GAMMON

20th September, 2017

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

NSE CODE: GAMMONIND

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

BSE CODE:509550

Dear Sir/Madam,

Sub: Outcome of Board meeting held on 20th September, 2017 pursuant to Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

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

(i) Standalone Audited Financial Results for the quarter and financial year ended 31st March, 2017;
(ii) Statement of Assets & Liabilities as on 31st March, 2017;
(iii) Audit Report on the Standalone Audited Financial Results for the quarter and financial year ended 31st March, 2017 and
(iv) Statement on Impact of Audit Qualifications for the financial year ended 31st March, 2017 (Standalone).

The aforesaid Audited Financial Results duly reviewed by the Audit Committee, have been approved and taken on record by the Board of the Directors together with the Auditor's Report at its meeting held on 20th September, 2017 and the same are placed on the website of the Company at http://www.gammonindia.com/investors/financial-results.htm.

The meeting of Board of Directors commenced at 5.00 p.m. and concluded at 10.40 p.m.

You are requested to take the above information on record.

Thanking you,

For Gammon India Limited

Niki Shingade
Compliance Officer

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

CIN: L74999MH1922PLC000997

Statement of Standalone Audited Financial Results for the quarter and the year ended March 31, 2017

(Rs. in Crore)

S.No.	Particulars	Quarter Ended			12 months ended	18 months ended
		Audited	Unaudited	Audited	Audited	Audited
		31 Mar 2017	31 Dec 2016	31 Mar 2016	31 Mar 2017	31 Mar 2016
1	**Income from Operations**					
	Revenue from Operation	71.28	15.62	1,018.64	761.68	6,081.30
	Other Income	76.37	84.96	191.07	308.17	616.20
	Total Revenue	**147.65**	**100.58**	**1,209.71**	**1,069.85**	**6,697.50**
2	**Expenses**					
	Cost of Material Consumed	7.16	6.16	237.99	246.10	1,822.68
	Excise Duty	-	-	-	-	50.34
	Purchases of stock-in-trade	-	-	18.36	-	113.44
	Change in inventory of WIP and FG	4.14	1.50	137.12	49.39	422.41
	Subcontracting Expenses	13.78	3.58	218.23	203.44	1,255.07
	Employee Benefits Expenses	5.15	5.85	59.53	78.43	535.73
	Finance Cost	129.89	126.12	163.62	518.90	1,028.17
	Depreciation and Amortisation	3.02	1.83	38.04	32.65	261.47
	Other Expenses	134.07	30.46	133.03	298.57	962.50
	Total Expenses	297.21	175.50	1,005.92	1,427.48	6,451.81
3	**Profit/(Loss) before exceptional items and tax**	**(149.56)**	**(74.92)**	**203.79**	**(357.63)**	**245.69**
4	Exceptional Items	1,259.63	4.47	-	1,305.09	27.90
5	**Profit Before Tax**	**(1,409.19)**	**(79.39)**	**203.79**	**(1,662.72)**	**217.79**
	Profit/(Loss) for the period from continuing operations	(1,409.19)	(79.39)	203.79	**(1,614.82)**	**497.27**
6	Tax Expenses	2.92	(5.22)	133.77	(2.80)	89.12
	Current Tax	-	-	55.86	-	37.70
	Excess / Short Provision of Earlier years	2.93	-	20.54	**2.93**	20.54
	Deferred Tax Liability / (asset)	(0.01)	(5.22)	57.37	**(5.73)**	30.88
7	**Profit/(Loss) for the period from continuing operations**	**(1,412.11)**	**(74.17)**	**70.02**	**(1,612.02)**	**408.15**
8	**Profit/(Loss) from discontinued Operations**				(47.90)	(279.48)
9	**Tax expenses**				-	28.15
	Current Tax				-	1.66
	Excess / Short Provision of Earlier years				-	-
	Deferred Tax Liability / (asset)				-	26.49
10	**Profit/(Loss) from Discontinued Operations after Tax**	-	-	-	(47.90)	(307.63)
11	**PROFIT FOR THE YEAR**	**(1,412.11)**	**(74.17)**	**70.02**	**(1,659.92)**	**100.52**
12	**Other Comprehensive Income**	(1.28)	(0.25)	(0.88)	**(2.03)**	**(0.62)**
13	**Total Comprehensive Income (after tax) (8+9)**	**(1,413.39)**	**(74.42)**	**69.14**	**(1,661.95)**	**99.90**
14	Paid-up Equity Share Capital (Face Value Rs.2/- per Equity Share)				74.11	73.28
15	Other Equity				569.47	2,232.43
16	**Earning Per Share of Rs 2 each**					
	Basic EPS (Rs)	(38.37)	(2.02)	4.25	(45.10)	6.10
	Diluted EPS (Rs)	(38.29)	(2.01)	4.23	(45.01)	6.07

NATVARLAL VEPARI & CO. CHARTERED ACCOUNTANTS Mumbai

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Audited Statement of Assets and Liabilities as at March 31, 2017

(Rs. in Crore)

Particulars	As at March 31, 2017	As at March 31, 2016
ASSETS		
NON-CURRENT ASSETS		
(a) Property, plant and equipment	451.28	1,224.14
(b) Capital work-in-progress	20.05	18.74
(c) Intangible Asset	-	0.06
(d) Financial assets		
(i) Investments	1,202.79	1,702.37
(ii) Trade receivable	294.86	538.49
(iii) Loans	2,009.01	2,063.33
(iv) Others	356.04	264.47
(e) Deferred tax assets (net)		
(f) Other non-current assets	1,266.77	1,798.59
TOTAL NON-CURRENT ASSETS	**5,600.80**	**7,610.19**
CURRENT ASSETS		
(a) Inventories	146.27	1,031.82
(b) Financial assets		
(i) Investments	5.74	4.59
(ii) Trade receivables	60.46	680.59
(iii) Cash and cash equivalents	44.84	113.63
(iv) Bank balances	6.95	6.90
(v) Loans	15.63	291.55
(vi) Others	33.03	38.80
(c) Current tax assets (net)	-	-
(d) Other current assets	57.07	420.03
TOTAL CURRENT ASSETS	**369.99**	**2,587.91**
TOTAL ASSETS	**5,970.79**	**10,198.10**
EQUITY AND LIABILITIES		
EQUITY		
(a) Equity share capital	74.11	73.28
(b) Other equity	569.47	2,232.43
TOTAL EQUITY	**643.58**	**2,305.71**
LIABILITIES		
NON-CURRENT LIABILITIES		
(a) Financial liabilities		
(i) Borrowings	2,192.17	2,735.57
(ii) Trade payables	8.77	59.84
(iii) Other financial liabilities	12.00	12.00
(b) Provisions	0.90	8.36
(c) Deferred tax liabilities (net)	243.70	248.29
(d) Other non-current liabilities	101.92	302.31
TOTAL NON-CURRENT LIABILITIES	**2,559.46**	**3,366.37**
CURRENT LIABILITIES		
(a) Financial liabilities		
(i) Borrowings	949.14	1,979.43
(ii) Trade payables	199.71	1,034.49
(iii) Other financial liabilities	1,298.49	688.08
(b) Other current liabilities	67.72	576.08
(c) Provisions	250.37	245.62
(d) Current tax liabilities (net)	2.32	2.32
TOTAL CURRENT LIABILITIES	**2,767.75**	**4,526.02**
TOTAL EQUITY AND LIABILITIES	**5,970.79**	**10,198.10**

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MANAGEMENT SYSTEM CERTIFICATION DNV·GL ISO 9001 • ISO 14001 OHSAS 18001

MGMT. SYS. RvA C024

Notes:

1. The above audited financial results, as reviewed by the Audit Committee, were approved and taken on record by the Board of Directors in their meeting held on September 20, 2017.

2. The financial statements are prepared in accordance with the Indian Accounting Standards (Ind-AS) as prescribed under Section 133 of the Companies Act, 2013 read with Rule 3 of the Companies (Indian Accounting Standards) Rule, 2015 and Companies(Indian Accounting Standards) Amendment Rule, 2016.

3. The previous period of the Company was from 1st October 2014 to 31st March 2016 with 1st October 2014 being the date of transition to IND AS. Therefore for the previous period, the year to date figures upto March 31, 2016 are for the period from October 1, 2014 i.e. for a period of 18 months and are not strictly comparable with the year to date figures upto March 31, 2017 which are from 1st April 2016 i.e. for a period of 12 months.

4. The figures for the quarter ended March 17 are derived from the audited figures of the twelve months period ended March 31, 2017 and the published year to date figures upto December 31 2016, which were subjected to limited review by the statutory auditors as adjusted for the effects of the scheme and BTA in respect of EPC and the Scheme in respect of Transmission and Distribution division which have been given effect to w.e.f July 1, 2016 and January 1, 2016 respectively. This adjustment was necessary to reflect the correct quarterly figures for the quarter ended March 31, 2017.
However the figures for the quarter ended March 16 are derived from the Audited figures of the eighteen months period ended March 31, 2016 and the published year to date figures upto December 31 2015 as prepared by the management for comparative purposes, which were not subjected to limited review by the statutory auditors. On account of the effect of the scheme for the transfer of Transmission and distribution division given w.e.f January 1, 2016 in the restated financials for the year ended March 31, 2016 the figures for the quarter ended March 31, 2016 as aforesaid are not same as reported earlier for the quarter ended March 31, 2016.
The figures for the quarter ended December 31, 2016 are also adjusted for the effect of the scheme and BTA and therefore are not as per the figures published in the previous quarter.
Since the information relating to discontinuing operations were not presented for the nine months period ended December 31, 2016 and for the 15 months period ended Dec 31, 2015, the information on discontinuing operations for the quarters have not been presented and the entire amount for the quarter is disclosed as part of continuing. The Statutory auditors have qualified their report on this account.

5. The reconciliation of Net Profit as previously reported and the total comprehensive income as per IND AS is as per table below:

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(a) Net Profit Reconciliation:

Particulars	Standalone	
	Previous quarter ended March 31, 2016 (Audited) Rs. In crores	Year ended March 31, 2016 (Audited) Rs. In crores
Net profit / (loss) under previous India GAAP	53.38	**14.64**
Add/ (less)		
Effects of Scheme (Including deferred tax effects thereon)	(90.46)	(93.90)
INDAS Adjustments on account of:		
INDAS 109 " Financial Instruments"	105.05	153.02
INDAS 21 " Effects of Changes in Foreign Exchange Rates"	6.78	54.91
INDAS 18 " Revenue"	-	(5.73)
Ind AS 19 "Employee Benefits"	0.43	1.56
Deemed Cost INDAS 16" Property Plant and Equipment"	(0.36)	(0.08)
IND AS 12" Income Taxes"	(5.45)	(23.90)
Others	0.65	-
Net profit as per IND AS	**70.02**	**100.52**
Other Comprehensive Income (Net of Deferred Tax)	(0.88)	(0.62)
Total Comprehensive income under IND AS	69.14	99.90

(b) Reconciliation of Equity as on March 2016 :

Particulars	Standalone As at March 31, 2016 (Audited) (Rs in crores)	Standalone As at October 1, 2014 (Audited) (Rs in crores)
Equity as per Previous GAAP	**1,428.04**	**1,092.04**
On account of Transfer of Business w.e.f Jan 1, 2016	(82.51)	0.00
Promoters Contribution (reclassification)	100.00	100.00
Deemed Cost " Property Plant and Equipment"	435.25	435.25
Deemed Cost " Investments"	571.69	571.69

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Particulars	Standalone As at March 31, 2016 (Audited) (Rs in crores)	Standalone As at October 1, 2014 (Audited) (Rs in crores)
Ind AS 19 "Employee Benefits"	0.61	0.00
INDAS 109 " Financial Instruments"	65.59	(88.64)
Treasury Shares (reclassification)	(1.69)	(1.69)
INDAS 21 " Effects of Changes in Foreign Exchange Rates"	5.76	0.00
Others	(3.67)	2.25
Deferred Tax	(213.36)	(189.79)
Equity as per INDAS	**2305.71**	**1921.12**

6. The Company's funded and non-funded exposure towards Franco Tosi Mecannica S.p.A (FTM) group is Rs. 919.56 crores (net of provisions made) as at March 31, 2017 including Investments and guarantees towards the acquisition loan taken by the SPV.
The commissioner in charge of the Extraordinary Administration of Franco Tosi Meccanica S.p.A. has already concluded the sale of the operating business of FTM to the successful bidder and has commenced the disposal of the non-core assets (i.e. those assets which were not part of the sale of operating business), which includes 60 acres of land in Legnano, Italy. The commissioner has not started the actual disposal of the property. The valuation pegged by the commissioner is based on the valuation of land in adjoining premises which is also under administration. However the liabilities to be discharged against the surplus on disposal (net of tax) are not yet crystallised and firmed up as on date. The Commissioner of the said FTM has released summarized statement of affairs from July 2016 to December 2016 from which also the values of assets and liabilities to be discharged there against are unclear. Despite these factors the management expects that the surplus available to the equity shareholder will be adequate to cover the exposure of the Company towards FTM. However on a prudent basis Company has provided Rs.100 crores during the year.

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 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. 919.56.crores (net of provisions made) as at March 31 2017 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

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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 year ended March 31 2017."

7. The Ministry of Corporate affairs vide its letter dated November 24, 2016 and March 28, 2017 had rejected the company's application for waiver of excess remuneration paid to Chairman and Managing Director (CMD) for the periods April 1, 2012 to May 16, 2016. The Company in its extra-ordinary general meeting held on June 29, 2017 had sought the approval of the shareholders for waiver of recovery of remuneration of Rs.17.19 crores paid (from April 1, 2012 to September 30, 2014) to CMD, for which resolution was not approved by the shareholders. Considering the efforts made by CMD in steering the Company through the challenging times and the contribution made by him in the CDR package, the Board on the recommendation of the Nomination and Remuneration Committee has decided to seek shareholders' approval afresh for waiver of remuneration paid to CMD. No remuneration has been paid to him since October 2014 and only provision has been made in books for the same.

   Further the Company's application for payment of remuneration of Rs. 4 crores per annum payable for a period of three years effective from May 17, 2016 has also been rejected by the Ministry due to non-recovery of remuneration paid from April 1, 2012 to September 30, 2014. The total amount of remuneration due to CMD till March 31, 2017 is 30.54 crores.

   Similarly the Company's application for waiver of recovery of excess remuneration paid to its erstwhile Executive Director Mr. Himanshu Parikh for an aggregate amount of Rs. 59.85 lakhs was also rejected. The Company has made a representation to the Ministry to reconsider its decision as Mr. Parikh has resigned from the Company's services since April, 2013. In view of the aforementioned facts no adjustments are made in these financials.

   The auditors have qualified their report on this account as follows

   "*We invite attention to Note 7 of the Statement wherein the Company's Application for managerial remuneration aggregating to Rs. 30.54 crores for the Chairman and Managing Director has been rejected by the shareholders in their meeting held on* June 29, 2017 *The Board of Directors* considering the efforts made by Chairman and Managing Director in steering the Company through the challenging times and the contribution made by him in the CDR package ,on the recommendation of the Nomination and Remuneration Committee has decided to seek shareholders approval afresh for waiver of remuneration paid to Chairman and Managing Director *Therefore no adjustments have been made for the amount of Rs. 30.54 crores. Similarly for one of executive director the MCA has rejected the excess remuneration of Rs. 0.59 crores for which the Company is making a fresh representation. In the absence of the fresh approval of the shareholders ,as aforesaid we are unable to ascertain the impact on profits on this account for the quarter and year ended March 31, 2017.*"

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8. 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 reconstituted effective from November 2016 with majority vesting with the lending banks of Sofinter group. The financial statements of the said Sofinter group have not been finalized as the statutory auditors seek certain confirmation from the lenders for the credit lines. Based on the valuation carried out of the said Sofinter Group by an independent valuer in June 2015 and the valuation carried out internally by Sofinter S.p.A. and approved by its board while approving the Group Financial statements of 2015 in January 2017, the Management is of the view that no impairment is required in the exposure of the Company towards its combined exposure of Rs. 1000.33 crores in Sofinter Group.

   The auditors have qualified their report on this account as follows
   "We invite attention to note no 8 relating to the Company's exposure to Sofinter Group of Rs. 1000.33 crores. As detailed in the note the Company despite holding 67.50% does not have control over the operations of the Company as the same is in the control of the lenders. The financials statements of the said Sofinter group are not audited and are pending issuance of the Audit Report by their Statutory Auditors on account of issues related to the lending limits that the Group has access to. Gammon India Limited has not carried out impairment test of its exposure to Group Sofinter and the available independent valuations are more than 24 months old. We are therefore unable to state whether the said exposure needs to be impaired or not".

9. The accounts of a subsidiary M/s Campo Puma Oriente S.A. have not been audited since December 2012, due to certain disputes with the partner in the project. Furthermore, during the year under review, 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. 291.97 crores (net of provisions made). The company had received a valuation report for $ 60 Million approximately from an independent merchant banker for its share more than 24 months ago, which the management believes is still valid. Furthermore, the company is in the process of enhancing its output of oil field from the current level, which is expected to further improve the value. The disputes between the partners are expected to be resolved within a short time after which the financial statements will be signed and released. The Company has made a provision of Rs 130 crores against its exposure based on internal estimates of the realisable value and the management is confident that there will be no further provision required towards impairment.

   The auditors have qualified their report on this account as follows

   "We also invite attention to note no 9 relating to the Company's Exposure to Campo Puma Oriente S.A. of Rs. 291.97 crores. In the light of the on-going dispute with the partners resulting in the financial statements not being finalised and in view of the impairment testing of the said exposure not being carried out by Gammon India Limited and the available independent valuations are more than 24 months old. The internal estimates of

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realisability is not backed by independent valuation and therefore we are therefore unable to state whether the said impairment carried out is adequate or not".

10. There are disputes in seven projects of the Company. The total exposure against these projects is Rs. 438.65 Crores. The Company is pursuing legal recourse / negotiations for settling the disputes in favour of the Company and is of the opinion that it has a good case in the matter hence does not require any provision considering the claims of the Company against the Clients.

    The auditors have qualified their report on this account as follows

    "Trade receivables and loans and advances includes an amount of Rs. 438.65 crores in respect of disputes in seven projects of the Company and/or its SPVs. The Company is pursuing legal recourse/ negotiations for addressing the disputes in favour of the Company. Pending the conclusion of the matters we are unable to state whether any provisions would be required against the Company's exposure (refer Note 10)".

11. The Company, as part of its restructuring scheme through which it carved 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 ended march 31, 2016 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. Accordingly the Company had during the previous year recognised an aggregate amount of Rs. 1343.97 net of amounts recognised based on management estimates. Out of the total claim amount the Company has, as part of the transfer of business through BTA and slump exchange, transferred certain claims recognised as part of the jobs transferred to GECPL. The balance claims of Rs. 871.01 crores are being carried in the books as due and receivable. The management contends that the same are due to them and they have a very good chance of realisation.

    The auditors have qualified their report on this account as follows

    "We invite attention to note no 11, detailing the recognition of claims during the previous year ended March 31, 2016 in respect of on-going, completed and/or terminated contracts. The aggregate amount of claims outstanding as at March 31, 2017 is Rs. 871.01 crores after the transfer of claims under slump exchange scheme and BTA as detailed in aforesaid note. These claims are recognised only on the basis of opinion of an expert in the field of claims and arbitration as part of the requirement of the Strategic Debt Restructuring scheme with the lenders. In view of the above-mentioned circumstances and facts we are unable to comment upon the amounts recognised, its realisation and the consequent effect on the financial results of the quarter and year ended March 31, 2017".

12. The Company in evaluating its jobs has considered an amount of Rs. 7.56 crores relating to the likelihood of the claim materializing in favour of the Company, arising out of claims

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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.60.99 crores, which is part of Long Term Trade Receivable. The Company contends that such awards have reached finality for the determination of the amounts of such claims and are reasonably confident of recovery of such claims although the client has moved the court to set aside the awards. Considering the fact that the Company has received favorable awards from the DRB and the Arbitration Tribunal, the management is reasonably certain that the claims will get favorable verdict from the courts.

13. The Company has receivable including retention and work in progress (unbilled revenue) aggregating to Rs. 62.47 crores in various jobs relating to the real Estate Projects due to the problems faced by the Real Estate Sector. The management is confident of ultimate recovery considering its contractual position and therefore no adjustments are required to be made in respect of such contracts.

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 which the Company is pursuing.

As at March 31, 2017, the current liabilities exceed current assets by Rs 2397.79 crores.

The facilities of the Company are presently marked as a Non Performing Asset by the lenders as at June 30, 2017.

As part of its plan of revival under the CDR/SDR mechanism, the demerger of certain businesses was carried out during the year.

The demerger of the transmission and distribution business and the civil epc business has resulted in the reduction of CDR lenders exposure by Rs. 10,362 crores including funded and non-funded exposures.

After the aforementioned carve out of businesses the total exposure of the lenders in the Company is RS. 4263 crores (Fund based-Rs. 3872 crores (excluding interest) and Non-Fund Based - Rs. 391 crores).

The Company has filed a fresh proposal with the lenders to carve out certain other business in which it is proposed to invite strategic investors for taking over the business/ assets along with the residual debt of the banks in order to be able to invite investors and ensure that the lenders debts are fully discharged.

Accordingly, the following are being carved out into separate entities along with the sustainable debts, which the new investors will be willing to take up. The Companies holding in each of these businesses is also mentioned.

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S. No.	Particulars of Assets/business being carved out	Debts being carved out (Rs. In crores)	Proposed GIL interest in the carved out entity
1	Carve out of Residual Civil EPC Business together with all assets and liabilities including pre-qualifications in two phases that is through a slump sale by way of a Business Transfer Agreement and a slump exchange through a Scheme of arrangement to Gammon Transmission Ltd. A wholly owned subsidiary. Wherein an Investor will invest and acquire a 90% controlling stake .	Fund Based - Rs, 70 crores Non-Fund based - Rs. 52 crores	10%
2.	Sale of 90% of the Company's shareholding in its subsidiary Metropolitan Infrahousing Private Limited to Gammon Real Estate Developers (WOS) together with secured debt . The Company has invited strategic investor to invest in Gammon Real Estate Developers who will acquire 90% controlling stake and will develop the "Dombivli" land owned by MIPL and will discharge the secured debt	Fund Based Rs.886 crores	10%
3.	Debt Asset Swap Arrangement Two lenders viz. Union Bank of India and United Bank of India hold a first charge on Gammon House. It is now proposed to enter into a Debt Asset Swap arrangement for the subject property, wherein two principal lenders i.e. Union Bank and United Bank who hold first charge on Gammon House would swap a part of their debt with the property. The swap value for the purpose is proposed at INR 435 Cr.	Fund Based Union Bank = 207.16 United Bank = 227.84 Total Rs. 435 Cr.	
4.	GIPL Stake sale The fund based debts of ICICI bank and IDBI bank are backed by pledge of shares of GIPL. Debt to the extent of INR 170 Cr has been considered for the current proposal. The OD/ STL facilities of IDBI and ICICI Bank are proposed to be resolved through sale of GIPL shares.	Fund Based IDBI – 85 Cr. ICICI – 85 Cr. Total 170 Cr.	

The Company has obtained shareholders approval for the EPC carve out through a slump sale and for sale of its holdings in MIPL ,as well as for further sale /dilution of upto 90% of its holdings in its aforementioned wholly owned subsidiaries to / in favour of strategic investors vide a Postal Ballot results of which were declared on 15th May,2017 .The said

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proposals are to be approved by the lenders for which the Company has filed the Information Memorandum .

After the proposed carve outs secured debt of Rs. 2650 crores (Rs 2311 crores Fund Based and Rs 339 crores Non Fund Based) Crore and interest for the year is remaining in the Company which is proposed to be serviced through existing claims, future stake sale of 25% of the company's shareholding in GECPL and TLL, 10% stake in MIPL, 10% stake in Gammon Transmission Limited, future stake sale of its investments in Campo Puma Oriente , and Miscellaneous real estate Assets owned by the company.

The broad plan of servicing the debts is as follows:

Particulars	**Expected Value (Rs. In Crore)**
Through existing claims	900.00
Future stake sale of 25% of the company's shareholding GECPL and TLL, 10% stake in MIPL, 10% stake in Gammon Transmission Limited.	1600.00
Stake sale of Campo Puma	290.00
Miscellaneous Real Estate Assets	300.00
Total	**3130.00**

As part of its future growth strategy the Company also is exploring new business avenues to generate revenues and surplus.

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

15. As detailed in the financial statements and the notes to the quarterly financials for and upto the quarter ended December 31, 2016, the Company as part of the restructuring exercise sought to carve out the Civil Engineering business of the Company in two phases i.e. by way of a slump sale through a Business Transfer Agreement between the Company and Gammon Engineers and Contractors Private Limited ("GECPL") , then a wholly owned subsidiary of the Company and secondly by way of a slump exchange through a Scheme of Arrangement ("Scheme") between the Company and GECPL and its respective shareholders and creditors .

The approvals for the BTA from the lenders were finally received only in March 2017 and the BTA transaction was completed on March 21, 2017. The National Company Law

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Tribunal (NCLT) in its hearing held on March 22, 2017 also approved the Scheme of Arrangement and the Order became operational from 31st March,2017 .

In terms of the Scheme of Arrangement and also the BTA, the Civil EPC business of the Company was transferred to GECPL on a going concern basis with effected from the appointed date of July 1, 2016 against an aggregate consideration of Rs. 49.65 crores and the resultant profit on the sale of the business has been credit to the profit and loss account. Since the approvals were finally received only in the quarter ended March 31, 2017, the Company has given effect for the same in the last quarter of the year ended March 31, 2017.

16. Similarly the Transmission and Distribution business (T & D) of the Company was also carved out in two phases effective from 1st January,2016 i.e by way of a slump sale through a Business Transfer Agreement between the Company and Transrail Lighting Limited ("TLL") and a Slump exchange by way of a Scheme of Arrangement ("Scheme") between the Company and TLL and their respective shareholders and creditors("The Scheme"). The BTA was accounted in the previous period of 18 month ended March 31, 2016 w.e.f January 1, 2016.
The National Company Law Tribunal (NCLT) vide its Order dated 30th March , 2017 approved the Scheme. On the Scheme becoming operational, the T&D undertaking is transferred to TLL with effect from 1st January,2016 being the appointed date. Since the accounts of the previous comparative 18-month period March 2016 are being recast under INDAS, the effect has been given from the last quarter of March 2016 as the appointed date of the scheme is 1st January 2016. On account of the above effects in note 15 and note 16 the figures of the current twelve-month period are not strictly comparable with those of the previous period of eighteen months.

17. The Company has made impairment provisions towards the carrying value of investments carried at cost in respect of Investments in Gammon Power Limited and Gactel Turnkeys Projects Limited, the Companies through which the equity stake in Gammon Infrastructure Projects Limited is held. The total provision made is Rs. 777.40 crores of which Rs. 529.96 crores is against the Equity Value in these companies and balance Rs. 247.44 crores is against the loans advanced to them. The impairment provision is made based on the market price of the said shares of Gammon Infrastructure Projects Limited. Similarly the Company has made provisions towards the exposures in the form of investments and loans in Finest Spa, Italy, Gammon and Billimoria Limited, exposure towards FTM and Campo puma (Refer Note 6 and 9) and other companies not in the same group after an evaluation of the possibility of recovery in the current business environment. Considering the magnitude of the impact the same is disclosed as exceptional items.

18. The Company's exposure to one of the subsidiary company developing a real estate project in Bhopal is Rs 314.50 crores. Due to slow down in the real estate market the subsidiary company is facing problems in its development and sale. The management is of the opinion that the current situation is temporary and the value of the business arising out of the development is higher than the carrying value as aforesaid and therefore no provision for impairment is necessary presently.

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The auditors have qualified their report on this account as follows
"We invite attention to note no 18 relating to the exposure of the Company to a subsidiary engaged in real estate development in Bhopal. In the absence of any indicators of value arising out of the project we are unable to state whether any provision is required towards the exposure of Rs. 314.50 crores".

19. The management has assessed value of SAE, company's step down subsidiary, based on its present realisability. Considering the liquidity crunch in the said subsidiary, the Company is in active discussion with a potential investor who has shown interest in acquisition of the said subsidiary. The terms of the said acquisition involves repayment of outstanding payables due to GIL in the books of SAE upon realisation of its net current asset .The company following the concept of prudence and conservatism has made an aggregate provision of Rs 221.63 crores and has retained an amount of Rs 27.65 crores as realisable based on the assessment of realisability of the collections from SAE. The company has also made full provision against its exposure of Rs 218.90 crores both funded and non-funded to its wholly owned subsidiary M/s ATSL Holding BV the intermediate holding Company of SAE based on its expectation of realisation. The company expects to complete the process of sale within the next six months and will in turn realise the outstanding receivables.

20. 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 Indian Accounting Standard INDAS -108 is done in respect of these segments.

21. The Exceptional items include the following

Particulars	April - March 2016	October – March 16
	(Rs in Crores)	
Loss on Sale of Investment	-	20.92
Impairment provision of investment	557.97	6.98
Impairment provisions of Loans	606.26	-
Impairment provisions of Trade Receivable	119.28	-
Impairment provision of Other Receivable	28.55	-
Write back of Diminution in the value of Investment	(6.98)	-
Total	**1305.09**	**27.90**

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

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Particulars	Previous Due Date	Paid (Y / N)	Next Due Date	Amount (Rs. in Crore)
NCD 10.5% monthly interest payments (Rs. 7.40 Cr. not paid since April'16)	31st March, 2017	No	30th April, 2017	0.65 cr
NCD 11.05% monthly interest payments (Rs. 10.54 Cr. not paid since April'16)	31st March, 2017	No	30th April, 2017	0.92 cr
NCD 9.50% monthly interest payments (Rs. 8.89 Cr. not paid since April'16)	31st March, 2017	No	30th April, 2017	0.79 Cr
NCD 9.95% half yearly interest payments (Rs. 4.79 Cr. not paid since September'16)	31st March, 2017	No	30th September, 2017	2.49 cr

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

Particulars	Previous Due Date	Paid (Y / N)	Next Due Date	Amount (Rs. in Crore)
NCD 10.5% quarterly Principal payments (Rs. 5.20 Cr. not paid since April'16)	15th January, 2017	No	15th April, 2017	2.22 Cr.
NCD 11.05% quarterly Principal payments (Rs. 8 Cr. not paid since April'16)	15th January, 2017	No	15th April, 2017	3.00 Cr.
NCD 9.50% quarterly Principal payments (Rs. 7.20 Cr. not paid since April'16)	15th January, 2017	No	15th April, 2017	3.00 Cr.
NCD 9.95% yearly Principal payments (Rs. 4.22 Cr.cr not paid since April'16)	15th January, 2017	No	15th April, 2017	1.50 Cr.

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 March 17	As at March 16
1	Debt Equity Ratio	4.54	1.35
2	Debt Service Coverage Ratio	(1.76)	1.25
3	Interest Service Coverage Ratio	(2.14)	1.47
4	Debenture Redemption Reserve	81.00	81.00
5	Net Worth	643.58	2305.71
6	Net Profit after Tax	(1659.92)	100.52
7	Basic Earnings per share- Basic	(45.10)	6.10
8	Basic Earnings per share- Diluted	(45.01)	6.07

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)

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iii) Interest Service Coverage Ratio = Profit before Depreciation and Amortization, interest and Tax / interest
iv) Net Worth = Share Capital + Other Equity.

24. Figures for previous periods have been regrouped / reclassified wherever necessary to conform to the current quarters presentation.

For **Gammon India Limited**

Ajit B Desai
Executive Director and CEO
DIN - 00105836

Mumbai, September 20, 2017

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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 Quarterly Financial Results and Year to Date Results of the Company Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

To
The Board of Directors
Gammon India Limited,
Mumbai.

1. We have audited the quarterly standalone financial results of Gammon India Limited ("the Company") for the quarter ended March 31, 2017, and the standalone financial results for the year ended March 31, 2017, attached herewith ("Statement"), being submitted by the company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with Circular No. CIR/CFD/FAC/62/2016 dated July 5, 2016. The quarterly standalone financial results are the derived figures between the audited figures in respect of the year ended March 31, 2017 and the year-to-date figures up to December 31, 2016, being the date of the end of the third quarter of the current financial year, which were subjected to limited review as adjusted for the effects of the scheme detailed in note 3 of the statements. The standalone financial results for the quarter ended March 31, 2017 have been prepared on the basis of the financial results for the nine-month period ended December 31, 2016, the audited annual financial statements as at and for the year ended March 31, 2017, and the relevant requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and are the responsibility of Company's management and have been approved by the Board of Directors of the Company. Our responsibility is to express an opinion on these financial results based on our review of the financial results for the nine-month period ended December 31, 2016 which was prepared in accordance with the recognition and measurement principles laid down in Companies (Indian Accounting Standards) Regulation, 2015 specified under Section 133 of the Companies Act, 2013 and other accounting principles generally accepted in India; our audit of the annual financial statements as at and for the year ended March 31, 2017; and the relevant requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

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3. **Basis of Qualified Opinion**
   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. 919.56.crores (net of provisions made) as at March 31 2017 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 year ended March 31 2017.*
   b. *We invite attention to note no 11, detailing the recognition of claims during the previous year ended March 31, 2016 in respect of on-going, completed and/or terminated contracts. The aggregate amount of claims outstanding as at March 31, 2017 is Rs. 871.01 crores after the transfer of claims under slump exchange scheme and BTA as detailed in aforesaid note. These claims are recognised only on the basis of opinion of an expert in the field of claims and arbitration as part of the requirement of the Strategic Debt Restructuring scheme with the lenders. In view of the above-mentioned circumstances and facts we are unable to comment upon the amounts recognised, its realisation and the consequent effect on the financial results of the quarter and year ended March 31, 2017.*
   c. *We invite attention to note no 8 relating to the Company's exposure to Sofinter Group of Rs. 1000.33 crores. As detailed in the note the Company despite holding 67.50% does not have control over the operations of the Company as the same is in the control of the lenders. The financials statements of the said Sofinter group are not audited and are pending issuance of the Audit Report by their Statutory Auditors on account of issues related to the lending limits that the Group has access to. Gammon India Limited has not carried out impairment test of its exposure to Group Sofinter and the available independent valuations are more than 24 months old. We are therefore unable to state whether the said exposure needs to be impaired or not.*
   d. *We also invite attention to note no 9 relating to the Company's Exposure to Campo Puma Oriente S.A. of Rs. 291.97 crores. In the light of the on-going dispute with the partners resulting in the financial statements not being finalised and in view of the impairment testing of the said exposure not being carried out by Gammon India Limited and the available independent valuations are more than 24 months old. The internal estimates of realisability are not backed by independent valuation and therefore we are therefore unable to state whether the said impairment carried out is adequate or not.*

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e. *We invite attention to Note 7 of the Statement wherein the Company's Application for managerial remuneration aggregating to Rs. 30.54 crores for the Chairman and Managing Director has been rejected by the shareholders in their meeting held on June 29, 2017 The Board of Directors considering the efforts made by Chairman and Managing Director in steering the Company through the challenging times and the contribution made by him in the CDR package ,on the recommendation of the Nomination and Remuneration Committee has decided to seek shareholders approval afresh for waiver of remuneration paid to Chairman and Managing Director Therefore no adjustments have been made for the amount of Rs. 30.54 crores. Similarly for one of executive director the MCA has rejected the excess remuneration of Rs. 0.59 crores for which the Company is making a fresh representation. In the absence of the fresh approval of the shareholders ,as aforesaid we are unable to ascertain the impact on profits on this account for the quarter and year ended March 31, 2017.*

f. *Trade receivables and loans and advances includes an amount of Rs. 438.65 crores in respect of disputes in seven projects of the Company and/or its SPVs. The Company is pursuing legal recourse/ negotiations for addressing the disputes in favour of the Company. Pending the conclusion of the matters we are unable to state whether any provisions would be required against the Company's exposure (refer Note 10).*

g. *We invite attention to note no 18 relating to the exposure of the Company to a subsidiary engaged in real estate development in Bhopal. In the absence of any indicators of value arising out of the project we are unable to state whether any provision is required towards the exposure of Rs. 314.50 crores.*

h. *The discontinuing operations disclosure for the quarters ended March 31, 2017, December 31, 2016 and March 31, 2016 as required under INDAS 105 – "Non-Current Assets Held for Sale and Discontinued Operations" have not been made on account of the information not being extracted during the relevant periods ended December 31, 2016 and December 31, 2015.*

4. Qualified Opinion

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

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

(ii) Give a true and fair view of the net profit, total comprehensive income and other financial information for the quarter ended March 31, 2017 and for the year ended March 31, 2017.

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5. **Emphasis of Matter**
Without qualifying our opinion, we draw attention to the following matters;

a) *We invite attention to the note no 14 of the statement. There are continuing losses being incurred by the Company primarily on account of finance cost and the liability-asset mismatch of the Company where the current liabilities including interest and principal defaults exceed the current assets by Rs. 2397.79 crores. Further In view of the transfer of two of its business and the plans of the Company to transfer further businesses to subsidiaries to invite investors to run the business, the cash flows of the Company to meet its obligations is dependent upon these business declaring dividends or other cash flow to the Company or the Company being able to monetise its stake in the businesses transferred and to be transferred as detailed in the aforesaid note. These conditions as detailed in note no 14 indicate existence of material uncertainties relating to the timing and realisation of the cash flows that may cast significant doubt about the going concern assumptions.*

b) We draw attention to Note no 12 of the financial results relating to recoverability of an amount of *Rs.*60.99 *crores* as at March 31, 2017 under trade receivables in respect of contract revenue where the Company has received arbitration awards in its favour in respect of which the client has preferred an appeal for setting aside the said arbitration awards, recognition of claims while evaluating the jobs of *Rs.*7.56 *crores* where the Company is confident of recovery. The recoverability is dependent upon the final outcome of the appeals & negotiations getting resolved in favour of the company.

c) We draw attention to Note 13 relating to the projects of real estate sector where the exposure is Rs. 62.47 crores. The management is confident of ultimate recovery of the amounts and we have relied on the management assertions of recoverability.

d) Attention is invited to note no 19 - The Branch Auditors' have made a matter of emphasis relating to the outstanding net exposure of Rs. 27.65 crores by way of Trade Receivables from SAE Powerlines, S.r.l. ("SAE"), Italy, the Company's step-down subsidiary, as at 31st March, 2017. The Management has received a non-binding offer from a prospective Investor, under which the Company expects to realize the said dues from SAE. The Management is confident of recovery of the said outstanding receivables from SAE and hence, no provision is required in connection therewith.

6. We did not audit the financial statements of Gammon India Limited – Nagpur Branch, whose financial statements includes total assets of Rs. 70.96 crores , revenues of Rs. 7.88 crores for the year ended March 31, 2017. The financial statements of the aforesaid branch have been audited by the Branch Auditors whose report has been received by us. Our opinion so far as transactions of the said Branch is concerned, is based solely on the Audit Report of the Branch Auditors

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7. Further, read with paragraph 1 above, we report that the figures for the quarter ended March 31, 2017 represent the derived figures between the audited figures in respect of the financial year ended March 31, 2017 and the published year to date figures upto December 31 2016, which were subjected to limited review by us as adjusted for the effects of the scheme and BTA in respect of EPC and the Scheme in respect of Transmission and Distribution division which have been given effect to w.e.f July 1, 2016 and January 1, 2016 respectively. This adjustment was necessary to reflect the correct quarterly figures for the quarter ended March 31, 2017. However the figure for the quarter ended December 31, 2016 are as reported on the previous quarter and no adjustments are made to the same.

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

NATVARLAL VEPARI & CO. Mumbai CHARTERED ACCOUNTANTS

N Jayendran
Partner
M. No. 40441
Mumbai, Dated : September 20, 2017.

ANNEXURE I

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

Statement on Impact of Audit Qualifications for the Financial Year Ended March 31, 2017 [See Regulation 33 / 52 of the SEBI (LODR) (Amendment) Regulations, 2016]				
I.	**Sr. no.**	**Particulars**	**Audited Figures (as reported before adjusting for qualifications)**	**Adjusted Figures (audited figures after adjusting for qualifications)**
	1	Turnover/Total Income	1,069.85	1,069.85
	2	Total Expenditure	2729.77	2729.77
	3	Net Profit/(loss) before OCI	(1,659.92)	(1,659.92)
	4	Earnings Per Share- Basic	(45.10)	(45.10)
	5	Total Assets	5,970.79	5,970.79
	6	Total Liabilities	5,970.79	5,970.79
	7	Net Worth	643.58	643.58
	8	Any Other Financial Item	-	-

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

1\.

a. **Details of Audit Qualification:**

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. 919.56.crores (net of provisions made) as at March 31 2017 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 year ended March 31 2017.

b. **Type of Audit Qualification: Qualified Opinion**

c. **Frequency of qualification:** Since December 2013 – 4th Time in audited accounts.

d. **For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views: NA**

e. **For Audit Qualification(s) where the impact is not quantified by the auditor:**

(i) **Management's estimation on the impact of audit qualification:**
Based on estimation given by the Commissioner in charge, the management believes the value of non-core assets including land is sufficient to cover external liabilities of FTM as also the exposure of the Group. However on a prudent basis Company has provided Rs.100 crores. Accordingly Board has come to the conclusion that no further impairment is required for the Company.

(ii) **If management is unable to estimate the impact, reasons for the same:**
Not Applicable

(iii) **Auditors' Comments on (i) or (ii) above:**
In the absence of any indication of the value of the non-core assets or the surplus we are unable to quantify the possible further provision towards the exposure of the Company and therefore also the effect on the loss/profit of the Company for the quarter and the period ended 31st March 2017.

2\.

a. **Details of Audit Qualification:**

We invite attention to note no 11, detailing the recognition of claims during the previous year ended March 31,2016 in respect of on-going, completed and/or terminated contracts. The aggregate amount of claims outstanding as at March 31, 2017 is Rs. 871.01 crores after the transfer of claims under slump exchange scheme and BTA as detailed in aforesaid note. These claims are

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		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 and year ended March 31, 2017.
	b.	**Type of Audit Qualification: Qualified Opinion**
	c.	**Frequency of qualification:** 2nd Time in Audited Accounts
	d.	**For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:** **Not Applicable**
	e.	**For Audit Qualification(s) where the impact is not quantified by the auditor:**
		(i) **Management's estimation on the impact of audit qualification:** The management believes that they have strong case for each of the claims lodged against the client. This has been validated by independent techno legal consultant. The Board therefore has decided to account the claims.
		(ii) **If management is unable to estimate the impact, reasons for the same:** **Not Applicable**
		(iii) **Auditors' Comments on (i) or (ii) above:** **In the absence of confirmations from the client** we are unable to comment upon the amounts recognised, its realisation and the consequent effect on the financial results of the quarter ended 31st March 2017 and year ended 31st March 2017
3.	a.	**Details of Audit Qualification:** *We invite attention to note no 8 relating to the Company's exposure to Sofinter Group of Rs. 1000.33 crores. As detailed in the note the Company despite holding 67.50% does not have control over the operations of the Company as the same is in the control of the lenders. The financials statements of the said Sofinter group are not audited and are pending issuance of the Audit Report by their Statutory Auditors on account of issues related to the lending limits that the Group has access to. Gammon India Limited has not carried out impairment test of its exposure to Group Sofinter and the available independent valuations are more than 24 months old. We are therefore unable to state whether the said exposure needs to be impaired or not.*
	b.	**Type of Audit Qualification: Qualified Opinion**
	c.	**Frequency of qualification:** 1st Time in audited accounts
	d.	**For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:** **a. Not Applicable**
	e.	**For Audit Qualification(s) where the impact is not quantified by the auditor:**
		(i) **Management's estimation on the impact of audit qualification:** Based on the valuation carried out internally by Sofinter S.p.A. Group by an independent valuer in June 2015 and the valuation carried out internally by Sofinter S.p.A. and approved by its board while approving the Group Financial statements of 2015 in January 2017, the Management is of the view that no impairment is required in the exposure of the Company.
		(ii) **If management is unable to estimate the impact, reasons for the same:** **Not Applicable**
		(iii) **Auditors' Comments on (i) or (ii) above:** Gammon India Limited has not carried out impairment test of its exposure to Group Sofinter and the available independent valuations are more than 24 months old. We therefore unable to state whether the said exposure needs to be impaired or not.
4.	a.	**Details of Audit Qualification:** *We invite attention to Note 7 of the Statement wherein the Company's Application for managerial remuneration aggregating to Rs. 30.54 crores for the Chairman and Managing Director has been rejected by the shareholders in their meeting held on June 29, 2017 The Board of Directors considering the efforts made by Chairman and Managing Director in steering the*

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		Company through the challenging times and the contribution made by him in the CDR package ,on the recommendation of the Nomination and Remuneration Committee has decided to seek shareholders approval afresh for waiver of remuneration paid to Chairman and Managing Director Therefore no adjustments have been made for the amount of Rs. 30.54 crores. Similarly for one of executive director the MCA has rejected the excess remuneration of Rs. 0.59 crores for which the Company is making a fresh representation. In the absence of the fresh approval of the shareholders ,as aforesaid we are unable to ascertain the impact on profits on this account for the quarter and year ended March 31, 2017.
	b.	**Type of Audit Qualification: Qualified Opinion**
	c.	**Frequency of qualification:** Since December 2013 – 3rd Time in audited accounts
	d.	**For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:** **a. Not Applicable**
	e.	**For Audit Qualification(s) where the impact is not quantified by the auditor:**
		(i) **Management's estimation on the impact of audit qualification:** Considering the efforts made by CMD in steering the Company through the challenging times and the contribution made by him in the CDR package, the Board on the recommendation of the Nomination and Remuneration Committee has decided to seek shareholders' approval afresh for waiver of remuneration paid to CMD. No remuneration has been paid to him since October 2014 and only provision has been made in books for the same.
		(ii) **If management is unable to estimate the impact, reasons for the same:** **Not Applicable**
		(iii) **Auditors' Comments on (i) or (ii) above:** In the absence of the fresh approval of the shareholders, as aforesaid we are unable to ascertain the impact on profits on this account for the quarter and year ended March 31, 2017.
5.	a.	**Details of Audit Qualification:** *Trade receivables and loans and advances includes an amount of Rs. 438.65 crores in respect of disputes in seven projects of the Company and/or its SPVs. The Company is pursuing legal recourse/ negotiations for addressing the disputes in favour of the Company. Pending the conclusion of the matters we are unable to state whether any provisions would be required against the Company's exposure (refer Note 10).*
	b.	**Type of Audit Qualification: Qualified Opinion**
	c.	**Frequency of qualification:** 2nd Time in Audited Accounts
	d.	**For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:** **a. Not Applicable**
	e.	**For Audit Qualification(s) where the impact is not quantified by the auditor:**
		(i) **Management's estimation on the impact of audit qualification:** There are disputes in seven projects of the Company. The total exposure against these projects is Rs. 438.65 Crore. The Company is pursuing legal recourse / negotiations for addressing the disputes in favour of the Company and is of the opinion that it has a good case in the matter hence does not require any provision considering the claims of the Company against the Clients.
		(ii) **If management is unable to estimate the impact, reasons for the same:** **Not Applicable**
		(iii) **Auditors' Comments on (i) or (ii) above:** Pending the conclusion of the disputes we are unable to state whether any provisions would be required against the Company's exposure.
6.	a.	**Details of Audit Qualification:** *We also invite attention to note no 9 relating to the Company's Exposure to Campo Puma Oriente S.A. of Rs. 291.97 crores. In the light of the on-going dispute with the partners resulting in the financial statements not being finalised and in view of the impairment testing of the said exposure not being carried out by Gammon India Limited and the available independent*

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		valuations are more than 24 months old. The internal estimates of realisability are not backed by independent valuation and therefore we are therefore unable to state whether the said impairment carried out is adequate or not.
	b.	**Type of Audit Qualification: Qualified Opinion**
	c.	**Frequency of qualification:** Since September 2014 - 2nd Time in Audited Accounts.
	d.	**For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:**
	e.	**Not Applicable**
	f.	**For Audit Qualification(s) where the impact is not quantified by the auditor:**
	(i)	**Management's estimation on the impact of audit qualification:** The company had received a valuation report for $ 60 Million approximately from an independent merchant banker for its share more than 24 months ago, which the management believes is still valid. Furthermore, the company is in the process of enhancing its output of oil field from the current level, which is expected to further improve the value. The disputes between the partners are expected to be resolved within a short time after which the financial statements will be signed and released. The Company has made a provision of Rs 130 crores against its exposure based on internal estimates of the realisable value and the management is confident that there will be no further provision required towards impairment.
	(ii)	**If management is unable to estimate the impact, reasons for the same:** **Not Applicable**
	(iii)	**Auditors' Comments on (i) or (ii) above:** In the light of the on-going dispute with the partners resulting in the financial statements not being finalised and in view of the impairment testing of the said exposure not being carried out by Gammon India Limited and the available independent valuations are more than 24 months old. The internal estimates of realisability are not backed by independent valuation and we are therefore unable to state whether the said impairment carried out is adequate or not.
7.	a.	**Details of Audit Qualification:** *We invite attention to note no 18 relating to the exposure of the Company to a subsidiary engaged in real estate development in Bhopal. In the absence of any indicators of value arising out of the project we are unable to state whether any provision is required towards the exposure of Rs. 314.50 crores.*
	b.	**Type of Audit Qualification: Qualified Opinion**
	c.	**Frequency of qualification:** 1st Time in Audited Accounts
	d.	**For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:**
	e.	**Not Applicable**
	f.	**For Audit Qualification(s) where the impact is not quantified by the auditor:**
	(i)	**Management's estimation on the impact of audit qualification:** The management is of the opinion that the current situation is temporary and the value of the business arising out of the development is higher than the carrying value as aforesaid and therefore no provision for impairment is necessary presently.
	(ii)	**If management is unable to estimate the impact, reasons for the same:** **Not Applicable**
	(iii)	**Auditors' Comments on (i) or (ii) above:** In the absence of any indicators of value arising out of the project we are unable to state whether any provision is required towards the exposure of Rs. 314.50 crores.
8.	a.	**Details of Audit Qualification:** *The discontinuing operations disclosure for the quarters ended March 31, 2017, December 31, 2016 and March 31, 2016 as required under INDAS 105 – "Non-Current Assets Held for Sale and Discontinued Operations" have not been made on account of the information not being extracted during the relevant periods ended December 31, 2016 and December 31, 2015.*
	b.	**Type of Audit Qualification: Qualified Opinion**
	c.	**Frequency of qualification:** 1st Time in Audited Accounts
	d.	**For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:**
	e.	**Not Applicable**

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	f. **For Audit Qualification(s) where the impact is not quantified by the auditor:**
	(iv) **Management's estimation on the impact of audit qualification:** The disclosure had not been made in the respective periods 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. Since the same were not made in those periods the quarterly disclosures could not be extracted. The Company has prepared annual discontinuing disclosure as part of its audited accounts.
	(v) **If management is unable to estimate the impact, reasons for the same:** **Not Applicable**
	(vi) **Auditors' Comments on (i) or (ii) above:** In the absence of disclosure for the quarters compliance to disclosure requirement is not complete.

III.	**Signatories:**	**Signatures**
	Executive Director and CEO Mr. Ajit B. Desai	
	Audit Committee Chairman. Mr. C. C. Dayal	
	Auditors For Natvarlal Vepari & Co. Chartered Accountants Firm Registration No. 106971W N Jayendran Partner M. No. 040441	
	Place: Mumbai	
	Date: 20.09.2017	