade Receivable	704.38	848.42
	Other Non-Current Assets	1,843.69	109.71
		<b>6,716.79</b>	<b>4,435.58</b>
<b>2</b>	<b>Current Assets</b>		
	Current Investments	2.22	2.50
	Inventories	1,209.91	1,722.51
	Trade Receivables	936.52	1,352.20
	Cash and Cash Equivalents	144.32	90.71
	Short Term Loan and Advances	595.01	431.53
	Other Current Assets	331.95	1,032.81
		<b>3,219.93</b>	<b>4,632.26</b>
	<b>TOTAL ASSETS</b>	<b>9,936.72</b>	<b>9,067.84</b>

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**Notes:**

1. The Financial Results for the period of 18 months ended 31<sup>st</sup> March 2016 were reviewed by the Audit Committee and taken on record by the Board of Directors of the Company at its meeting held on 17<sup>th</sup> June 2016 and have been subjected to Audit by the Statutory Auditors of the Company.
2. The current period is for eighteen months and in the previous period the Company had closed its accounts for nine month period ended 30<sup>th</sup> September 2014. Therefore the figures for current audited period are not strictly comparable with those of the previous audited period. The figures for the quarter ended March 2016 are derived from the audited figures of eighteen months period ended March 31, 2016 and the published year to date figures upto December 31, 2015, which were subjected to limited review by the statutory auditors.
3. During previous period ended 30 September 2014, the Company had sold its entire stake in its subsidiary M/s Gammon Infrastructure Projects Limited to its subsidiary M/s Gammon Power Limited. The excess of the consideration over the book value of the investments amounting to Rs. 605.92 Crore has been shown under Other Income.
4. The Company's funded and non-funded exposure towards Franco Tosi Mecannica S.p.A (FTM) group is Rs. 892.19 crores (net of provisions already made) as at March 31, 2016 including Investments and guarantees towards the acquisition loan taken by the SPV.

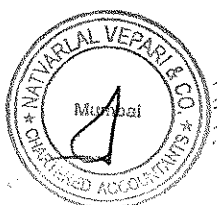
The commissioner in charge of the Extraordinary Administration of Franco Tosi Meccanica S.p.A. has already concluded the sale of the operating business of FTM to the successful bidder and has commenced the disposal of the non-core assets (i.e. those assets which were not part of the sale of operating 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) have not been made available by the commissioner. 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 and no provision for impairment is accordingly made

The Commissioner or the said FTM has not released any financials since 31st December 2011 and therefore no further effects have been taken in respect of the said FTM in these financials.

The auditors have qualified their report on this account as follows

*"We invite attention to note no 4 relating to one of the subsidiaries M/s Franco Tosi Meccanica S.p.A (FTM). As described in the note, the control of the operating/core asset of the said FTM has been transferred to the successful bidder and the Company is entitled only to the surplus arising out of disposal of non-core assets of FTM after paying off all other creditors/liabilities of FTM. The funded and non-funded exposure of the Company to FTM is Rs. 892.19 crores as at 31st March 2016 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 quarter and the period ended 31st March 2016."*

5. The exposure of the Branch in SAE Powerlines Srl, Italy ("SAE"), a subsidiary of the Company and ATSL BV, Netherlands, the holding company of SAE, towards investments, loans, including guarantees



towards the acquisition loan taken by the SPV is Rs. 196.84 crores. The Branch has made provision for impairment of investments and Loan aggregating to Rs. 62.52 crores and provision of Rs. 88.29 crores for risk and contingencies for corporate guarantees for acquisition loan of the SPV and thus, the net exposure of the Branch is Rs. 46.03 crores. The Branch has a further exposure of Rs. 139.48 crores net of provision of Rs.65.57 crores towards receivables due from SAE, which are outstanding for a long time. The Company had carried out a valuation of the business of SAE by an independent valuer in September 2014, who determined an enterprise value of Rs. 71.34 crores, which however is not updated to cover the present financial position. The Management is of the opinion that considering the order book position and adequate references and strengths in international markets especially the African and European Markets, the provision made by it for impairment of its investment, loan and trade receivable is adequate..

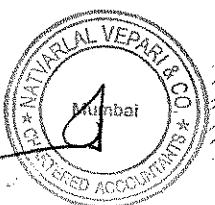
The auditors have qualified their report on this account as follows.

*"As reported by the branch auditors, the exposure of the Company through the Branch in SAE Powerlines Srl, Italy ("SAE"), a subsidiary of the Company and ATSL BV, Netherlands, the holding company of SAE, towards investments, loans, including guarantees towards the acquisition loan taken by the SPV are Rs. 196.84 crores. The Branch has made provision for impairment of investments and Loan aggregating to Rs. 62.52 crores and provision of Rs. 88.29 crores for risk and contingencies for corporate guarantees for acquisition loan of the SPV and thus, the net exposure of the Branch is Rs. 46.03 crores. The Branch has a further net exposure of Rs. 139.48 crores after provision of Rs. 65.57 crores towards receivables due from SAE, which are outstanding for a long time. The Company had carried out a valuation of the business of SAE by an independent valuer in September, 2014, who determined an enterprise value of Rs. 71.34 crores, which however is not updated to cover the present financial position. In the absence of a fresh valuation of the business of SAE and in the absence of audited financial Statements of SAE for the period ended 31st December 2015, we are unable to comment whether further provision for impairment is required with respect to the total net exposure of the Branch of Rs. 185.51 crores in respect of loans, investment and receivables."*

6. The Ministry of Corporate affairs vide its letter dated 5th February, 2016 has directed the Company to either recover remuneration paid to Mr. Abhijit Rajan –Chairman and Managing Director for the period from 1st April, 2012 to 30th September, 2014 or to file application for waiver of remuneration paid . The Board on the recommendation of the Nomination and Remuneration Committee has, subject to shareholders approval, decided to seek approval from the Central Government for waiver of excess remuneration paid. The remuneration paid/ provided for the period from October 1, 2014 to March 31, 2016 is Rs. 9.11 crores. The total amount of excess remuneration till March 31, 2016 is 26.29 crores which is pending for either approval for waiver of recovery or approval for payment of excess. Similarly the Company is applying for waiver of recovery of remuneration paid to its erstwhile executive director Mr. Himanshu Parikh for an aggregate amount of Rs. 0.60 crores. In view of the above facts, no adjustments are made in these financials.

The auditors have qualified their report on this account as follows

*"The Company's Application for managerial remuneration aggregating to Rs. 26.29 crores for the Chairman and Managing Director has been rejected for the accounting years 2012-13 and 9-month period ended December 2013 and 30th September 2014 and for the current eighteen months ended 31st March 2016 for want of NOC from the CDR lenders. The MCA has directed to recover the excess remuneration or make an application for waiver. The Company had once again made applications to the Ministry for the aforementioned periods on obtaining the NOC from the CDR Lenders. The Board however on the recommendation of the Nomination and Remuneration Committee has, subject to shareholders approval, decided to seek approval from the Central Government for waiver of excess remuneration paid. Pending the same no adjustments have been made for the amount of Rs. 26.29*



crores. In the absence of the final decision of the MCA pursuant to the application being made by the Company we are unable to ascertain the impact on profits on this account for the eighteen-month period ended 31st March 2016."

7. There are disputes in six projects of the Company. The total exposure against these projects is Rs. 355.56 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.

The auditors have qualified their report on this account as follows

*"Trade receivables and loans and advances include an amount of Rs 355.56 crores in respect of disputes in six projects of the Company and/or its SPVs. The Company is pursuing legal recourse/ negotiations for addressing the disputes in favour of the Company. Pending the conclusion of the matters we are unable to state whether any provisions would be required against the Company's exposure."*

8. The Company has granted unsecured loans to its joint ventures, aggregating to Rs. 19.83 crores including the facility provided by the bankers for the purposes of business operation out of the limits of the company. This loan facility is in excess of the limits specified U/s 186 of the Companies Act 2013. The Company will obtain the shareholders consent in the next General Meeting.

The auditors have qualified their report on this account as follows.

*"The Company has given unsecured loans of Rs. 19.83 crores to its joint ventures as a lead partner for which it does not have any prior approval of the members."*

9. The Company in evaluating its jobs has considered an amount of Rs. 153.29 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.

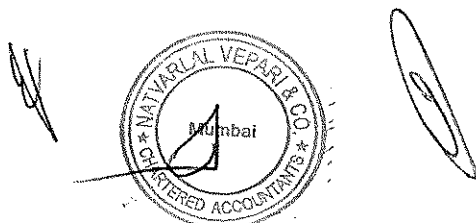
In furtherance to the recommendation of the Dispute Resolution Board (DRB) and Arbitration Awards in the Company's favour, the Company has recognized income to the extent of Rs.135.75 Crore, which is part of Long Term Trade Receivable. The Company contends that such awards have reached finality for the 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 favourable awards from the DRB and the Arbitration Tribunal, the management is reasonably certain that the claims will get favourable verdict from the courts.

Trade Receivables includes Rs. 155.03 Crore in respect of its project based on advanced negotiation and discussion with the client and is confident of realising the same, pending the final revision in contract value.

10. The Board of Directors in their meeting held on June 17, 2016 has decided to defer the decision to sell the stake in Gammon Infrastructure Projects Limited upto 30% and pursue negotiation with the banks in connection therewith. Therefore the said shares held through the wholly owned subsidiary has been considered as strategic non-current investments. Further the carrying value of the equity interest in Gammon Infrastructure Projects Limited is Rs. 884.41 crores held through two wholly owned subsidiaries. The current market value based on the traded price as on March 31, 2016 is Rs. 270.25 crores. The market price is not indicative of the intrinsic value of Gammon Infrastructure Projects Limited considering that the same is a strategic investment and being held for a long period of time. The diminution in the value is temporary in nature and does not require any provision for the same.

The auditors have qualified their report on this account as follows.

*"We invite attention to note no 10 relating to the decision for sale of 30% interest of Gammon Infrastructure Projects Limited (GIPL) held through two wholly owned subsidiaries and its consequent*



*classification and valuation in these financial statements. The carrying value of the equity interest in GIPL is Rs. 884.41 crores held through the two wholly owned subsidiaries. The current market value based on the traded price as on March 31, 2016 is Rs. 270.25 crores. The management contends that the market price is not indicative of the intrinsic value of GIPL considering that the same is a strategic Investment. However in the absence of a detailed valuation of the intrinsic value of GIPL being carried out by the Management we are unable to comment whether any provision for diminution or impairment in the carrying amount of the equity interest is required"*

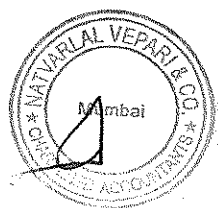
11. The Company, as part of its restructuring scheme in which it is carving out the EPC and T & D business into separate entities with residual non-core assets and some claims remaining in the main Company, had during the eighteen month period evaluated its existing claims in respect of on-going, completed and/or terminated contracts with the help of an independent expert in the field of claims and arbitration to assess the likely amount of claims being settled in favour of the Company. The expert had reviewed the claims and had opined that an amount aggregating to Rs. 1657.22 will be reasonably certain to be settled in favour of the Company.

Based on the above opinion, the Company has during the year recognised claims of an aggregate amount of Rs. 1343.97 crores including a further claim of Rs. 300 crores during the quarter ended 31<sup>st</sup> March 2016 excluding amounts recognised earlier of Rs. 313.25 crores based on management estimates of reasonable realisation. These claims have been accounted as unbilled revenue and the management expects 25% of such claims other than on terminated projects to be realised within the operating cycle. Accordingly unbilled revenue has been disclosed as current and non-current in the Balance sheet. The effects in the statement of profit and loss are dependent upon the percentage of completion of the project.

The auditors have qualified their conclusion.

*"We invite attention to note no 11, detailing the recognition of claims during the year ended 31st March 2016 in respect of on-going, completed and/or terminated contracts aggregating to Rs. 1443.97 crores including a further claim of Rs. 300 crores during the quarter ended 31st March 2016 but excluding amounts recognised in earlier quarters before 1st July 2015 of Rs. 313.25 based on management estimates of reasonable realisation which were subject matter of our emphasis of matter in our earlier reports. These additional claims are recognised only on the basis of opinion of an expert in the field of claims and arbitration as part of the requirement of the Strategic Debt Restructuring scheme with the lenders. In view of the above-mentioned circumstances and facts we are unable to comment upon the amounts recognised, its realisation and the consequent effect on the financial results of the quarter ended 31st March 2016 and the eighteen-month period ended 31st March 2016. "*

12. The Company's operating result 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, approval of design etc. by client, scarcity in availability of labour & materials, operational issues etc. Company's overseas operations are characterized due to weak order booking, paucity of working capital and uncertain business environment. This has also resulted in various winding up claims filed against the Company. The Company is exploring several options for overcoming the liquidity crisis. The Group is in the process of development of its land parcel as well as monetizing its overseas investments and to divest some of its businesses, recovery towards final bills, retention money, settlement of non-routine collection including claims, arbitration awards etc. to meet the working capital needs. The Company is also in discussion with client for overcoming bottlenecks in timely executing the existing projects and to increase the order book. The Company is having a good order book in hand as on March 2016 of Rs. 11,000 crores.



The Company continues to negotiate with vendors for settlement, improved commercial terms and better credit facility and is in process of arranging additional working capital finance to improve short term liquidity position. The Company is evaluating and exploring various courses of action for raising funds for Company's operations, including options for strategic restructuring.

However due to the continuing stress and the inability of the promoters to infuse fresh funds into the Company and the continuing losses, The Corporate Debt Restructuring Empowered group in its meeting held on 23rd November, 2015 has discussed and noted the proposal of the CDR Lenders for invocation of Strategic Debt Restructuring ("SDR") in the Company and carve out of the Civil Engineering, Procurement and Construction Business and the Transmission and Distribution businesses with change of management. The "Reference date" for the purpose of the SDR is 17th November 2015. The lenders have invoked SDR and the requisite majority for approval of the SDR scheme in value and numbers had already been received and the CDR lenders have converted part of their loans and interest by taking a 62.65% stake in the Company upto the period ended March31, 2016. The Company has also as part of the SDR formulated a detailed restructuring package, which is detailed in a later paragraph.

Based on various developments including SDR by lenders resulting in lenders having majority stake and restructuring of businesses, the management is of the view that the Company will remain as going concern for future on the basis of existing order book, restructuring proposal, monetization of the various non-core assets, future business potential, pre-qualifications for project bidding and previous track record

13. Pursuant to the put option exercised, one of the Subsidiaries of the Company had paid USD 32 Million for acquisition of further 35% stake in Sofinter Group. The transferor has created pledge in favour of the lenders of the transferee company. The process of transferring the ownership in favour of the transferee company is expected to be completed by July 31, 2016. Considering the proposed holding of 67.5% in Sofinter Group, the order book position, the valuation carried out of the said Sofinter Group by an independent valuer and the current financials of Sofinter, the Management is of the view that no impairment is required in the exposure of the Company towards its combined exposure of Rs. 887.82 crores in Sofinter Group.

14. **SDR and Restructuring**  
**Strategic Debt Restructuring**

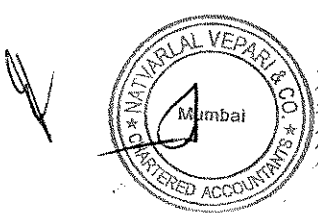
The lenders invoked SDR with reference date of 17<sup>th</sup> November 2015. CDR EG noted the same in their meeting held on 23<sup>rd</sup> November 2015 and approved by Joint Lenders Forum in its meeting held on 23<sup>rd</sup> November 2015. As per the SDR proposal lenders can convert their debt into equity upto Rs. 300 crores. As on date lenders have converted Rs. 272.22 crores of the debt into equity representing 62.77 % of equity capital.

**Restructuring**

The Company as part of its revival plan has decided to carve out the Civil EPC and Transmission and Distribution (T&D) businesses into separate companies through the process of BTA & Scheme of arrangement. This will help in getting new investors in the respective companies. =

**T & D Business**

As part of the plan the Business Transfer Agreement (BTA) and the Court Scheme for transfer of the T & D business in favour of Transrail Lighting Limited, a wholly owned subsidiary has been finalised. The BTA has been executed in October 2015 and the court scheme is finalized and is pending approval of the Regulator. The Investor has been identified as Bilav Software Private Limited and the shareholder agreement is already signed with Bilav Software Private Limited for the T&D Businesses wherein they have acquired 75% stake in TLL at a cost of Rs. 2.33 crores from GIL. They will also invest another Rs. 47.67 crores approximately in TLL. As part of the carve out proposal of T&D Business Rs. 505 Crores funded and Rs. 3350 Crores non-funded exposure will be transferred to TLL.







**Civil EPC**

Company is in process of transfer its Civil EPC Business to its WOS through BTA & Scheme of arrangement. Company has signed BTA with its WOS. An investor GP Group of Thailand has given proposal to invest Rs. 250 Crore in Civil EPC Business.

**Non-Core Assets**

Companies will develop/monetise its investments in India and also outside India in coming years to repay the loans remaining in the Company.

**15. Discontinuing operations.**

As part of its restructuring of its business in order to create sector focused companies and to invite investments by strategic investors the company decided to carve out its Transmission and Distribution business into Transrail Lighting Limited. The company entered into shareholders agreement with M/s Bilav Software Private Limited to divest 75% of its stake in Transrail Lighting limited. The Restructuring plan contemplated carving out of a portion of business vide a business transfer agreement and the balance portion of the T&D business by way of a scheme of arrangement of the retained T&D business in GIL through a court process. Accordingly the businesses transferred under the BTA and proposed to be transferred under the court scheme are treated as discontinuing operations.

Similarly, the EPC business is proposed to be transferred out into a wholly owned subsidiary either through a BTA or a Scheme or a mix of both. The Board of Directors vide its meeting dated 12th February 2016 have approved the restructuring plan. Attention is invited to note no 14 where the identification of the investor and other terms of the same are detailed. The said EPC business proposed to be carved out are also included in as discontinuing operations.

The disclosures are given herein below in accordance with the requirements of AS-24 Discontinuing operations.

(Rs in Crores)

Particulars	18 month ended 31 <sup>st</sup> March 2016	9 month ended 30 <sup>th</sup> September 2014
Profit/ (Loss) from Discontinuing Operations	(152.22)	(158.42)
(-) Tax Expenses	(27.04)	(31.39)
Profit/ (Loss) After Tax from Discontinuing Operations	(125.18)	(127.03)

16. The Company is engaged mainly in "Construction and Engineering" segment. The Company also has "Real Estate Development" and Windmills 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 Accounting Standard AS - 17 is done in respect of these segments.




17. 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. The exposure of the Company in the said subsidiary is Rs. 411.67 crores net of provisions made. The company has received a valuation report for \$ 60 Million approximately from an independent merchant banker for its share. 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. Further the disputes between the partners are expected to be resolved within a short time after which the financial statements will be signed and released. In light of the same the management is confident that there will be no provision required for impairment.

4



18. The Company has exposure to Gammon and Billimoria Limited, a subsidiary of the Company, which has equity interest in the Company G & B contracting LLC, Dubai. Although the said G & B Contracting LLC has a negative net worth it has bagged orders, which are under execution, and based on the projections and the business plans of the said G & B contracting LLC, no provision is required against the exposure of the Company to Gammon & Billimoria Limited.
19. In accordance with the provisions of Schedule II to the Companies Act 2013, effective from 1 April 2014, the Company has revised the useful lives of its fixed assets. As a consequence of such revision, the charge for depreciation is higher than the previously applied rates by Rs. 76.88 Crores for the 18 months period ended March 31 2016. Further for assets that have completed the useful lives as a consequence of the aforesaid revision, the carrying value as on 1 October 2014 of Rs. 33.76 Crore has been charged to Profit & Loss statement during the eighteen month period ended March 31, 2016 which was earlier adjusted against the opening balance of Surplus in the Profit and Loss Account in the quarterly interim financial results.
20. The Company had pursuant to the Shareholders approval in May, 2015, issued Unsecured Zero Coupon Compulsorily Convertible Debentures ("CCD's") of upto RS.100 crores to the promoters against their contribution made to the Company's Corporate Debt Restructuring ("CDR") package. However no allotment was made, since the in-principle approval for allotment was awaited from BSE Ltd. On 26th April,2016 , BSE has directed the Company to modify the "relevant date" adopted by the Company for the pricing of the CCD's and seek shareholders approval afresh . The amount contributed by the Promoters continues to remain as debt in the Company.
21. The Company has during December quarter allotted 15,10,54,133 equity shares of Rs. 2 each fully paid up at a premium of Rs. 9.89 per share aggregating to Rs. 179.60 crores to the Lenders as part of the Strategic Debt Restructuring Scheme.
- Further the Company has made allotment of 1,87,16,981 & 5,28,14,769 & 63,62,258 equity shares on 9<sup>th</sup>, 10<sup>th</sup> & 16<sup>th</sup> March 2016 respectively of Rs 2 each fully paid-up at a premium of Rs. 9.89 per share aggregating to Rs. 92.62 crore to the lenders
- The allotment was done by debiting to the Principal and Interest outstanding figures of the different banks. Pursuant to the allotment the lenders hold 62.77% of the equity capital of the Company.
22. Exceptional items represent loss on sale of 75% stake in a subsidiary of Rs. 20.92 crores and provision for diminution in the value of investment on the balance 25% of Rs. 6.98 crores in the said subsidiary.
23. The details of previous due date of the Non-Convertible Debentures interest and its next due dates is given herein below:

Particulars	Previous Due Date	Paid (Y / N)	Next Due Date	Amount (Rs. in Crore)
NCD 10.5% monthly interest payments (Rs. 3.49 cr not paid since May'15)	31 <sup>st</sup> March 16	No	30 <sup>th</sup> April'16	0.63
NCD 11.05% monthly interest payments (Rs. 10.07 cr not paid since May'15)	31 <sup>st</sup> March 16	No	30 <sup>th</sup> April'16	0.91
NCD 9.50% monthly interest payments (Rs. 7.96 cr not paid since May'15)	31 <sup>st</sup> March 16	No	30 <sup>th</sup> April'16	0.78
NCD 9.95% half yearly interest payments (Rs. 4.96 cr not for Sept'15)	31 <sup>st</sup> March 16	No	30 <sup>th</sup> Sept'16	2.49

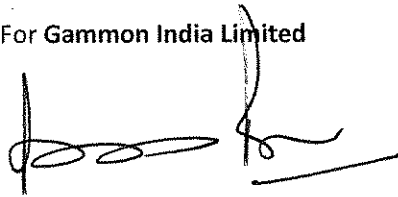




Details of previous due date of the Non-Convertible Debentures principal and its next due date is given herein below:

Particulars	Previous Due Date	Paid (Y / N)	Next Due Date	Amount (Rs. in Crore)
NCD 10.5% quarterly Principal payments (Rs. 1.48 cr not paid since April'15)	15 <sup>th</sup> Jan' 16	No	15 <sup>th</sup> April'16	1.48
NCD 11.05% quarterly Principal payments (Rs. 4 cr not paid since May'15)	15 <sup>th</sup> Jan' 16	No	15 <sup>th</sup> April'16	2.00
NCD 9.50% quarterly Principal payments (Rs. 3.60 cr not paid since May'15)	15 <sup>th</sup> Jan' 16	No	15 <sup>th</sup> April'16	2.00
NCD 9.95% yearly Principal payments (Rs. 15 cr not for Jan'16)	15 <sup>th</sup> Jan' 16	No	15 <sup>th</sup> Jan' 17	15.00

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

For Gammon India Limited



**Abhijit Rajan**  
Chairman & Managing Director  
Mumbai, 17 June 2016



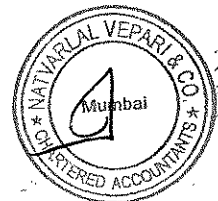

**Natvarlal Vepari & Co.**  
**CHARTERED ACCOUNTANTS**

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**Auditor's Report on Quarterly Financial Results and Year to Date 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 quarterly financial results of Gammon India Limited ('the Company') for the quarter ended March 31, 2016, and the financial results for the eighteen months ('period') ended March 31, 2016, attached herewith, being submitted by the company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The quarterly financial results are the derived figures between the audited figures in respect of the period ended March 31, 2016 and the published year-to-date figures up to December 31, 2015, being the date of the end of the fifth quarter of the current financial period, which were subject to limited review. The financial results for the quarter ended March 31, 2016 have been prepared on the basis of the financial results for the fifteen-month period ended December 31, 2015, the audited annual financial statements as at and for the period ended March 31, 2016, and the relevant requirements of Regulation 33 of the 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 fifteen-month period ended December 31, 2015 which was prepared in accordance with the recognition and measurement principles laid down in Accounting Standard (AS) 25, Interim Financial Reporting, 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 eighteen months period ended March 31, 2016; and the relevant requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
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. We did not audit the financial statement of Gammon India Limited – Nagpur Branch that incorporates the financial results of the overseas branches at Algeria, Nigeria, Bhutan, Afghanistan, Ethiopia, Rwanda, Yemen & Italy. The financial statements of the Nagpur Branch include total assets of Rs. 1118.29 crores and total revenues of Rs. 1277.63 crores for the eighteen-month period ended 31<sup>st</sup> March 2016. The financial information of the aforesaid branch has been audited by the Branch Auditors whose report has been received by us. Our conclusion so far as transactions of the said Branches are concerned, is based solely on the Auditors' Report of the Branch Auditor.

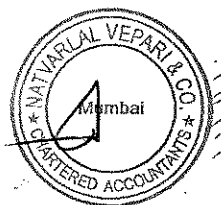


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**4. Basis for qualified opinion**

- a. We invite attention to note no 4 relating to one of the subsidiaries M/s Franco Tosi Meccanica S.p.A (FTM). As described in the note, the control of the operating/core asset of the said FTM has been transferred to the successful bidder and the Company is entitled only to the surplus arising out of disposal of non-core assets of FTM after paying off all other creditors/liabilities of FTM. The funded and non-funded exposure of the Company to FTM is Rs. 892.19 crores as at 31<sup>st</sup> March 2016 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 quarter and the period ended 31<sup>st</sup> March 2016.
- b. We invite attention to note no 11, detailing the recognition of claims during the year ended 31<sup>st</sup> March 2016 in respect of on-going, completed and/or terminated contracts aggregating to Rs. 1343.97 crores including a further claim of Rs. 300 crores during the quarter ended 31<sup>st</sup> March 2016 but excluding amounts recognised in quarters before September 2015 of Rs. 313.25 based on management estimates of reasonable realisation which were subject matter of our emphasis of matter in our earlier reports. These additional claims are recognised only on the basis of opinion of an expert in the field of claims and arbitration as part of the requirement of the Strategic Debt Restructuring scheme with the lenders. In view of the above-mentioned circumstances and facts we are unable to comment upon the amounts recognised, its realisation and the consequent effect on the financial results of the quarter ended 31<sup>st</sup> March 2016 and the eighteen-month period ended 31<sup>st</sup> March 2016.
- c. We invite attention to note no 5, As reported by the branch auditors, the exposure of the Company through the Branch in SAE Powerlines Srl, Italy ("SAE"), a subsidiary of the Company and ATSL BV, Netherlands, the holding company of SAE, towards investments, loans, including guarantees towards the acquisition loan taken by the SPV are Rs. 196.84 crores. The Branch has made provision for impairment of investments and Loan aggregating to Rs. 62.52 crores and provision of Rs. 88.29 crores for risk and contingencies for corporate guarantees for acquisition loan of the SPV and thus, the net exposure of the Branch is Rs. 46.03 crores. The Branch has a further net exposure of Rs. 139.48 crores after provision of Rs. 65.57 crores towards receivables due from SAE, which are outstanding for a long time. The Company had carried out a valuation of the business of SAE by an independent valuer in September, 2014, who determined an enterprise value of Rs. 71.34 crores, which however is not updated to cover the present financial position. In the absence of a fresh valuation of the business of SAE and in the absence of audited financial Statements of SAE for the period ended 31<sup>st</sup> December 2015, we are unable to comment whether further impairment provision is required with respect to the total net exposure of the Branch of Rs. 185.51 crores in respect of loans, investment and receivables.
- d. The Company's Application for managerial remuneration aggregating to Rs. 26.29 crores for the Chairman and Managing Director has been rejected for the accounting years 2012-13 and 9-month period ended December 2013 and 30<sup>th</sup> September 2014 and for the current eighteen months ended 31<sup>st</sup> March 2016 for want of NOC from the CDR lenders. The MCA has directed to recover the excess remuneration or make an application for waiver. The Company had once again made applications to the Ministry for the aforementioned periods on obtaining



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the NOC from the CDR Lenders. The Board however on the recommendation of the Nomination and Remuneration Committee has, subject to shareholders approval, decided to seek approval from the Central Government for waiver of excess remuneration paid. Pending the same no adjustments have been made for the amount of Rs. 26.29 crores. In the absence of the final decision of the MCA pursuant to the application being made by the Company we are unable to ascertain the impact on profits on this account for the eighteen-month period ended 31<sup>st</sup> March 2016 (Refer Note 6).

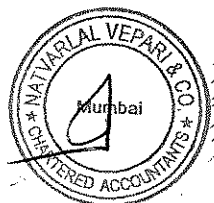
- e. Trade receivables and loans and advances includes an amount of Rs 355.56 crores in respect of disputes in six projects of the Company and/or its SPVs. The Company is pursuing legal recourse/ negotiations for addressing the disputes in favour of the Company. Pending the conclusion of the matters we are unable to state whether any provisions would be required against the Company's exposure (refer Note 7).
- f. The Company has given unsecured loans of Rs. 19.83 crores to its joint ventures as a lead partner for which it does not have any prior approval of the members (refer Note 8).
- g. We invite attention to note no 10 relating to the decision for sale of 30% interest of Gammon Infrastructure Projects Limited (GIPL) held through two wholly owned subsidiaries and its consequent classification and valuation in these financial statements. The carrying value of the equity interest in GIPL is Rs. 884.41 crores held through the two wholly owned subsidiaries. The current market value based on the traded price as on March 31, 2016 is Rs. 270.25 crores. The management contends that the market price is not indicative of the intrinsic value of GIPL considering that the same is a strategic investment. However in the absence of a detailed valuation of the intrinsic value of GIPL being carried out by the Management we are unable to comment whether any provision for diminution or impairment in the carrying amount of the equity interest is required.

## Qualified Opinion

5. Subject to 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 these quarterly financial results as well as the eighteen month period to date results:
  - (i) are presented in accordance with the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015; and
  - (ii) give a true and fair view of the net profit and other financial information for the quarter ended March 31, 2016 and for the eighteen month period ended March 31, 2016.
6. Further, read with paragraph 1 above, we report that the figures for the quarter ended March 31, 2016 represent the derived figures between the audited figures in respect of the financial period ended March 31, 2016 and the published year-to-date figures up to December 31, 2015, being the date of the end of the fifth quarter of the current financial period, which were subjected to a limited review as stated in paragraph 1 above, as required under Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

## Emphasis of Matters

7. Without qualifying our report, we draw attention to the following matters:



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- (a) We draw attention to Note no 9 of the Statement relating to recoverability of an amount of Rs.135.75 crores as at 31<sup>st</sup> March 2016 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. 153.29 crores and Rs. 155.03 crores where the Company is confident of recovery based on advanced stage of negotiation and discussion. The recoverability is dependent upon the final outcome of the appeals & negotiations getting resolved in favour of the company.
- (b) Note no 12 detailing that the lenders have invoked Strategic Debt Restructuring and have converted part of their principal and interest outstanding into equity shares and as part of the SDR scheme is in the process of approving the restructuring scheme, which includes carving out the EPC business, and the T & D business into separate entities wherein new investors would be invited to take control as detailed in the Note. Pending the same due to the liquidity situation and the continuing losses the Company is unable to meet its various liabilities on time. These conditions, along with other matters as set forth in the Note, indicate the existence of a significant uncertainty as to timing and realisation of cash flow to support the going concern assumption and operations of the Company.
- (c) The Company as detailed in Note 13 has exposure of Rs. 887.82 crores towards the combined stake of 67.50 %, which includes 35% stake which is under process of being transferred in favour of M/s Gammon Holding Mauritius Limited, wholly owned subsidiary of the Company, that is pending from a long time. Considering the combined stake held through two separate SPVs, the Company's exposure does not require any impairment which is supported by the order book position and valuation made by an independent valuer.
- (d) Note no 17 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. The exposure of the Company in the said subsidiary is Rs. 411.67 crores net of provisions made. The company has received a valuation report for \$ 60 Million approximately from an independent merchant banker for its share. On the basis of this report and the other matters detailed in the note the management is confident that there will be no provision required for impairment
- (e) Note no 18 G&B Contracting LLC where the management has made assertions about the investment and reasons why the same does not require any provision towards diminution in the value of investment and loans provided. Relying on the assertions no adjustments have been made in the financials towards possible impairment.

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



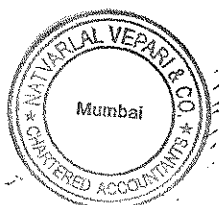
N Jayendran  
Partner  
M. No. 40441



Mumbai, Dated : June 17, 2016

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

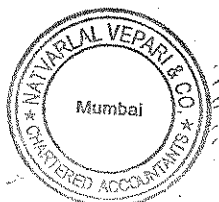
<b>Statement on Impact of Audit Qualifications for the Financial Period of Eighteen Months Ended March 31, 2016</b>				
[See Regulation 33 / 52 of the SEBI (LODR) (Amendment) Regulations, 2016]				
I.	Sr. no.	Particulars	Audited Figures (as reported before adjusting for qualifications)	Adjusted Figures (audited figures after adjusting for qualifications)
	1	Turnover/Total Income	6,581.96	6,581.96
	2	Total Expenditure	6,567.32	6,567.32
	3	Net Profit/(loss)	14.64	14.64
	4	Earnings Per Share	0.89	0.89
	5	Total Assets	9,936.72	9,936.72
	6	Total Liabilities	9,936.72	9,936.72
	7	Net Worth	1,428.04	1,428.04
	8	Any Other Financial Item	-	-
<b>II. Audit Qualification (each audit qualification separately):</b>				
1.	a.	<b>Details of Audit Qualification:</b> We invite attention to note no 4 relating to one of the subsidiaries M/s Franco Tosi Meccanica S.p.A (FTM). As described in the note, the control of the operating/core asset of the said FTM has been transferred to the successful bidder and the Company is entitled only to the surplus arising out of disposal of non-core assets of FTM after paying off all other creditors/liabilities of FTM. The funded and non-funded exposure of the Company to FTM is Rs. 892.19 crores as at 31st March 2016 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 quarter and the period ended 31st March 2016.		
	b.	<b>Type of Audit Qualification: Qualified Opinion</b>		
	c.	<b>Frequency of qualification:</b> Since December 2013 – 3 <sup>rd</sup> Time in audited accounts.		
	d.	<b>For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views: NA</b>		
	e.	<b>For Audit Qualification(s) where the impact is not quantified by the auditor:</b>		
	(i)	<b>Management's estimation on the impact of audit qualification:</b> 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. Accordingly Board has come to the conclusion that no impairment is required for the Company.		
	(ii)	<b>If management is unable to estimate the impact, reasons for the same:</b> <b>Not Applicable</b>		
	(iii)	<b>Auditors' Comments on (i) or (ii) above:</b> In the absence of any indication of the value of the non-core assets or the surplus we are unable to quantify the possible provision towards the exposure of the Company and therefore also the effect on the loss/profit of the Company for the quarter and the period ended 31st March 2016.		



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2.	<p><b>a. Details of Audit Qualification:</b> We invite attention to note no 11, detailing the recognition of claims during the year ended 31st March 2016 in respect of on-going, completed and/or terminated contracts aggregating to Rs. 1443.97 crores including a further claim of Rs. 300 crores during the quarter ended 31st March 2016 but excluding amounts recognised in earlier quarters before 1st July 2015 of Rs. 313.25 based on management estimates of reasonable realisation which were subject matter of our emphasis of matter in our earlier reports. These additional claims are recognised only on the basis of opinion of an expert in the field of claims and arbitration as part of the requirement of the Strategic Debt Restructuring scheme with the lenders. In view of the above-mentioned circumstances and facts we are unable to comment upon the amounts recognised, its realisation and the consequent effect on the financial results of the quarter ended 31st March 2016 and the eighteen-month period ended 31st March 2016.</p>
	<p><b>b. Type of Audit Qualification: Qualified Opinion</b></p>
	<p><b>c. Frequency of qualification: 1<sup>st</sup> Time in Audited Accounts</b></p>
	<p><b>d. For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:</b> <b>Not Applicable</b></p>
	<p><b>e. For Audit Qualification(s) where the impact is not quantified by the auditor:</b></p>
	<p>(i) <b>Management's estimation on the impact of audit qualification:</b> The management believes that they have strong case for each of the claims lodged against the client. This has been validated by independent techno legal consultant. The Board therefore has decided to account the claims.</p>
	<p>(ii) <b>If management is unable to estimate the impact, reasons for the same:</b> <b>Not Applicable</b></p>
	<p>(iii) <b>Auditors' Comments on (i) or (ii) above:</b> <b>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 2016 and the eighteen-month period ended 31st March 2016</b></p>
3.	<p><b>a. Details of Audit Qualification:</b> The exposure of the Branch in SAE Powerlines Srl, Italy ("SAE"), a subsidiary of the Company and ATSL BV, Netherlands, the holding company of SAE, towards investments, loans, including guarantees towards the acquisition loan taken by the SPV is Rs. 196.84 crores. The Branch has made provision for impairment of investments and Loan aggregating to Rs. 62.52 crores and provision of Rs. 88.29 crores for risk and contingencies for corporate guarantees for acquisition loan of the SPV and thus, the net exposure of the Branch is Rs. 46.03 crores. The Branch has a further exposure of Rs. 139.48 crores net of provision of Rs.65.57 crores towards receivables due from SAE which are outstanding for a long time. The Company had carried out a valuation of the business of SAE by an independent valuer in September, 2014, who determined an enterprise value of Rs. 71.34 crores, which however is not updated to cover the present financial position. In the absence of a fresh valuation of the business of SAE and in the absence of audited financial Statements of SAE for the period ended 31<sup>st</sup> December 2015, we are unable to comment whether further provision for impairment is required with respect to the total net exposure of the Branch of Rs. 185.51 crores in respect of loans, investment and receivables.</p>
	<p><b>b. Type of Audit Qualification: Qualified Opinion</b></p>
	<p><b>c. Frequency of qualification: Since December 2013 – 3<sup>rd</sup> Time in audited accounts</b></p>
	<p><b>d. For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:</b> <b>a. Not Applicable</b></p>
	<p><b>e. For Audit Qualification(s) where the impact is not quantified by the auditor:</b></p>
	<p>(i) <b>Management's estimation on the impact of audit qualification:</b> The Management is of the opinion that considering the order book position and adequate references and strengths in international markets especially the African and European Markets, the provision made by it for impairment of its investment,</p>



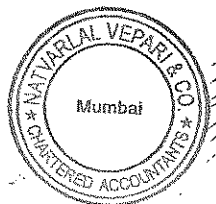
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	loan and trade receivable is adequate.
	(ii) <b>If management is unable to estimate the impact, reasons for the same:</b> <b>Not Applicable</b>
	(iii) <b>Auditors' Comments on (i) or (ii) above:</b> In the absence of a fresh valuation of the business of SAE and in the absence of audited financial Statements of SAE for the period ended 31 <sup>st</sup> December 2015, we are unable to comment whether further provision for impairment is required with respect to the total net exposure of the Branch of Rs. 185.51 crores in respect of loans, investment and receivables.
4.	<b>a. Details of Audit Qualification:</b> The Company's Application for managerial remuneration aggregating to Rs. 26.29 crores for the Chairman and Managing Director has been rejected for the accounting years 2012-13 and 9-month period ended December 2013 and 30th September 2014 and for the current eighteen months ended 31st March 2016 for want of NOC from the CDR lenders. The MCA has directed to recover the excess remuneration or make an application for waiver. The Company had once again made applications to the Ministry for the aforementioned periods on obtaining the NOC from the CDR Lenders. The Board however on the recommendation of the Nomination and Remuneration Committee has, subject to shareholders approval, decided to seek approval from the Central Government for waiver of excess remuneration paid. Pending the same no adjustments have been made for the amount of Rs. 26.29 crores. In the absence of the final decision of the MCA pursuant to the application being made by the Company we are unable to ascertain the impact on profits on this account for the eighteen-month period ended 31st March 2016.
	<b>b. Type of Audit Qualification: Qualified Opinion</b>
	<b>c. Frequency of qualification:</b> Since December 2013 – 3 <sup>rd</sup> Time in audited accounts
	<b>d. For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:</b> <b>a. Not Applicable</b>
	<b>e. For Audit Qualification(s) where the impact is not quantified by the auditor:</b>
	(i) <b>Management's estimation on the impact of audit qualification:</b> Pending NOC from lenders the central government had rejected the application for excess remuneration. However they had given an option for applying for waiver of recovery of excess remuneration. Based on recommendation from nomination and remuneration committee, has decided to seek approval for waiver. The management is hopeful of receiving the approval for waiver and hence no adjustments are made in the financials.
	(ii) <b>If management is unable to estimate the impact, reasons for the same:</b> <b>Not Applicable</b>
	(iii) <b>Auditors' Comments on (i) or (ii) above:</b> In the absence of the final decision of the MCA pursuant to the application being made by the Company we are unable to ascertain the impact on profits on this account for the eighteen-month period ended 31st March 2016.
5.	<b>a. Details of Audit Qualification:</b> Trade receivables and loans and advances includes an amount of Rs 355.56 crores in respect of disputes in six projects of the Company and/or its SPVs. The Company is pursuing legal recourse/ negotiations for addressing the disputes in favour of the Company. Pending the conclusion of the matters we are unable to state whether any provisions would be required against the Company's exposure.
	<b>b. Type of Audit Qualification: Qualified Opinion</b>
	<b>c. Frequency of qualification:</b> 1 <sup>st</sup> Time in Audited Accounts
	<b>d. For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:</b> <b>a. Not Applicable</b>
	<b>e. For Audit Qualification(s) where the impact is not quantified by the auditor:</b>
	(i) <b>Management's estimation on the impact of audit qualification:</b> There are disputes in six projects of the Company. The total exposure against these projects is Rs. 355.56 Crore. The Company is pursuing legal recourse /







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	negotiations for addressing the disputes in favour of the Company and is of the opinion that it has a good case in the matter hence does not require any provision considering the claims of the Company against the Clients.
	(ii) <b>If management is unable to estimate the impact, reasons for the same:</b> <b>Not Applicable</b>
	(iii) <b>Auditors' Comments on (i) or (ii) above:</b> Pending the conclusion of the disputes we are unable to state whether any provisions would be required against the Company's exposure.
6.	a. <b>Details of Audit Qualification:</b> The Company has given unsecured loans of Rs. 19.83 crores to its joint ventures as a lead partner for which it does not have any prior approval of the members
	b. <b>Type of Audit Qualification: Qualified Opinion</b>
	c. <b>Frequency of qualification: Since September 2014 - 2<sup>nd</sup> Time in Audited Accounts.</b>
	d. <b>For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:</b>
	e. <b>Not Applicable</b>
	f. <b>For Audit Qualification(s) where the impact is not quantified by the auditor:</b>
	(i) <b>Management's estimation on the impact of audit qualification:</b> The Company has granted unsecured loans to its joint ventures, aggregating to Rs. 19.83 crores including the facility provided by the bankers for the purposes of business operation out of the limits of the company. This loan facility is in excess of the limits specified U/s 186 of the Companies Act 2013. The Company will obtain the shareholders consent in the next General Meeting.
	(ii) <b>If management is unable to estimate the impact, reasons for the same:</b> <b>Not Applicable</b>
	(iii) <b>Auditors' Comments on (i) or (ii) above:</b> Since the advance is not in accordance with S186 of the Companies Act, 2013 the same is required to be qualified as a violation of the Companies Act 2013.
7.	a. <b>Details of Audit Qualification:</b> We invite attention to note no 10 relating to the decision for sale of 30% interest of Gammon Infrastructure Projects Limited (GIPL) held through two wholly owned subsidiaries and its consequent classification and valuation in these financial statements. The carrying value of the equity interest in GIPL is Rs. 884.41 crores held through the two wholly owned subsidiaries. The current market value based on the traded price as on March 31, 2016 is Rs. 270.25 crores. The management contends that the market price is not indicative of the intrinsic value of GIPL considering that the same is a strategic investment. However in the absence of a detailed valuation of the intrinsic value of GIPL being carried out by the Management we are unable to comment whether any provision for diminution or impairment in the carrying amount of the equity interest is required.
	b. <b>Type of Audit Qualification: Qualified Opinion</b>
	c. <b>Frequency of qualification: 1<sup>st</sup> Time in Audited Accounts</b>
	d. <b>For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:</b>
	e. <b>Not Applicable</b>
	f. <b>For Audit Qualification(s) where the impact is not quantified by the auditor:</b>
	(i) <b>Management's estimation on the impact of audit qualification:</b> The market price is not indicative of the intrinsic value of Gammon Infrastructure Projects Limited considering that the same is a strategic investment and being held for a long period of time. The diminution in the value is temporary in nature and does not require any provision for the same. Based on internal estimation the intrinsic value is above the carrying amount of the investment.
	(ii) <b>If management is unable to estimate the impact, reasons for the same:</b> <b>Not Applicable</b>
	(iii) <b>Auditors' Comments on (i) or (ii) above:</b> in the absence of a detailed valuation of the intrinsic value of GIPL being carried out by the Management we are unable to comment whether any provision for diminution or impairment in the carrying amount of the equity interest is required.



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III.	Signatories:	Signatures
	Managing Director Mr. Abhijit Rajan	
	CFO Mr. Vardhan Dharkar	
	Audit Committee Chairman. Mr. Naval Choudhary.*	
	Auditors For Natvarlal Vepari & Co. Chartered Accountants Firm Registration No. 106971W  N Jayendran Partner M. No. 40441	
	Place: Mumbai	
	Date: 17.06.2016	



\* independent Director & committee member chaired the meeting in absence of audit committee chairman