



12<sup>th</sup> December, 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 12<sup>th</sup> December, 2016**

Pursuant to Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed herewith the Unaudited Financial Results of the Company for the quarter and half year ended 30<sup>th</sup> September, 2016 along with the Limited Review Report of the Statutory Auditors thereon.

The aforesaid results, duly reviewed by the Audit Committee, have been approved and taken on record together with the Limited Review Report by the Board of Directors at its meeting held on 12<sup>th</sup> December, 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 4.15 p.m and concluded at 8.45 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 • Website : www.gammonindia.com

CIN: L74999MH1922PLC000997



**GAMMON INDIA LIMITED**
**Unaudited Financial Results for the Quarter and Period Ended 30 Sep 2016**
*(Rupees in Crores)*

S.No.	Particulars	Quarter Ended			6 Month Ended	12 Month Ended
		Unaudited	Unaudited	Unaudited	Unaudited	Unaudited
		30 Sep 2016	30 Jun 2016	30 Sep 2015	30-Sep-16	30-Sep-15
1	<b>Income from Operations</b>					
	Net Sales / Income from Operations	679.43	861.10	1,772.25	1,540.65	4,257.04
2	<b>Expenses</b>					
	Cost of Material Consumed	197.94	330.36	318.39	528.31	1,312.67
	Excise Duty	3.09	3.08	9.91	6.17	52.21
	Purchases of Stock-in-trade	83.31	48.86	10.33	132.18	81.58
	Change in inventory of WIP and FG	(76.41)	11.84	318.21	(64.57)	279.80
	Subcontracting Expenses	168.59	209.64	183.62	378.22	812.83
	Employee Benefits Expenses	86.64	77.93	83.65	164.55	384.38
	Depreciation and Amortisation	29.25	29.23	68.52	58.49	188.21
	Other Expenses	161.00	136.24	170.34	296.99	652.68
	<b>Total Expenses</b>	653.42	847.18	1,162.97	1,500.32	3,764.36
3	<b>Profit/(Loss) from Operations Before Other Income, Finance Costs</b>	26.01	13.92	609.28	40.33	492.68
4	Interest & Other Income	76.53	71.93	85.00	148.08	283.96
5	<b>Profit/(Loss) from Ordinary Activities Before Finance Costs and Forex Fluctuation</b>	102.54	85.85	694.28	188.41	776.64
6	Finance Cost	163.14	164.60	178.89	327.71	683.87
7	Forex Fluctuation (Gain) / Loss	19.75	(22.44)	(52.91)	(2.69)	(65.18)
8	Exceptional Items	-	40.98	27.90	40.98	27.90
9	<b>Profit Before Tax</b>	(80.35)	(97.29)	540.40	(177.60)	130.05
10	Tax Expenses	(8.44)	(6.68)	(12.89)	(15.12)	(19.34)
11	<b>Net Profit/(Loss) for the period</b>	(71.92)	(90.61)	553.29	(162.48)	149.38
12	Other Comprehensive Income	(0.95)	(1.49)	(0.36)	(2.43)	0.32
13	<b>Total Comprehensive Income (after tax) (11+12)</b>	(72.86)	(92.10)	552.92	(164.92)	149.70
14	Paid-up Equity Share Capital (Face Value Rs.2/- per Equity Share)	74.11	74.11	27.16	74.11	27.16
15	<b>Earning Per Share (Rupees)</b>					
	Basic	(0.20)	(2.48)	40.75	(0.45)	11.00
	Diluted	(0.20)	(2.47)	40.53	(0.45)	10.94


**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**

CIN : L74999MH1922PLC000997

**Unaudited Statement of Standalone Assets and Liabilities**

(Rupees in Crore)

S.No.	Particulars	As At 30 Sept.16
A	<b>ASSETS</b>	
1	<b>Non-Current Assets</b>	
	<b>Fixed Assets</b>	
	Property, Plant & Equipment	1,094.72
	Capital Work in Progress	28.07
	Investment Property	-
	Goodwill	-
	Other Intangible Assets	0.21
	Biological Assets other than bearer plants	-
		1,123.00
	<b>Financial Assets</b>	
	Non-Current Investments	1,702.36
	Trade Receivables - Non-current	514.82
	Loan and Advances - Non-current	2,329.21
	Other Financial Assets	1,605.14
		6,151.53
	Deferred Tax Assets	
	Other non-current assets	460.35
2	<b>Current Assets</b>	
	Inventories	1,260.70
	<b>Financial Assets</b>	
	Current Investments	5.13
	Trade Receivables - Current	1,091.42
	Cash & Cash Equivalents	8.30
	Bank Balance	131.68
	Loan and Advances - Current	305.57
	Other Financial Assets	324.75
		1,866.85
	Current Tax Assets	
	Other Current assets	113.03
	<b>TOTAL</b>	<b>10,975.46</b>
B	<b>EQUITY AND LIABILITIES</b>	
1	<b>Shareholders' Funds</b>	
	Share Capital	74.12
	Other Equity	2,115.32
		2,189.44
2	<b>Non-Current Liabilities</b>	
	<b>Financial Liability</b>	
	Borrowings	2,564.91
	Trade Payables	96.82
	Other Financial Liabilities	516.74
		3,178.47
	Non-Current Provisions	249.03
	Deferred Tax Liabilities (Net)	57.75
	Other Non-Current Liabilities	33.50
3	<b>Current Liabilities</b>	
	<b>Financial Liability</b>	
	Borrowings	2,169.17
	Trade Payables	1,211.76
	Other Financial Liabilities	1,138.28
		4,519.21
	Other Current Liabilities	691.93
	Current Provisions	29.51
	Current Tax Liabilities	26.62
	<b>TOTAL</b>	<b>10,975.46</b>

**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

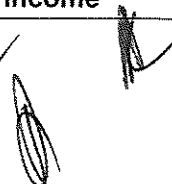
CIN: L74999MH1922PLC000997

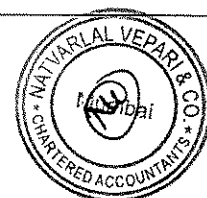


**Notes:**

1. The Financial Results for the quarter and six month ended 30<sup>th</sup> September, 2016 were reviewed by the Audit Committee and taken on record by the Board of Directors of the Company at its meeting held on 12<sup>th</sup> December 2016 and have been subjected to limited review by the Statutory Auditors of the Company.
2. The previous period of the Company was from 1<sup>st</sup> October 2014 to 31<sup>st</sup> March 2016 with 1<sup>st</sup> October 2014 being the date of transition to Ind AS. Therefore for the previous period, the year to date figures upto 30<sup>th</sup> September 2015 are for the period from 1<sup>st</sup> October 2014 i.e. for a period of 12 months and are not strictly comparable with the year to date figures upto 30<sup>th</sup> September 2016 which are from 1<sup>st</sup> April 2016 i.e. for a period of 6 months.
3. Results for the quarter and six month ended 30 September 2016 are in accordance with the Indian Accounting Standards (Ind AS) notified by the Ministry of Corporate Affairs, which are applicable to the Company for the accounting periods beginning on or after 1<sup>st</sup> April, 2016. Consequently, results for the corresponding periods ended 30 September, 2015 have been restated as per the requirements of the said notification to comply with Ind AS to make them comparable.
4. The Audit Committee has reviewed these results and the Board of Directors has approved the above results at their respective meetings held on 12<sup>th</sup> December 2016. The statutory auditors of the Company have carried out the limited review of the results for the quarter and six month ended 30 September 2016. The Ind AS compliant financial results, pertaining to the corresponding quarter and period ended 30 September 2015 has not been subjected to limited review or audit by the Statutory Auditors. However, the management has exercised necessary due diligence to ensure that the financial results provide a true and fair view of its affairs for comparison purposes.
5. Reconciliation of Net Profit as previously reported on account of transition from the previous Indian GAAP to Ind AS for the quarter ended 30 September 2015.

Particulars	Quarter ended 30 September 2015	Year to Date figures upto 30 September 2015 (12 months)
<b>Net Profit for the period under previous Indian GAAP</b>	<b>504.20</b>	<b>82.41</b>
Adjustments related to Ind AS 109	11.18	31.64
Adjustments related to Ind AS 18	(0.88)	(3.20)
Re-measurement of employee benefit plan	0.01	0.74
Exchange Gain/Loss adjustment settle on application of Ind AS 21	47.84	55.50
others	0.43	(0.40)
Deferred tax	(9.49)	(17.31)
<b>Net profit for the period under Ind AS</b>	<b>553.29</b>	<b>149.38</b>
<b>Other Comprehensive Income</b>	<b>(0.36)</b>	<b>0.32</b>
<b>Total including Other comprehensive Income</b>	<b>552.92</b>	<b>149.70</b>

PK  


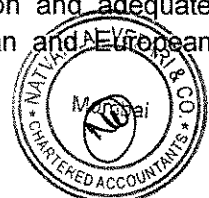


6. The Company's funded and non-funded exposure towards Franco Tosi Meccannica S.p.A (FTM) group is Rs. 1010.50 crores (net of provisions already made) as at September 30, 2016 including investments and guarantees towards the acquisition loan taken by the SPV. The commissioner in charge of the Extraordinary Administration of Franco Tosi Meccannica S.p.A. has already concluded the sale of the operating business of FTM to the successful bidder and has commenced the disposal of the non-core assets (i.e. those assets which were not part of the sale of operating business), which includes 60 acres of land in Legnano, Italy. The commissioner has not started the actual disposal of the property. The valuation pegged by the commissioner is based on the valuation of land in adjoining premises which is also under administration. However the liabilities to be discharged against the surplus on disposal (net of tax) are not yet crystallised and firmed up as on date. 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 6 relating to one of the subsidiaries M/s Franco Tosi Meccannica 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. 1010.50crores as at September 30 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 September 30 2016."*

7. 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. 223.65 crores. The Branch has made provision for impairment of investments and Loan aggregating to Rs. 63.35 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. 72.02 crores. The Branch has a further exposure of Rs. 98.38 crores net of provision of Rs.106.55 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 value in September 2014, who determined an enterprise value of Rs. 70.95 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.

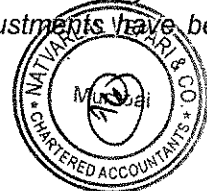
*"As reported by the branch auditors, the exposure of the Company through the Branch in SAE Powerlines Srl, Italy ("SAE"), a subsidiary of the Company and ATSL BV, Netherlands, the holding company of SAE, towards investments, loans, including guarantees towards the acquisition loan taken by the SPV are Rs. 223.65 crores. The Branch has made provision for impairment of investments and Loan aggregating to Rs. 63.34 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. 72.02 crores. The Branch has a further net exposure of Rs. 98.38 crores after provision of Rs. 106.55 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. 70.95 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. 170.40 crores in respect of loans, investment and receivables."*

8. The Ministry of Corporate affairs vide its letter dated 5th February, 2016 and subsequent letters 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. Accordingly the Company has made a presentation to the Ministry for review of the application. 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. The shareholders of the Company have in the meeting by postal ballot dated 10<sup>th</sup> August 2016 approved the waiver of the recovery of the remuneration. Pending the approval of the MCA as aforesaid no adjustments have been*

pg  
K



*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 quarter ended 30<sup>th</sup> September 2016. (refer note 6 of the results.)”*

9. There are disputes in six projects of the Company. The total exposure against these projects is Rs.411.75 Crore. The Company is pursuing legal recourse / negotiations for settling the disputes in favour of the Company and is of the opinion that it has a good case in the matter hence does not require any provision considering the claims of the Company against the Clients.

The auditors have qualified their report on this account as follows

*“Trade receivables and loans and advances include an amount of Rs411.75 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.”*

10. The Company has granted unsecured loans to its joint ventures, aggregating to Rs. 45.89 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 auditors have qualified their report on this account as follows.

*“The Company has given unsecured loans of Rs. 45.89 crores to its joint ventures as a lead partner for which it does not have any prior approval of the members.”*

11. 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. 216.33 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.

12. 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 though the wholly owned subsidiary has been considered as strategic non-current investments.

*Handwritten signatures and initials.*



Further the carrying value of the equity interest in Gammon Infrastructure Projects Limited is Rs. 958.20 crores held through two wholly owned subsidiaries. The current market value based on the traded price as on September 30, 2016 is Rs. 255.94 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.

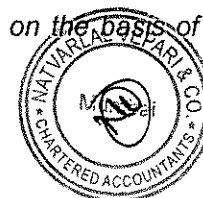
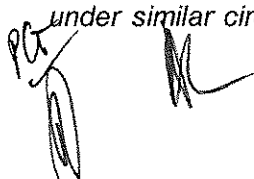
*"We invite attention to note no 12 relating to the decision for sale of 30% interest of Gammon Infrastructure Projects Limited (GIPL) held through two wholly owned subsidiaries and its consequent classification and valuation in these financial statements. The carrying value of the equity interest in GIPL is Rs. 958.20 crores held through the two wholly owned subsidiaries. The current market value based on the traded price as on September 30, 2016 is Rs. 255.94 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"*

13. 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 previous year in the quarter ended 30<sup>th</sup> September 2015 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. During the current quarter the Company has recognised further claim of Rs. 17.33 crores under similar circumstances. 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 13, detailing the recognition of claims during the year ended 31st March 2016 in the quarter ended 30<sup>th</sup> September 2015 in respect of on-going, completed and/or terminated contracts aggregating to Rs. 1343.97 crores but excluding amounts recognised earlier of Rs. 313.25 based on management estimates of reasonable realisation which were subject matter of our emphasis of matter in our earlier reports. During the current quarter the company has further recognised claims of Rs. 17.33 crores under similar circumstances. 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 30<sup>th</sup> September 2016 “*

14. 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 clients 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 September 2016 of Rs. 11,867 crores.

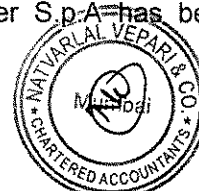
The Company continues to negotiate with vendors for settlement, improved commercial terms and better credit facility and is in process of arranging additional working capital finance to improve short term liquidity position. The Company is evaluating and exploring various courses of action for raising 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 with reference date as 17<sup>th</sup> November,2015 Pursuant to the invocation of SDR 16 lenders converted part of their outstanding loan and interest aggregating to Rs. 277.12 crores into 233,072,637 equity shares of Rs. 2/- each at a price of Rs. 11.89 per equity share (including premium of Rs. 9.89 per equity share ) to acquire 63.07% of the total equity capital of the Company . 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

15. As stated in previous quarter the process of transferring the ownership of Sofinter in favour of the transferee company is completed and the Group now owns 67.50% of the total equity capital of Sofinter through two of its wholly owned overseas subsidiaries. However to facilitate continued support on lines of credit , the Board of Sofinter S.p.A has been

PG  
MK



reconstituted effective from November 2016 with majority vesting with the lending banks of Sofinter group. Considering the present 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. 1008.62 crores in Sofinter Group.

**16. SDR and Restructuring**  
**Strategic Debt Restructuring**

The lenders invoked SDR with reference date of 17<sup>th</sup> November 2015..

**A. Carve out of the Transmission and Distribution Business ;**

The Board of Directors in its meeting held on 27<sup>th</sup> October,2015 approved the first phase of transfer of the transmission and distribution business viz; fixed assets pertaining to conductor manufacturing facility at Silvassa and tower fabrication facility (excluding tower testing station) situated at Deoli, Wardha together with the current assets and contracts of the T&D manufacturing division along with proportionate debt aggregating to Rs. 3580 crores )("Identified Business") to its then wholly owned subsidiary Transrail Lighting Limited ("TLL").Accordingly a Business Transfer agreement was entered into between the Company and Transrail Lighting Limited on 25<sup>th</sup> October,2015 for transfer of the Identified Business by way of a slump sale on a "Going Concern Basis" which was further amended on 12<sup>th</sup> February,2016 , for a consideration of Rs. 4,37,25,000 which was discharged by TLL by issue of 2,75,000/- optionally fully convertible debentures of Rs.159/-. The effective date of the Business Transfer is 1<sup>st</sup> January,2016 .

Further an Investment cum Shareholders Agreement as duly approved by the Board on 27<sup>th</sup> October,2015 was executed with Ajanma Holdings Pvt Limited (" formerly Bilav Software Private Limited") ("Investor") pursuant to which the Investor acquired 75% of the Company's stake in TLL for a consideration of RS.2,32,50,000/- and for investing balance of Rs. 47.70 crores by the Investor in TLL , wherein the transmission and distribution business is transferred . The Slump sale and the Investment by the Investor was approved by the Lenders and also by the shareholders vide a postal ballot on 18<sup>th</sup> December,2015 .

The Board also approved a Scheme of Arrangement between the Company ("Transferor") and TLL("Transferee ") and their respective shareholders and creditors for transfer of the Transmission and Distribution undertaking of the Company essentially comprising of the engineering, procurement and construction business of the Company in the power transmission and distribution sector ,the tower testing facility located at Deoli, manufacturing facilities located at Baroda and Nagpur together with all the pre-qualifications, properties, assets, liabilities, debts, duties and obligations of the T&D Undertaking with appointed date as 1<sup>st</sup> January,2016 or such other date as may be approved by the High Court . The Court Convened meeting of the equity shareholders, secured and unsecured creditors was held on 2<sup>nd</sup> December,2016 to approve the Scheme . The Scheme has been approved by the requisite majority of equity shareholders, secured and unsecured creditors .

*PS*  
*[Handwritten signature]*  
*[Handwritten signature]*





On approval of the Scheme of Arrangement between Gammon India Limited ("GIL") and Transrail Lighting Limited ("TLL"), TLL will issue 7,25,000 equity shares of Rs 10 each to GIL against the fair value of the T&D Undertaking. The said Scheme is subject to all necessary approvals .

Post the carve out of the transmission and distribution business into TLL as aforementioned, Gammon will continue to hold 25% of the total equity of TLL.

**B. Carve Out Of Civil Epc Business:**

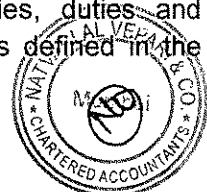
The Board in its meeting held on 21<sup>st</sup> July,2016 has approved the carve out of the Civil EPC business to its wholly owned subsidiary "Gammon Engineers and Contractors Private Limited " ("Gammon Engineers") in two phases i.e a part of the the Civil EPC Business of the Company essentially comprising of the Civil Engineering, Procurement and Construction ("EPC") business carried on by the Company in roads, hydro-power, nuclear power, tunnels, bridges, etc including without limitation the execution capabilities in relation to the Civil EPC Business pertaining to "Identified Contracts" (including all contracts, agreements, licenses, engagements, financial instruments, commitments, other contractual arrangements and warranties thereunder including obligations under contracts which are surviving, relating exclusively to or in connection or forming a part of the Civil EPC Business and which are getting sub-contracted under the slump sale and which will be transferred under a proposed Scheme of Arrangement, (but excluding the Retained EPC Business)("Identified Business") along with all the assets and properties, whether tangible or intangible, rights, titles, interests, privileges, licenses and all liabilities, debts, obligations of all nature related to the Identified Business by way of a slump sale on a going concern basis with effect from 1<sup>st</sup> July, 2016.

Accordingly a Business Transfer Agreement was executed on 21<sup>st</sup> July 2016 between the Company and Gammon Engineers and Contractors Private Limited . The consideration for transfer of the Civil EPC Undertaking is Rs. 8,05,00,000 (*Rupees Eight Crores Five Lakhs only*) which will be discharged by Gammon Engineers by issue of 23,00,000 equity shares at a price of Rs. 35/- per share.

The Board in its meeting held on 21<sup>st</sup> July, 2016 also approved investment by GP Group of Thailand("Investor") into the Company's civil EPC Business wherein GP Group will invest in Gammon Engineers and Contractors Pvt Limited where the EPC Business is proposed to be transferred. Accordingly an Investment cum Shareholders Agreement was executed between the Company, Investor and Gammon Engineers on 21<sup>st</sup> July, 2016 pursuant to which G P Group will invest Rs.150 crores into Gammon Engineers in different tranches.

The Board in its meeting held on 21<sup>st</sup> July also approved a Scheme of Arrangement between the Company ("Transferor Company") and Gammon Engineers and Contractors Private ("Transferee Company") Transfer and vesting of the balance of the Company's Civil EPC Undertaking (as defined in the Scheme) viz; Civil Engineering, Procurement and Construction business carried on by the Company in roads, hydro-power, nuclear power, tunnels, bridges, etc. as a going concern, which shall include all the pre-qualifications, properties, rights and powers and all debts, liabilities, duties and obligations comprised in/and pertaining to the Civil EPC business (as defined in the

PLS  
A  
K





Scheme) into Gammon Engineers against issue and allotment of equity shares by Gammon Engineers to GIL. The appointed date of the Scheme is 1<sup>st</sup> July,2016 or such other date as may be approved by the High Court . The Honob'le High Court at Bombay has vide its order dated 2<sup>nd</sup> December,2016 summoned a meeting of the Equity Shareholder and Unsecured Creditors to be convened on 6<sup>th</sup> January,2017..

On approval of the Scheme by the Court, Gammon Engineers will issue 1,18,85,714 fully paid up equity shares of Rs. 10 each to GIL against the fair value of the Civil EPC Undertaking.

The EPC Carve out through slump sale and the Scheme of Arrangement is subject to the approval of the members, lenders ,the Court and all other approvals.

Post the restructuring, the Company will continue to hold 25% equity in Gammon Engineers and Contractors Private Limited.

### C. Residual GIL

GIL will continue to execute the civil EPC projects it has retained and will monetize its non-core assets comprising of receivables, loans and advances, real estate, investments in subsidiaries and claims .The Company is looking to develop the sizeable landbank as also monetize its various assets and investments to repay its balance debts while exploring various business opportunities in the infrastructure sector . GIL will continue to hold 25% stake in EPC and T&D businesses post carve out. The Company expects that post carve out the businesses will be viable and have potential for growth. Further almost 80% of the Lenders exposure in the Company will be transferred to the new entities post the carve out, thereby ensuring stability of the Company. Pursuant to the invocation of the SDR in the Company, a change of management will have to be effected in Gammon within 18 months from the reference date.

### 17. 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. The details and present status of the restructuring is disclosed in note 16 above.

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 16 above 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.

*Handwritten signatures and initials.*

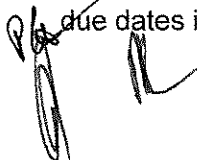


On account of the complexities associated with the changes to the restructuring schemes across two separate entities over four different phases of business transfer agreements and Court schemes and the adoption of the IND-AS in the current period with restatements of comparative periods of 18 months in the previous period, the disclosures related to discontinuing operations have not been disclosed in these financial results. The Company is collating the data for of the previous periods and hopes to update these along with the results of the next quarter.

The auditors have qualified their conclusion.

*"The disclosures of effects of discontinuing operations have not been given for reasons mentioned in note 17."*

18. 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.
19. 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. IDBI Bank dubai, invoked the Stand by letter of credit provided by IDBI Mumbai in the month of October 2016. The exposure of the Company in the said subsidiary is Rs. 415.79 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.
20. 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.
21. Exceptional items of Rs. 40.98 crores during the previous quarter represents provisions made for doubtful debts due to SAE Powerlines Srl, Italy, a subsidiary.
22. The details of previous due date of the Non-Convertible Debentures interest and its next due dates is given herein below:



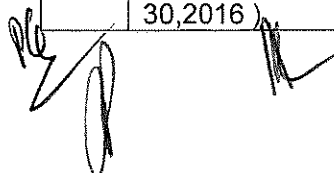
Particulars	Previous Due Date	Paid (Y / N)	Next Due Date	Amount (Rs. in Crore)
NCD 10.5% monthly interest payments (Rs. 7.21 cr not paid since Dec'15)	31 <sup>st</sup> Oct' 16	No	31 <sup>st</sup> Dec'16	0.64
NCD 11.05% monthly interest payments (Rs. 10.96 cr not paid since Dec'15)	31 <sup>st</sup> Oct' 16	No	31 <sup>st</sup> Dec'16	0.92
NCD 9.50% monthly interest payments (Rs. 9.38 cr not paid since Dec'15)	31 <sup>st</sup> Oct' 16	No	31 <sup>st</sup> Dec'16	0.78
NCD 9.95% half yearly interest payments (Rs. 4.87 cr not for Sept'15)	30 <sup>th</sup> Sept' 16	No	31 <sup>st</sup> March'17	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. 5.17 cr not paid since Jan'16)	15 <sup>th</sup> Oct' 16	No	15 <sup>th</sup> Jan'17	1.48
NCD 11.05% quarterly Principal payments (Rs. 7 cr not paid since May'15)	15 <sup>th</sup> Oct' 16	No	15 <sup>th</sup> Jan'17	2.00
NCD 9.50% quarterly Principal payments (Rs. 6.90 cr not paid since May'15)	15 <sup>th</sup> Oct' 16	No	15 <sup>th</sup> Jan'17	2.00
NCD 9.95% yearly Principal payments (Rs. 3.50 cr not for Jan'16)	15 <sup>th</sup> Oct' 16	No	15 <sup>th</sup> Jan' 17	1.00

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

Sr. No.	Particulars	As at September 30, 2016
A	Debt Equity Ratio	1.36
B	Debt Service Coverage Ratio	0.11
C	Interest Service Coverage Ratio	0.31
D	Debenture Redemption Reserve	81.00
E	Net Worth	2189.34
F	Net Profit after Tax ( For six months ended September 30,2016 )	(162.48)
G	Basic Earnings per share ( For six months ended September 30,2016 )	(0.45)




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

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

For **Gammon India Limited**



**Abhijit Rajan**

*Chairman & Managing Director*

Mumbai, 12 September 2016



**Review Report**

To  
The Board of Directors  
Gammon India Limited,  
Mumbai.

1. We have reviewed the accompanying statement of standalone unaudited financial results ("Statement") of Gammon India Limited ("the Company") for the quarter ended September 30, 2016 being submitted by the Company pursuant to Regulation 33 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulation, 2015, as modified by Circular No. CIR / CFD / FAC / 62 / 2016 dated July 5, 2016. This Statement is the responsibility of the Company's Management and has been approved by the Board of Directors. This Statement has been prepared in accordance with the recognition and measurement principles laid down in the Indian Accounting Standard 34 "Interim Financial Reporting" (Ind-AS 34) prescribed under section 133 of the Companies Act, 2013 read with the relevant rules issued thereunder and other accounting principles generally accepted in India. Our responsibility is to issue a report on this Statement based on our review.
2. We conducted our review in accordance with the Standard on Review Engagement (SRE) 2410, "Review of Interim Financial Information performed by the Independent Auditor of the Entity" issued by the Institute of Chartered Accountants of India. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statement is free of material misstatements. A review is limited primarily to inquiries of Company personnel and analytical procedures applied to financial data and thus provide less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.
3. Basis of Qualified Conclusion
  - a. *We invite attention to note no 6 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. 1010.50 crores as at 30<sup>th</sup> September 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*





# 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

*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 the effect on the loss/profit of the Company for the quarter ended 30<sup>th</sup> September 2016. This matter has been qualified in our earlier reports on the audited annual financial statements and the limited review of the quarterly financial statements.*

- b. *We invite attention to note no 13, detailing the recognition of claims during the previous year ended 31<sup>st</sup> March 2016 in the quarter ended 30<sup>th</sup> September 2015 in respect of on-going, completed and/or terminated contracts aggregating to Rs. 1343.97 crores but excluding amounts recognised in of Rs. 313.25 based on management estimates of reasonable realisation which were subject matter of our emphasis of matter in our earlier reports. During the current quarter the Company has recognised further claim of Rs. 17.33 crores under similar circumstances. 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 30<sup>th</sup> September 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. 223.65 crores. The Branch has made provision for impairment of investments and Loan aggregating to Rs. 63.34 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. 72.02 crores. The Branch has a further net exposure of Rs. 98.38 crores after provision of Rs. 106.55 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. 70.95 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. 170.40 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 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*



# 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

*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. The shareholders of the Company have in the meeting by postal ballot dated 10<sup>th</sup> August 2016 approved the waiver of the recovery of the remuneration. Pending the approval of the MCA as aforesaid 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 quarter ended 30<sup>th</sup> September 2016. (Refer note 8 of the results.)*

- e. Trade receivables and loans and advances includes an amount of Rs. 411.75 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 9).*
- f. The Company has given unsecured loans of Rs. 45.89 crores to its joint ventures as a lead partner for which it does not have any prior approval of the members (refer Note 10).*
- g. We invite attention to note no 12 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. 958.20 crores held through the two wholly owned subsidiaries. The current market value based on the traded price as on June 30, 2016 is Rs. 255.94 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.*
- h. The disclosures of effects of discontinuing operations have not been given for reasons mentioned in note 17.*

#### 4. Qualified Conclusion

*Except for the possible effects arising out of the matters mentioned in para a to g of our basis for qualified conclusion mentioned hereinabove and the non disclosure of details of effects of discontinuing operations as mentioned in para h above , nothing has come to our attention that causes us to believe that the accompanying Statement prepared in*



# 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

accordance with applicable accounting standards as specified under section 133 of the Companies Act, 2013, read with rule 7 of the Companies (Accounts) Rules, 2014 and other recognized accounting practices and policies has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with SEBI circular bearing nos. Circular No. CIR / CFD / CMD / 15 / 2015 dated November 30, 2015 and CIR / CFD / FAC / 62 / 2016 dated July 5, 2016 including the manner in which it is to be disclosed, or that it contains any material misstatement.

## 5. Emphasis of Matter

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

- (a) We draw attention to Note no 11 of the financial results relating to recoverability of an amount of *Rs.135.75 crores* as at 30<sup>th</sup> June 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. 216.33 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 14 and 16 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 Notes, 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 15 has exposure of *Rs. 1008.62 crores* towards the combined stake of 67.50% and that the majority on the Board is vested with the lending bankers of Sofinter group. Considering the combined stake held through two separate SPVs, the management contends 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 19 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. 415.79 crores* net



# Natvarlal Vepari & Co.

CHARTERED ACCOUNTANTS

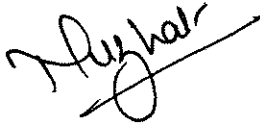
Oricon House, 4th Floor, 12, K. Dubash Marg, Mumbai-400 023. • Tel : 6752 7100 • Fax : 6752 7101 • E-Mail : nvc@nvc.in

of provisions made including the invocation of the Standby Letter of Credit by IDBI Bank in October 2016. 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 20 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.

6. We did not review the statement of unaudited financial results of Gammon India Limited – Nagpur Branch including the overseas branches at Algeria, Nigeria, Kenya, Bhutan, Ethiopia, Rwanda, Yemen & Italy, whose financial information includes total assets of Rs. 1166.24 crores - and total revenues of Rs. 449.84 crores for the six months ended 30<sup>th</sup> September 2016. The financial information of the aforesaid branch has been reviewed 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 limited review report of the Branch Auditors’.
7. We draw attention to the fact that we were neither engaged to review nor have we reviewed the comparative figures for the quarter ended June 30, 2015 including the reconciliation of net profit referred to in note 5 of the accompanying Statement.

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



Nuzhat Khan  
Partner

M. No. 124960

Mumbai, Dated: - 12<sup>th</sup> December 2016

