



20<sup>th</sup> July, 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 20<sup>th</sup> July, 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) Consolidated Audited Financial Results for the 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 Consolidated Audited Financial Results for the financial year (18 months) ended 31<sup>st</sup> March, 2016 and
- (iv) Statement on Impact of Audit Qualifications (with modified opinion) on Consolidated Financial Results for the 18 months period ended 31<sup>st</sup> March, 2016.

The aforesaid Consolidated 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 20<sup>th</sup> July, 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 the Directors commenced at 3.00 p.m and concluded at 8.30 p.m.

You are requested to take the above information on record.

Thanking you,

**FOR GAMMON INDIA LIMITED**

  
**GITA G. 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

**PART I**

**STATEMENT OF CONSOLIDATED FINANCIAL RESULTS FOR THE EIGHTEEN MONTHS PERIOD ENDED  
MARCH 31, 2016**

(Rupees in Crores)

Sr. No.	Particulars	Period ended 31.03.2016 Audited	Period ended 30.09.2014 Audited
1	Income from operations	7,948.87	3,763.25
	Other operating income	150.41	79.36
	<b>Total income from operations (net)</b>	<b>8,099.28</b>	<b>3,842.61</b>
2	Expenses :		
	Cost of Material Consumed	2,006.59	1,361.74
	Purchase of Stock in Trade	156.18	166.48
	Change in Inventory - WIP & FG	389.92	15.17
	Subcontracting Expenses	1,912.12	887.43
	Employee benefits expense	700.92	429.85
	Depreciation and amortisation expense	681.73	275.17
	Other expenses	1,334.43	759.15
	<b>Total expenses</b>	<b>7,181.89</b>	<b>3,894.99</b>
3	<b>Profit from operations before other income, finance costs and exceptional items (1 - 2)</b>	<b>917.39</b>	<b>(52.38)</b>
4	Other income	132.73	58.32
5	<b>Profit from ordinary activities before finance costs and exceptional items (3 + 4)</b>	<b>1,050.12</b>	<b>5.94</b>
6	Finance costs	1,478.86	699.25
7	Forex Fluctuation (Gain) / Loss	98.65	29.58
8	<b>Profit from ordinary activities after finance costs but before exceptional items (5 - 6 - 7)</b>	<b>(527.39)</b>	<b>(722.89)</b>
9	Exceptional items	63.90	-
10	<b>Profit from ordinary activities before tax (8 + 9)</b>	<b>(463.49)</b>	<b>(722.89)</b>
11	Tax expense		
	Current year	(10.84)	(12.25)
	Previous year	33.35	0.11
12	<b>Net profit from ordinary activities after tax (10 - 11)</b>	<b>(486.00)</b>	<b>(710.75)</b>
13	Profit/(Loss) in Associates	(54.36)	(49.47)
14	Less : Share of minority interest	37.85	31.34
15	<b>Net profit for the period (12 + 13 + 14)</b>	<b>(502.51)</b>	<b>(728.88)</b>
16	Paid-up equity share capital (Face Value Rs.2/- per equity share)	73.28	27.50
17	Reserves, excluding revaluation reserve as per Audited Balance sheet	(638.91)	(460.31)
18	<b>Earnings per share for the period (Rupees) :</b>		
	b) After extraordinary items		
	Basic	(30.50)	(53.68)
	Diluted	(30.50)	(53.68)

**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 • Website : www.gammonindia.com

CIN: L74999MH1922PLC000997





Gammon India Limited

CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES

(Rupees in Crores)

Particulars		As at Period Ended 31.03.2016	As at Period Ended 30.09.2014
<b>A</b>	<b><u>EQUITY AND LIABILITIES</u></b>		
<b>1</b>	<b>Shareholders' Funds</b>		
	a) Share capital	73.28	27.50
	b) Reserves and surplus	(523.90)	(351.65)
	<b>Sub-total : Shareholders' Funds</b>	<b>(450.62)</b>	<b>(324.15)</b>
<b>2</b>	<b>Minority interest</b>	<b>408.93</b>	<b>455.05</b>
<b>3</b>	<b>Non-current liabilities</b>		
	a) Long-term borrowings	6,371.69	8,318.01
	b) Deferred tax liability, Net	1.94	4.04
	c) Other long-term liabilities	4,335.08	4,401.44
	d) Long-term provisions	15.05	48.90
	<b>Sub-total : Non-current liabilities</b>	<b>10,723.76</b>	<b>12,772.39</b>
<b>4</b>	<b>Current Liabilities</b>		
	a) Short-term borrowings	3,099.87	1,988.18
	b) Trade payables		
	- Outstanding dues of Micro & Small Enterprise	0.73	0.00
	- Outstanding dues of Other than Micro & Small Enterprise	1,470.26	1,675.95
	c) Other current liabilities	3,185.03	2,374.30
	d) Short-term provisions	152.06	249.97
	<b>Sub-total : Current liabilities</b>	<b>7,907.95</b>	<b>6,288.40</b>
	<b>TOTAL : EQUITY AND LIABILITIES</b>	<b>18,590.02</b>	<b>19,191.69</b>
<b>B</b>	<b><u>ASSETS</u></b>		
<b>1</b>	<b>Non-current assets</b>		
	a) Fixed assets	8,302.51	9,922.83
	b) Goodwill on consolidation	108.85	145.69
	c) Non current investments	689.71	768.47
	d) Deferred tax asset	167.02	179.36
	e) Long-term loans and advances	720.67	753.88
	f) Trade receivables	710.97	812.84
	g) Other non-current assets	1,521.46	156.29
	<b>Sub-total : Non-current assets</b>	<b>12,221.19</b>	<b>12,739.36</b>
<b>2</b>	<b>Current assets</b>		
	a) Current investments	25.45	35.73
	b) Inventories	1,449.85	1,966.95
	c) Property Development	2,059.34	1,752.74
	d) Trade receivables	1,005.02	1,384.13
	e) Cash and Bank Balances	622.15	278.62
	f) Short term loans and advances	851.80	740.76
	g) Other current assets	355.22	293.40
	<b>Sub-total : Current assets</b>	<b>6,368.83</b>	<b>6,452.33</b>
	<b>TOTAL : ASSETS</b>	<b>18,590.02</b>	<b>19,191.69</b>



**Notes:**

1. The Consolidated 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 20<sup>th</sup> July 2016 and have been subjected to Audit by the Statutory Auditors of the Company.
2. The current period ending 31<sup>st</sup> March 2016 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.
3. The above published audited consolidated results for the period ended 31 March 2016 have been prepared in accordance with the principles of consolidation set out in AS 21 – Consolidated Financial Statements, AS 27 – Financial reporting of interests in Joint ventures and AS 23 – Accounting for Investments in Associates in Consolidated Financial Statements.
4. The Company's funded and non-funded exposure in the consolidated financial statements towards Franco Tosi Meccanica S.p.A (FTM) accounted as per AS-11 is Rs. 582.09 crores against which the company has carried provision of Rs. 322.93 crores as at March 31, 2016.

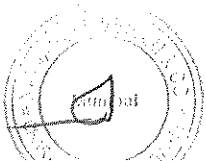
The commissioner in charge of the Extraordinary Administration of Franco Tosi Meccanica S.p.A. has already concluded the sale of the operating business of FTM to the successful bidder and has commenced the disposal of the non-core assets (i.e. those assets which were not part of the sale of operating 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.

However in light of the ongoing procedure the Commissioner has not released any financial of the Company to date and it is expected that this will not be released until the entire process is complete. On account of the above facts and the absence of financial statements of the said FTM, FTM functions under serve long-term restrictions, which impairs its ability to transfer funds to its parent. Therefore, as per para 11(b) of AS-21 Consolidated Financial statements of the Company (Accounting Standard) Rules, 2006, the said FTM was excluded from Consolidation from the period ended 30th September 2014. Accordingly FTM has been accounted as per Accounting Standards AS-13, Accounting for Investments

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 auditors have qualified their report on this account as follows

*"The accounts of one of the Subsidiaries M/s Franco Tosi Meccanica S.p.A, Italy (FTM) have not been audited since December 2011 for reasons mentioned in note 4 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 the on-going procedure the Commissioner in charge of the restructuring procedure has not released any financials. The said Subsidiary has not been consolidated in accordance with para 11.b of AS-21-Consolidated Financial Statements as the management contends that considering the status as detailed in the above referred note the*



*Subsidiary operates under severe restrictions, which significantly impairs its ability to transfer funds to its parent. The said Subsidiary has therefore been accounted as per AS-13 – Accounting for Investments. The funded and non-funded exposure of the group to FTM net of eliminations is Rs. 582.09 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. Against this the Company has appropriated the prior losses and provision for impairment of goodwill made when the said FTM was being consolidated as provision for diminution in the value of investment in the previous period of Rs. 322.93 crores. 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 and we are unable to quantify the possible further provision towards the exposure of the Group and therefore also the effect on the consolidated loss/profit of the Group for the eighteen month period ended 31<sup>st</sup> March 2016.”*

5. 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.

Similarly in respect of the Gammon Infrastructure Projects Limited - During the previous period on account of inadequacy of profits, the Company has paid managerial remuneration in respect of two personnel in excess of the limits specified under Schedule XIII of the Companies Act 1956 and Schedule V of the Companies Act 2013 wherever applicable. The total amount paid in excess of the limits as computed under the respective regulations is Rs. 2.04 Crore. The Company's application for waiver of the recovery has been rejected by the Ministry of Corporate affairs. However the Company is making a review petition to the Ministry to review its decision. Pending the same no adjustments have been made to the financial statements. Similarly for the current year the remuneration in excess of the limits computed under the provisions of S197 read with Schedule V to the Companies Act 2013 is Rs. 1.84 Crore for which the Company is in the process of making an application to the Central Government for approval / waiver of the same. Pending the approval, no adjustments have been made to the financial statements for the remuneration of the current period

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 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 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. Similarly the audit report of Gammon Infrastructure Projects Limited (GIPL) is also qualified for the payment of Rs. 2.04 crores for the previous period and Rs. 1.84 crores for the current period to the Managing Director of GIPL, which is in excess of the limits, specified u/s 197 of the Companies Act 2013 read with Schedule V to the Companies Act. The said GIPL proposes to make an application for the waiver for recovery for the same to the ministry of corporate affairs. Subject to the outcome of the application we are unable to ascertain the impact on profits on this account for the eighteen months period ended 31<sup>st</sup> March 2016."*

6. 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."*

7. Notwithstanding it's strong order book position, the Bankers to Sofinter Group have made the renewal and enhancement of all its credit lines for a further period of three years conditional upon the infusion of fresh equity capital into the company. None of the existing shareholders in Sofinter are in a position to commit to this increase.

Furthermore, Gammon Group as part of its restructuring activities has decided to divest all its non- core investments including its investment in Sofinter Group. As part of this process, an investor has shown interest in acquiring the entire 67.5% stake in Sofinter held by Gammon Group (including 35% to be transferred by BT Global Ltd in the name of Gammon Holdings Mauritius Ltd) while also expressing its willingness to invest fresh capital into the Company. The proposed investor has already completed due diligence & is in the process of negotiating a detailed Share Purchase Agreement with Gammon and a new Shareholder Agreement with the remaining Sofinter Shareholders, both of which are expected to be completed very soon. On completion of these transactions the Bankers to Sofinter Group will renew and enhance all its credit lines to ensure continuity of business of the Group and will also facilitate the Auditors of Sofinter Group to complete the Financial Statements for 2015 and issue their Going Concern Report.

Since details of all the information in this regard are not available with the Sofinter Board due to confidentiality, it could not evaluate the 'Going Concern' aspect, and accordingly decided not to comment on it at the time of approving the Management Report for purpose of consolidation for Gammon FS for the 18 month period.

However, since Gammon has full information in its possession and is also driving the entire process, it has consolidated the results of Sofinter Group on a Going Concern basis.

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

*"We invite attention to note No. 7 relating to the going concern assumption of the Sofinter S.p.A, group, in the unaudited financial statements for the 12 month period ended 31st December*



2015. The management of Sofinter has not evaluated the going concern assumption while preparing the financials of Sofinter group. The Gammon Group management has represented on the same saying that the going concern assumption is valid for the reasons mentioned in note no 7. In the absence of any definitive agreements for the identification of the investor and the terms of the agreement we are unable to comment upon the appropriateness of the going concern assumption in the preparation of the financial statements of Sofinter”.

8. The carrying value of the Goodwill arising out of the equity interest in Gammon Infrastructure Projects Limited is Rs. 58.00 crores held through two wholly owned subsidiaries. The market value based on the traded price as on March 31, 2016 is Rs. 270.25 crores as against the carrying value of equity investment through the two wholly owned subsidiary is Rs. 884.41 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 8 relating to the carrying value of the Goodwill of the equity interest in GIPL of Rs. 58.00 crores. The market value based on the traded price as on March 31, 2016 is Rs. 270.25 crores as against the carrying value in the two wholly owned subsidiary of Rs. 884.41 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 goodwill relating to the equity interest of GIPL is required”*

9. 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 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 9, 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 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 eighteen-month period ended 31<sup>st</sup> March 2016 “*

10. 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 March 31, 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

11. 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. 317.05 crores in Sofinter Group.



12. 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.

13. **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.

14. **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.

Similarly for Gammon infrastructure Projects Limited The disclosure of discontinuing operations has been made in respect of the above 9 entites which have been sold and one entity namely Vijayawada Gundugulano Road Project Private Limited for which there is a binding contract for disposal. Since the Long stop date for Pravara Renewable Energy Limited and Sikkim Hydro Power ventures Limited has passed the same are not treated as discontinuing operations and are treated as part of continuing operations. In respect of these two entities the Management has carried out fresh valuation thorough independent valuers and based on that concluded that there is no impairment necessary for the same.

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

Particulars	Mar-16	Sep-14
Profit/(Loss) from discontinuing operations before tax expense and minority interest	(142.17)	(102.75)
Taxes of discontinued operations	(6.11)	(55.32)
Profit/(Loss) after tax from Discontinuing Operations	(136.06)	(47.42)
Minority interest of discontinued operations	1.86	(0.25)
Total	(137.92)	(47.17)

15. The Company is engaged in three segments - Construction and Engineering, Oil exploration and Realty Development including businesses acquired on account of new acquisitions. The revenue/assets from oil exploration and realty development are less than threshold limit of 10% and hence no disclosure of separate segment reporting is made in terms of Accounting Standard AS -17. Similarly although the Group operates on a worldwide basis across the globe, they operate in two principal geographical areas of the world in India and the other countries. However during the period the overseas segment does not constitute more than 10% of total revenue and total assets & hence the segment-wise reporting is not disclosed in terms of Accounting Standard AS -17.
16. 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. 77.63 crore 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. Further Rs 0.36 crore in one of the subsidiaries has been charged to the reserves.

17. The Company has during year in 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

18. 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.

19. Exceptional items represents the following

Particulars	Oct 2014 - Mar 2016	Jan 2014 to Sep 2014
Profit recognized on divestment of subsidiaries of GIPL	68.38	-
Profit on divestment of subsidiary of GIL – Transrail lighting Ltd.	2.36	-
Sundry balances written back / Write off on divestment of SPV's	0.67	-
Professional fees in connection with disposal of SPV's	(6.15)	-
Others	(1.35)	-
<b>TOTAL</b>	<b>63.90</b>	<b>-</b>

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	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 paid for Jan'16)	15 <sup>th</sup> Jan' 16	No	15 <sup>th</sup> Jan' 17	15.00

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

For Gammon India Limited

**Abhijit Rajan**  
*Chairman & Managing Director*  
Mumbai, 20 July 2016



# *Natvarlal Vepari & Co.*

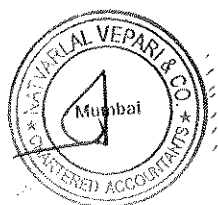
CHARTERED ACCOUNTANTS

Oricon House, 4th Floor, 12, K. Dubash Marg, Mumbai-400 023. • Tel : 6752 7100 • Fax : 6752 7101 • E-Mail : nvc@nvc.in

## **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**

**The Board of Directors of  
Gammon India Limited,**

1. We have audited the accompanying Statement of Consolidated Financial Results of Gammon India Limited ("the Company") and its subsidiaries and jointly controlled entities (together referred to as "the Group") for the eighteen period ended March 31, 2016 ("the Statement"), being submitted by the Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. 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 Financial Statements of the Group, which is in accordance with the Accounting Standards specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and other accounting principles generally accepted in India. Our responsibility is to express an opinion on the Statement based on the audit of the consolidated financial statement for the eighteen-month period ended 31<sup>st</sup> March 2016. We have not carried out any audit or limited review for any interim period on the interim consolidated financial statements of any of the quarter.
2. We conducted our audit of the consolidated financial statement for the eighteen-month period ended 31<sup>st</sup> March 2016 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) The consolidated results of the Group include results of
  - i. 36 subsidiaries, whose financial statements reflect total assets of Rs. 4196.13 crores as at March 31, 2016, total revenues of Rs. 409.28 crores and net cash out flows amounting to Rs. 67.64 crores for the eighteen months period ended on that date,
  - ii. 3 Jointly controlled entities, whose financial statements reflect total assets of Rs. 194.82 crores as at March 31, 2016, total revenues of Rs. 255.02 crores and net cash out flows amounting to Rs. 10.97 crores for the eighteen months period



# *Natvarlal Vepari & Co.*

CHARTERED ACCOUNTANTS

Oricon House, 4th Floor, 12, K. Dubash Marg, Mumbai-400 023. • Tel : 6752 7100 • Fax : 6752 7101 • E-Mail : nvc@nvc.in

ended on that date, Group's share of total assets, total revenue and net cash out flows in respect of two joint venture amounting to Rs.118.29 crores, Rs. 149.54 crores and Rs. 6.58 crores respectively.

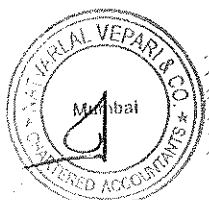
- iii. 2 Associates, whose financial statements reflect Group's share of net profit of Rs. 1.06 crores for the eighteen months period ended on that date in respect of one associate,

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, jointly controlled entities and associates, and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, insofar as it relates to the aforesaid subsidiaries, jointly controlled entities and associates in India, is based solely on the reports of the other auditors.

- (b) We did not audit the financial statements of 9 subsidiaries whose financial statements reflect total assets of Rs. 2425.12 crores, total revenue of Rs. 219.91 crores and net cash out flow of Rs. 1.82 crores, 8 joint ventures whose financial statements reflect total assets of Rs. 1152.34 crores, total revenue of Rs. 319.51 crores and net cash inflow of Rs. 4.60 crores the group's share of total assets, total revenue and net cash flows of which is Rs. 581.00 crores, Rs. 162.22 crores and Rs. 2.25 crores, two associate whose group's share of net loss of Rs. 55.43 crores respectively and which are considered in the preparation of these consolidated financial statements. These financial statements are unaudited and 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 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 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 Subsidiaries M/s Franco TosiMeccanicaS.p.A, Italy (FTM) have not been audited since December 2011 for reasons mentioned in note 4 which inter-alia covers the application for pre-insolvency composition agreement with*



# *Natvarlal Vepari & Co.*

CHARTERED ACCOUNTANTS

Oricon House, 4th Floor, 12, K. Dubash Marg, Mumbai-400 023. • Tel : 6752 7100 • Fax : 6752 7101 • E-Mail : nvc@nvc.in

*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 the on-going procedure the Commissioner in charge of the restructuring procedure has not released any financials. The said Subsidiary has not been consolidated in accordance with para 11.b of AS-21-Consolidated Financial Statements as the management contends that considering the status as detailed in the above referred note the Subsidiary operates under severe restrictions, which significantly impairs its ability to transfer funds to its parent. The said Subsidiary has therefore been accounted as per AS-13 – Accounting for Investments. The funded and non-funded exposure of the group to FTM net of eliminations is Rs. 383.09 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. Against this the Company has appropriated the prior losses and provision for impairment of goodwill made when the said FTM was being consolidated as provision for diminution in the value of investment in the previous period of Rs. 322. 93 crores. 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 and we are unable to quantify the possible further provision towards the exposure of the Group and therefore also the effect on the consolidated loss/ of the Group for the eighteen month period ended 31<sup>st</sup> March 2016.*

- 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 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 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 5 ).*



# *Natvarlal Vepari & Co.*

CHARTERED ACCOUNTANTS

Oricon House, 4th Floor, 12, K. Dubash Marg, Mumbai-400 023. • Tel : 6752 7100 • Fax : 6752 7101 • E-Mail : nvc@nvc.in

*Similarly the audit report of Gammon Infrastructure Projects Limited (GIPL) is also qualified for the payment of Rs. 2.04 crores for the previous period and Rs. 1.84 crores for the current period to the Managing Director of GIPL, which is in excess of the limits, specified u/s 197 of the Companies Act 2013 read with Schedule V to the Companies Act. The said GIPL proposes to make an application for the waiver for recovery for the same to the ministry of corporate affairs. Subject to the outcome of the application we are unable to ascertain the impact on profits on this account for the eighteen months period ended 31<sup>st</sup> March 2016.*

- c. 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 6).*
- d. We invite attention to note No. 7 relating to the going concern assumption of the Sofinter S.p.A, group, in the unaudited financial statements for the 12 month period ended 31<sup>st</sup> December 2015. The management of sofinter has not evaluated the going concern assumption while preparing the financials of Sofinter group. The Gammon Group management has represented on the same saying that the going concern assumption is valid for the reasons mentioned in note no 7. In the absence of any definitive agreements for the identification of the investor and the terms of the agreement we are unable to comment upon the appropriateness of the going concern assumption in the preparation of the financial statements of Sofinter.*
- e. We invite attention to note no 8 relating to the carrying value of the Goodwill of the equity interest in GIPL of Rs. 58.00 crores. The market value based on the traded price as on March 31, 2016 is Rs. 270.25 crores as against the carrying value in the two wholly owned subsidiary of Rs. 884.41 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 goodwill relating to the equity interest of GIPL is required.*
- f. We invite attention to note no 9, 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 but excluding amounts recognised in quarters before September 2015 of Rs. 313.25 based on management estimates of*





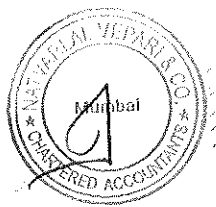
# Natvarlal Vepari & Co.

CHARTERED ACCOUNTANTS

Oricon House, 4th Floor, 12, K. Dubash Marg, Mumbai-400 023. • Tel : 6752 7100 • Fax : 6752 7101 • E-Mail : nvc@nvc.in

*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 eighteen-month period ended 31<sup>st</sup> March 2016.*

- g. *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 as follows.*
- i. *M/s Sofinter S.p.A, Italy, a material Associate whose consolidated financial statements reflect the group's share of loss being Rs.55.43 Crores,*
  - ii. *M/s Campo Puma Oriente S.A, Panama, a Subsidiary of the Company whose financial statements reflect Total Assets of Rs. 361.03 Crores, Revenue of Rs. 53.27 Crores for the period ended 31<sup>st</sup> December 2015. These financials are signed by one of the Director representing GIL on account of differences between the Group Company and the other Shareholder. There are no audited financial statements after 31<sup>st</sup> December 2011.*
  - iii. *M/s Ansaldoaldaie Boilers (India) Private Limited a Subsidiary of the Company whose financial statements reflect Total Assets of Rs. 107.24 Crores, Revenue of Rs. 16.38 crores for the eighteen-month period ended 31<sup>st</sup> March 2016.*
  - iv. *M/s Gammon Holdings (Mauritius) Limited a Subsidiary of the Company whose financial statements reflect Total Assets of Rs. 212.27 Crores, Revenue of Rs. Nil for eighteen month period ended 31<sup>st</sup> March 2016.*
  - v. *M/s Ansaldoaldie GB Engineering Private Limited, a Joint Venture of the group whose financial statements reflect Total Assets of Rs. 61.15 crores, Revenue of Rs. 4.57 Crores and Net Cash Flows of Rs. NIL, the groups share in the Total Assets being 30.58 Crores, Revenue being 2.28 Crores and Net Cash Flow of Rs NIL..*
  - vi. *M/s Gammon OJSC Mosmetrostroy, a Joint Venture of the group whose financial statements reflect Total Assets of Rs. 213.04 Crores, Revenue of Rs. 239.63 Crores and Net Cash outflow of Rs 1.68 Crores for the eighteen-month ended 31<sup>st</sup> March 2016, the groups share in the Total Assets being 108.65 Crores, Revenue being 122.21 Crores and Net Cash outflow of Rs 0.85 Crores.*



10/2016

# Natvarlal Vepari & Co.

CHARTERED ACCOUNTANTS

Oricon House, 4th Floor, 12, K. Dubash Marg, Mumbai-400 023. • Tel : 6752 7100 • Fax : 6752 7101 • E-Mail : nvc@nvc.in

*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.*

- h. *The auditors of one of the Subsidiaries M/s Gammon & Billimoria LLC, Dubai have qualified their audit opinion for the eighteen month period ended 31<sup>st</sup> March 2016 regarding receivables of AED 2.70 Million (Rs. 4.86Crore) which is due to the Company as a sub-contractor. Since the said Company has back to back terms with the main contractor, the recoverability of the said amounts is dependent on successful outcome of the main contractor's dispute with the client, the auditors are of the opinion that substantial portion of the same should be considered as impaired.*

## 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, 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 period ended March 31, 2016 of the companies listed in Annexure 1, which are consolidated in accordance with AS-21 – Consolidated Financial Statements, Accounting Standard - 23 "Accounting for Investment in associate in consolidated financial statements" and Accounting Standard 27 " Financial Reporting of Interests in Joint Ventures".*
- (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 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 eighteen period ended March 31, 2016.*

## Emphasis of Matter

6. *Without qualifying our audit opinion, we draw attention to the following matters which were also referred to in our audit report issued for the nine months period ended September 30, 2014:*



# Natvarlal Vepari & Co.

CHARTERED ACCOUNTANTS

Oricon House, 4th Floor, 12, K. Dubash Marg, Mumbai-400 023. • Tel : 6752 7100 • Fax : 6752 7101 • E-Mail : nvc@nvc.in

- a. Note no 10 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.
- b. The Company as detailed in Note 11 has exposure of Rs. 317.05 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. The said Sofinter is accounted as an associate in view of the fact that the Group does not control the majority of the voting powers pending the transfer of the 35% as aforesaid.
- c. We draw attention to Note no 12 of the Statement relating to recoverability of an amount of Rs.135.75crores 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.
- d. The auditors of subsidiary Gammon Infrastructure Projects Limited have made the following emphasis of matter
  - i. Regarding unilateral termination and closure of Concessions in a bridge project, which is subject to pending litigations/arbitrations at various forums, which may impact the carrying values of investments and loans and advances given to a subsidiary. The Group exposure towards the said project (funded and non-funded) is Rs. 26.30 crores. Pending conclusion on these legal matters, no adjustments have been made in these financial results.
  - ii. Regarding intention to exit one of the hydro power projects at Himachal Pradesh and seeking a claim of an amount against the amount spent on the



# *Natvarlal Vepari & Co.*

CHARTERED ACCOUNTANTS

Oricon House, 4th Floor, 12, K. Dubash Marg, Mumbai-400 023. • Tel : 6752 7100 • Fax : 6752 7101 • E-Mail : nvc@nvc.in

- project. The Company's subsidiary has cited reasons for non-continuance on account of reasons beyond its control. The subsidiary is negotiating with its client for an amicable settlement on beneficial terms. The group exposure towards the said project is Rs. 67.85 crores. Pending conclusion between the parties, no adjustments have been made in these financial results.
- iii. Regarding the container terminal project in Mumbai where the group exposure is an amount of Rs. 356.14 crores (funded and non-funded). The only project of the JV Company has been delayed resulting in the company incurring losses and consequent default in repayment of its debt obligation culminating in the bank facility being designated as NPA. Considering the MbPT permission to allow RORO operations on a trial basis and based on the management assessment and plans to address these issues, no provision is considered necessary against the aforesaid amounts.
- iv. Regarding a tolling bridge project in Andhra Pradesh, where the monthly toll collections are not sufficient to pay the interest and the resultant defaults in the loan repayment resulting in the facility being marked NPA, considering the steps the management proposes to take to replace the high cost debts and the terms of the concession agreement in which the Company is eligible for revenue shortfall loans, no provision is considered necessary against the group exposure of Rs. 1063.80 crores.
- v. Regarding the going concern status where the Company has stated that as of that date the Company's current liabilities exceeded current assets despite the sale of some of the SPVs. These conditions, along with other matters as set forth in their Note in the financial Statement, indicate the existence of an uncertainty as to timing and realization of cash flow.

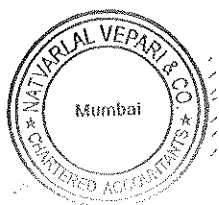
For Natvarlal Vepari & Co.  
Chartered Accountants  
Firm Registration No: 106971W

  
N Jayendra

Partner

M. No. 40441

New Delhi, Dated : July 20, 2016



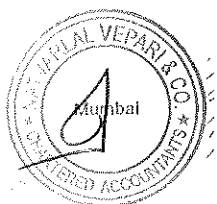
# Natvarlal Vepari & Co.

CHARTERED ACCOUNTANTS

Oricon House, 4th Floor, 12, K. Dubash Marg, Mumbai-400 023. • Tel : 6752 7100 • Fax : 6752 7101 • E-Mail : nvc@nvc.in

## Annexure 1

Name of Company	Relationship
Gammon India Limited	Holding Company
Gammon Infrastructure Projects Limited	Subsidiary
BirmitrapurBarkote Highway Private Limited	Subsidiary
Chitoor Infra Company Private Limited	Subsidiary
Cochin Bridge Infrastructure Company Limited	Subsidiary
Earthlink Infrastructure Projects Private Limited	Subsidiary
Gammon Logistics Limited	Subsidiary
Gammon Projects Developers Limited	Subsidiary
Gammon Renewable Energy Infrastructure Limited	Subsidiary
Gammon Road Infrastructure Limited	Subsidiary
Gammon Seaport Infrastructure Limited	Subsidiary
Haryana Biomass Power Limited	Subsidiary
Jaguar Projects Developers Limited	Subsidiary
Lilac Infra Projects Developers Limited	Subsidiary
Marine Project Services Limited	Subsidiary
Patna Highway Projects Limited	Subsidiary
Rajahmundry Godavari Bridge Limited	Subsidiary
Segue Infrastructure Projects Private Limited	Subsidiary
SidhiSingrauli Road Projects Limited	Subsidiary
Tada Infra Development Company Limited	Subsidiary
Tidong Hydro Power Limited	Subsidiary
Vizag Seaport Private Limited	Subsidiary
YamunanagarPanchkulaHighway Private Limited	Subsidiary
Youngthang Power Ventures Limited	Subsidiary
Ghaggar Renewable Energy Private Limited	Step-down subsidiary
Satluj Renewable Energy Private Limited	Step-down subsidiary
Ras Cities and Townships Private Limited	Step-down subsidiary
Tangri Renewable Energy Private Limited	Step-down subsidiary
Yamuna Minor Minerals Private Limited	Step-down subsidiary
Andhra Expressway Limited	Subsidiary disposed off
Gorakhpur Infrastructure Company Limited	Subsidiary disposed off
Aparna Infra energy India Private Limited	Subsidiary disposed off
Kosi Bridge Infrastructure Company Limited	Subsidiary disposed off
Mormugao Terminal Limited	Subsidiary disposed off
Mumbai Nasik Expressway Limited	Subsidiary disposed off

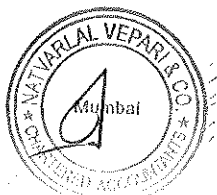


# Natvarlal Vepari & Co.

CHARTERED ACCOUNTANTS

Oricon House, 4th Floor, 12, K. Dubash Marg, Mumbai-400 023. • Tel : 6752 7100 • Fax : 6752 7101 • E-Mail : nvc@nvc.in

Name of Company	Relationship
Pataliputra Highway Limited	Subsidiary disposed off
Patna Buxar Highways Limited	Subsidiary disposed off
Rajahmundry Expressway Limited	Subsidiary disposed off
Vijayawada Gundugolanu Road Project Private Limited	Subsidiary held for sale
Pravara Renewable Energy Limited	Subsidiary
Sikkim Hydro Power Ventures Limited	Subsidiary
ATSL Infrastructure Projects Limited	Subsidiary
Gactel Turnkey Projects Limited	Subsidiary
Gammon & Billimoria Limited	Subsidiary
G & B Contracting LLC	Subsidiary
Gammon International FZE	Subsidiary
P. Van Eerd Beheersmaatschappaji B.V. Netherlands	Subsidiary
Deepmala Infrastructure Private Limited	Subsidiary
Gammon Retail Infrastructure Private Limited	Subsidiary
Gammon Power Limited	Subsidiary
Campo Puma Oriente S.A.	Subsidiary
ATSL Holding B.V. Netherlands	Subsidiary
SAE Powerlines S.r.L	Step-down subsidiary
Associated Transrail Structures Limited., Nigeria	Subsidiary
Gammon Realty Limited	Subsidiary
Gammon Holdings B.V., Netherlands	Subsidiary
Franco Tosi Meccanica S.p.A	Subsidiary
Gammon Italy S.r.L	Subsidiary
Gammon International B.V., Netherlands	Subsidiary
Metropolitan Infrahousing Private Limited	Subsidiary
Gammon Transmission Limited	Subsidiary
Franco Tosi Hydro Private Limited	Subsidiary
Preeti Townships Private Limited	Subsidiary
Ansaldocaldaie Boilers India Private Limited	Subsidiary
Gammon Holdings (Mauritius) Limited	Subsidiary
Patna Water Supply Distribution Network Private Limited	Subsidiary
Blue Water Iron Ore Terminal Private Limited	Joint Venture
GIPL - GIL JV	Joint Venture
Indira Container Terminal Private Limited	Joint Venture
SEZ Adityapur Limited	Joint Venture



# Natvarlal Vepari & Co.

CHARTERED ACCOUNTANTS

Oricon House, 4th Floor, 12, K. Dubash Marg, Mumbai-400 023. • Tel : 6752 7100 • Fax : 6752 7101 • E-Mail : nvc@nvc.in

Name of Company	Relationship
Gammon Encee Rail (Consortium)	Joint Venture
Gammon - Cons – Tensaccia – JV	Joint Venture
Gammon – OjscMosmetrostroy – JV	Joint Venture
Ansaldocaldaie-GB Engineering Private Limited	Joint Venture
Gammon SEW	Joint Venture
Gammon CMC JV	Joint Venture
GAMMON-SPSCPL JOINT VENTURE	Joint Venture
Modern Tollroads Limited	Associate
Eversun Sparkle Maritimes Services Private Limited	Associate
Finest Spa	Associate
SofinterS.p.A	Associate
Transrail Lighting Limited	Associate



**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 Period of Eighteen Months Ended  
March 31, 2016 – Consolidated**

[See Regulation 33 / 52 of the SEBI (LODR) (Amendment) Regulations, 2016]

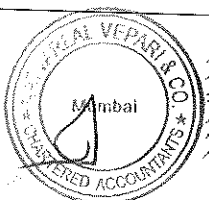
I.	Sr. no.	Particulars	Audited Figures (as reported before adjusting for qualifications)	Adjusted Figures (audited figures after adjusting for qualifications)
	1	Turnover/Total Income		
	2	Total Expenditure	8,232.01	8,232.01
	3	Net Profit/(loss)	8,734.52	8,734.52
	4	Earnings Per Share	(502.51)	(502.51)
	5	Total Assets	(30.50)	(30.50)
	6	Total Liabilities	18,590.02	18,590.02
	7	Net Worth	19,040.64	19,040.64
			(450.62)	(450.62)
	8	Any Other Financial Item		

**II. Audit Qualification (each audit qualification separately):**

1.

a. **Details of Audit Qualification:**

*The accounts of one of the Subsidiaries M/s Franco Tosi Meccanica S.p.A, Italy (FTM) have not been audited since December 2011 for reasons mentioned in note 4 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 the on-going procedure the Commissioner in charge of the restructuring procedure has not released any financials. The said Subsidiary has not been consolidated in accordance with para 11.b of AS-21-Consolidated Financial Statements as the management contends that considering the status as detailed in the above referred note the Subsidiary operates under severe restrictions, which significantly impairs its ability to transfer funds to its parent. The said Subsidiary has therefore been accounted as per AS-13 – Accounting for Investments. The funded and non-funded exposure of the group to FTM net of eliminations is Rs. 383.09 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. Against this the Company has appropriated the prior losses and provision for impairment of goodwill made when the said FTM was being consolidated as provision for diminution in the value of investment in the previous period of Rs. 322. 93 crores. 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 and we are unable to quantify the possible further provision towards the exposure of the Group and therefore also the effect on the consolidated loss/profit of the Group for the eighteen month period ended 31<sup>st</sup> March 2016..*





	<b>b. Type of Audit Qualification: Qualified Opinion</b>
	<b>c. Frequency of qualification: Since December 2013 – 3<sup>rd</sup> Time in audited accounts.</b>
	<b>d. For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views: NA</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> 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: 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 the period ended 31st March 2016.
2.	<b>a. Details of Audit Qualification:</b> <i>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 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 5 ). Similarly the audit report of Gammon Infrastructure Projects Limited (GIPL) is also qualified for the payment of Rs. 2.04 Crore for the previous period and Rs. 1.84 Crore for the current period to the Managing Director of GIPL, which is in excess of the limits, specified u/s 197 of the Companies Act 2013 read with Schedule V to the Companies Act. The said GIPL proposes to make an application for the waiver for recovery for the same to the ministry of corporate affairs. Subject to the outcome of the application we are unable to ascertain the impact on profit on this account for the eighteen months period ended 31<sup>st</sup> March 2016..</i>
	<b>b. Type of Audit Qualification: Qualified Opinion</b>
	<b>c. Frequency of qualification: Since December 2013 – 3<sup>rd</sup> Time in audited accounts</b>
	<b>d. For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views: Not Applicable</b>
	<b>e. For Audit Qualification(s) where the impact is not quantified by the auditor:</b>
	(i) <b>Management's estimation on the impact of audit qualification:</b> 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: Not Applicable</b>



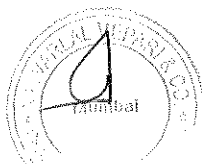
	<p>(iii) <b>Auditors' Comments on (i) or (ii) above:</b> In the absence of the final decision of the MCA pursuant to the application being made by the Company we are unable to ascertain the impact on profits on this account for the eighteen-month period ended 31st March 2016.</p>
3.	<p><b>a. Details 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.</p>
	<b>b. Type of Audit Qualification: Qualified Opinion</b>
	<b>c. Frequency of qualification: 1<sup>st</sup> Time in Audited Accounts</b>
	<b>d. For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:</b> <b>Not Applicable</b>
	<b>e. For Audit Qualification(s) where the impact is not quantified by the auditor:</b>
	<p>(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 / 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.</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> Pending the conclusion of the disputes we are unable to state whether any provisions would be required against the Company's exposure.</p>
4.	<p><b>a. Details of Audit Qualification:</b> <i>We invite attention to note No. 7 relating to the going concern assumption of the Sofinter S.p.A, group, in the unaudited financial statements for the 12 month period ended 31<sup>st</sup> December 2015. The management of sofinter has not evaluated the going concern assumption while preparing the financials of Sofinter group. The Gammon Group management has represented on the same saying that the going concern assumption is valid for the reasons mentioned in note no 7. In the absence of any definitive agreements for the identification of the investor and the terms of the agreement we are unable to comment upon the appropriateness of the going concern assumption in the preparation of the financial statements of Sofinter.</i></p>
	<b>b. Type of Audit Qualification: Qualified Opinion</b>
	<b>c. Frequency of qualification: First Time</b>
	<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>
	<p>(i) <b>Management's estimation on the impact of audit qualification:</b> Based on the status of negotiation with the potential investor, we are confident about the 'Going Concern' status of Sofinter Group. Accordingly, the Company has consolidated the financials of sofinter Group as an Associate on the basis of 'Going Concern'.</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> <i>IN the absence of definitive agreement with the identified investor and the terms of the agreement we are unable to comment upon the appropriateness of the going concern assumption in the preparation of the financial statements of Sofinter.</i></p>







5.	<p><b>a. Details of Audit Qualification:</b>  <i>We invite attention to note no 8 relating to the carrying value of the Goodwill of the equity interest in GIPL of Rs. 58.00 crores. The market value based on the traded price as on March 31, 2016 is Rs. 270.25 crores as against the carrying value in the two wholly owned subsidiary of Rs. 884.41 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 goodwill relating to the equity interest of GIPL is required.</i></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><b>(i) 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.</p>
	<p><b>(ii) If management is unable to estimate the impact, reasons for the same:</b>  <b>Not Applicable</b></p>
	<p><b>(iii) Auditors' Comments on (i) or (ii) above:</b>  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 goodwill towards the equity interest is required.</p>
6.	<p><b>a. Details of Audit Qualification:</b>  <i>We invite attention to note no 9, 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 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 eighteen-month period ended 31<sup>st</sup> March 2016.</i></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><b>(i) Management's estimation on the impact of audit qualification:</b>  The management believes that they have strong case for each of the claims lodged against the client. This has been validated by independent techno legal consultant. The Board therefore has decided to account the claims.</p>
	<p><b>(ii) If management is unable to estimate the impact, reasons for the same:</b>  <b>Not Applicable</b></p>
	<p><b>(iii) Auditors' Comments on (i) or (ii) above:</b>  In the absence of confirmations from the client we are unable to comment</p>



	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
7.	<p><b>a. Details of Audit Qualification:</b>  <i>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 as follows.</i></p> <ol style="list-style-type: none"> <li><i>i. M/s Sofinter S.p.A, Italy, a material Associate whose consolidated financial statements reflect the group's share of loss being Rs.55.43 Crores,</i></li> <li><i>ii. M/s Campo Puma Oriente S.A, Panama, a Subsidiary of the Company whose financial statements reflect Total Assets of Rs. 361.03 Crores, Revenue of Rs. 53.27 Crores.for the period ended 31<sup>st</sup> December 2015. These financials are signed by one of the Director representing GIL on account of differences between the Group Company and the other Shareholder. There are no audited financial statements after 31<sup>st</sup> December 2011.</i></li> <li><i>iii. M/s Ansaldoaldiae Boilers (India) Private Limited a Subsidiary of the Company whose financial statements reflect Total Assets of Rs. 107.24 Crores, Revenue of Rs. 16.38 crores for the eighteen-month period ended 31<sup>st</sup> March 2016.</i></li> <li><i>iv. M/s Gammon Holdings (Mauritius) Limited a Subsidiary of the Company whose financial statements reflect Total Assets of Rs. 212.27 Crores, Revenue of Rs. Nil.for eighteen month period ended 31<sup>st</sup> March 2016.</i></li> <li><i>v. M/s Ansaldoaldie GB Engineering Private Limited, a Joint Venture of the group whose financial statements reflect Total Assets of Rs. 61.15 crores, Revenue of Rs. 4.57 Crores and Net Cash Flows of Rs. NIL, the groups share in the Total Assets being 30.58 Crores, Revenue being 2.28 Crores and Net Cash Flow of Rs NIL.</i></li> <li><i>vi. M/s Gammon OJSC Mosmetrostroy, a Joint Venture of the group whose financial statements reflect Total Assets of Rs. 213.04 Crores, Revenue of Rs. 239.63 Crores and Net Cash outflow of Rs 1.68 Crores for the eighteen-month ended 31<sup>st</sup> March 2016, the groups share in the Total Assets being 108.65 Crores, Revenue being 122.21 Crores and Net Cash outflow of Rs 0.85 Crores.</i></li> </ol> <p><i>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.</i></p>
	<b>b. Type of Audit Qualification: Qualified Opinion</b>
	<b>c. Frequency of qualification: 3<sup>rd</sup> Time in Audited Accounts</b>
	<b>d. For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views: Not Applicable</b>
	<b>e. For Audit Qualification(s) where the impact is not quantified by the auditor:</b>
	<b>(i) Management's estimation on the impact of audit qualification:</b> The audit could not be completed due to various reasons for the above entities. Based on the discussions with the respective managements, we do not foresee any



	material impacts arising out of audit in the aforesaid financial statements.	
	(ii) If management is unable to estimate the impact, reasons for the same: <b>Not Applicable</b>	
	(iii) Auditors' Comments on (i) or (ii) above: In the absence of audited financials of material component we are unable to comment upon the impact on the financial statements. The same is required to be qualified as per the announcement of the ICAI also.	
8.	<p>a. <b>Details of Audit Qualification:</b>  <i>The auditors of one of the Subsidiaries M/s Gammon &amp; Billimoria LLC, Dubai have qualified their audit opinion for the eighteen month period ended 31<sup>st</sup> March 2016 regarding receivables of AED 2.70 Million (Rs. 4.86 Crore) which is due to the Company as a sub-contractor. Since the said Company has back to back terms with the main contractor, the recoverability of the said amounts is dependent on successful outcome of the main contractor's dispute with the client, the auditors are of the opinion that substantial portion of the same should be considered as impaired..</i></p>	
	b. <b>Type of Audit Qualification: Qualified Opinion</b>	
	c. <b>Frequency of qualification: 4th Time in Audited Accounts</b>	
	d. <b>For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:</b> <b>Not Applicable</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> The management of the subsidiary company is confident about the recoverability of the above mentioned amount, and accordingly has not created any provisions for the same.	
	(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> The auditors of the component has been qualifying this amount saying that <i>the recoverability of the said amounts is dependent on successful outcome of the main contractor's dispute with the client and that substantial portion of the same should be considered as impaired.</i>	
III.	<b>Signatories:</b>	<b>Signatures</b>
	<b>Chairman &amp; Managing Director</b> Mr. Abhijit Rajan	
	<b>Chief Financial Officer</b> Mr. Vardhan Dharkar	
	<b>Audit Committee Chairman</b> Mr. C. C. Dayal	
	<b>Auditors</b> For Natvarlal Vepari & Co. Chartered Accountants Firm Registration No. 106971W  N Jayendran Partner M. No. 40441 Place: Mumbai	
	Date: 20.07.2016	

