

STATEMENT OF UNAUDITED STANDALONE RESULTS FOR THE QUARTER ENDED AND SIX MONTHS ENDED 30 SEPTEMBER 2018

(₹ in Crore except earning per share data)

Sr. No.	Particulars	Quarter ended			Half year ended		Year ended
		30-Sep-18	30-Jun-18	30-Sep-17	30-Sep-18	30-Sep-17	31-Mar-18
		Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
I	Income						
	a) Revenue from Operations :	23.01	24.26	63.21	47.27	92.46	242.44
	b) Other Income	22.12	58.91	9.12	81.03	71.57	112.42
	Total Income (a+b)	45.13	83.17	72.33	128.30	164.03	354.86
II	Expenses						
	a) Cost of material consumed	1.46	7.72	10.01	9.18	25.40	40.31
	b) Excise Duty	-	-	-	-	-	-
	c) Purchases of stock-in-trade	-	-	-	-	-	-
	d) Changes in inventories of finished goods, work-in progress and stock-in-trade	(2.46)	(2.04)	(3.04)	(4.50)	8.39	3.69
	e) Subcontracting Expenses	12.69	13.87	7.64	26.56	14.41	61.25
	f) Employee benefits expense	2.47	1.98	3.63	4.45	6.68	11.83
	g) Finance Costs	147.27	142.19	138.56	289.46	274.09	575.91
	h) Depreciation & amortization	2.67	2.67	3.37	5.34	5.97	11.77
	i) Other expenses	7.35	7.69	13.59	15.04	56.01	77.30
	Total Expenses	171.45	174.08	173.76	345.53	390.95	782.06
III	Profit/(Loss) before exceptional items and tax	(126.32)	(90.91)	(101.43)	(217.23)	(226.92)	(427.20)
IV	Exceptional items Income / (Expense)	(32.77)	(925.86)	(1,241.38)	(958.63)	(1,477.38)	(1,586.65)
V	Profit / (Loss) before tax	(159.09)	(1,016.77)	(1,342.81)	(1,175.86)	(1,704.30)	(2,013.85)
VI	Profit/(Loss) from continuing operations	(159.09)	(1,016.77)	(1,342.81)	(1,175.86)	(1,704.30)	(2,013.85)
VII	Tax expenses						
	Current Tax	-	-	-	-	-	-
	Excess / Short Provision of Earlier years	-	-	-	-	-	-
	Deferred Tax Liability / (asset)	0.27	2.99	(32.96)	3.26	(32.96)	(32.55)
	Total tax expenses	0.27	2.99	(32.96)	3.26	(32.96)	(32.55)
VIII	Profit/(Loss) for the period from continuing operations	(159.36)	(1,019.76)	(1,309.85)	(1,179.12)	(1,671.34)	(1,981.30)
IX	Profit/(Loss) from discontinued Operations	-	-	-	-	-	-
X	Tax expenses						
	Current Tax	-	-	-	-	-	-
	Excess / Short Provision of Earlier years	-	-	-	-	-	-
	Deferred Tax Liability / (asset)	-	-	-	-	-	-
	Total tax expenses	-	-	-	-	-	-
XI	Profit/(Loss) from Discontinued Operations after Tax	-	-	-	-	-	-
XII	PROFIT FOR THE YEAR	(159.36)	(1,019.76)	(1,309.85)	(1,179.12)	(1,671.34)	(1,981.30)
XIII	Other Comprehensive Income:						
	Items that will not be reclassified to profit or loss (net of Tax)	(0.02)	0.07	0.04	0.05	-	(0.20)
XIII	Other Comprehensive Income:	(0.02)	0.07	0.04	0.05	-	(0.20)
XIV	Total Comprehensive Income / (Loss) For The Period	(159.38)	(1,019.69)	(1,309.81)	(1,179.07)	(1,671.34)	(1,981.50)
XVII	Paid up Equity Share Capital (Face Value ₹ 2 per Equity share)	74.11	74.11	74.11	74.11	74.11	74.11
XVIII	Earnings per equity share						
	Basic	(4.32)	(27.65)	(35.59)	(31.97)	(45.41)	(53.72)
	Diluted	(4.32)	(27.65)	(35.59)	(31.97)	(45.41)	(53.72)

See accompanying notes to the financial results



SIGNED FOR IDENTIFICATION
BY *Nayan Parikh*
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MUMBAI

GAMMON INDIA LIMITED

Registered Office: Floor 3rd, Plot No - 3/8, Hamilton House, J.N. Heredia Marg, Ballard Estate,

Mumbai 400038. Maharashtra, India; Telephone: +91-22-22705562;

E-mail: gammon@gammonindia.com; Website: www.gammonindia.com;

CIN: L74999MH1922PLC000997

STANDALONE STATEMENT OF ASSETS AND LIABILITIES AS AT 30 SEPTEMBER 2018

(₹. in Crore)

Particulars	As at September 30, 2018	As at March 31, 2018
ASSETS		
NON-CURRENT ASSETS		
(a) Property, plant and equipment	444.80	450.74
(b) Capital work-in-progress	7.10	10.38
(c) Intangible Asset	-	-
(d) Financial assets		
(i) Investments	344.28	442.77
(ii) Trade receivable	215.22	207.71
(iii) Loans	1,358.21	1,984.60
(iv) Others	1,035.31	1,109.38
(e) Deferred tax assets (net)	-	-
(f) Other non-current assets	400.87	399.52
TOTAL NON-CURRENT ASSETS	3,805.79	4,605.10
CURRENT ASSETS		
(a) Inventories	125.05	123.82
(b) Financial assets		
(i) Investments	3.44	3.93
(ii) Trade receivables	131.80	132.00
(iii) Cash and cash equivalents	1.74	10.11
(iv) Bank balances	4.70	3.05
(v) Loans	8.37	8.65
(vi) Others	26.18	25.81
(c) Current tax assets (net)	-	-
(d) Other current assets	68.18	59.21
TOTAL CURRENT ASSETS	369.46	366.58
TOTAL ASSETS	4,175.25	4,971.68
EQUITY AND LIABILITIES		
EQUITY		
(a) Equity share capital	74.11	74.11
(b) Other equity	(2,590.67)	(1,411.63)
TOTAL EQUITY	(2,516.56)	(1,337.52)
LIABILITIES		
NON-CURRENT LIABILITIES		
(a) Financial liabilities		
(i) Borrowings	-	-
(ii) Trade payables		
- Total outstanding dues to Micro and Small Enterprises	-	-
- Total outstanding dues to other than Micro and Small Enterprises	12.77	10.95
(iii) Other financial liabilities	12.00	12.00
(b) Provisions	0.44	0.35
(c) Deferred tax liabilities (net)	113.33	110.06
(d) Other non-current liabilities	89.94	90.59
TOTAL NON-CURRENT LIABILITIES	228.48	223.95
CURRENT LIABILITIES		
(a) Financial liabilities		
(i) Borrowings	-	-
(ii) Trade payables		
- Total outstanding dues to Micro and Small Enterprises	0.44	0.44
- Total outstanding dues to other than Micro and Small Enterprises	130.33	137.13
(iii) Other financial liabilities	5,894.22	5,758.76
(b) Other current liabilities	99.00	114.46
(c) Provisions	337.02	72.14
(d) Current tax liabilities (net)	2.32	2.32
TOTAL CURRENT LIABILITIES	6,463.33	6,085.25
TOTAL EQUITY AND LIABILITIES	4,175.25	4,971.68



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CIN: L74999MH1922PLC000997

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Heredia Marg, Ballard Estate,

NAYAN PARIKH & CO

MUMBAI

Notes:

1. The Financial Results for the quarter ended September 30, 2018 were reviewed by the Audit Committee and approved by the Board of Directors of the Company at its meeting held on 30th April 2019 and have been subjected to limited review by the Statutory Auditors of the Company.
2. Results for the quarter ended September 30, 2018 have been prepared in accordance with the Indian Accounting Standards (Ind-AS) as prescribed under Section 133 of the Companies Act, 2013 read with Rule 3 of the Companies (Indian Accounting Standards) Rule, 2015 and Companies (Indian Accounting Standards) Amendment Rule, 2016.
3. The Company had evaluated its claims in respect of on-going, completed and/or terminated contracts of Rs. 912.36 crore in the previous period upto March 31, 2018 with the help of an independent expert in the field of claims and arbitration who had assessed the likely amount of claims being settled in favour of the Company. The management contends that the same are due to them and they have a very good chance of realisation.

The auditors have qualified their conclusion in the limited review report as follows.

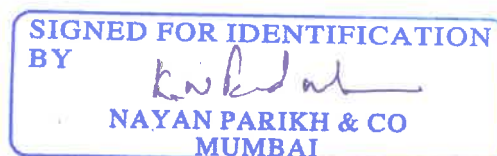
"We invite attention to note no 3, detailing the recognition of claims in respect of on-going, completed and/or terminated contracts. The aggregate amount of claims outstanding as at September 30, 2018 is Rs. 912.36 crores. These claims are recognised in the previous periods only on the basis of opinion 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 September 30, 2018."

4. There are disputes in seven projects of the Company. The total exposure against these projects is Rs. 402.65 Crore consisting of receivable of Rs. 164.29 crores, inventory Rs. 38.79 crore and other receivables Rs. 199.57 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 conclusion in the limited review report as follows.

"Trade receivable, inventories loans and advances which includes an amount of Rs. 402.65 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 no. 4)."

5. The accounts of a subsidiary M/s Campo Puma Oriente S.A. have not been audited since December 2012, due to certain disputes with the partner in the project. Furthermore, IDBI Bank Dubai, invoked the Stand by letter of credit provided by IDBI Mumbai in the month of October 2016. The exposure of the Company in the said subsidiary is Rs. 241.53 crores (net of provisions of Rs. 230 crores made). The company had received a valuation report for \$ 60 Million approximately from an



independent merchant banker for its share more than 3 years ago, which the management believes is still valid. Furthermore, the company is in the process of enhancing its output of oil field from the current level, which is expected to further improve the value. The disputes between the partners are expected to be resolved within a short time after which the financial statements will be signed and released. The Company has already made a provision of Rs 230 crores against its exposure based on internal estimates of the realisable value.

The auditors have qualified their conclusion in the limited review report as follows

"We invite attention to note no 5 relating to the Company's Exposure to Campo Puma Oriente S.A. of Rs. 241.53 crores net of impairment provision. In the light of the on-going dispute with the partners resulting in the financial statements not being finalised, in view of the impairment testing of the said exposure not being carried out by Gammon India Limited, the available independent valuations are more than 3 years old and the internal estimates of realisability not being backed by independent valuation, we are unable to state whether any further impairment would be required."

6. The Company's exposure to one of the subsidiary company developing a real estate project in Bhopal is Rs 258.58 crores (net of provisions). Due to slow down in the real estate market the subsidiary company is facing problems in its development and sale. The Company has already made a provision of Rs 100 crores against its exposure based on internal estimates of the realisable value.

The auditors have qualified their conclusion in the limited review report as follows

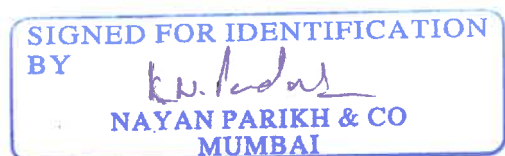
"We invite attention to note no 6 relating to the exposure of the Company to a subsidiary engaged in real estate development in Bhopal. During the previous year on prudent basis the company has made a provision of Rs. 100 crores against the exposure of Rs. 358.58 crores. The Subsidiary's financials are also not available for our review. Hence in the absence of any indicators of value arising out of the project and its financial stability we are unable to state whether any further provision is required against the exposure."

7. During the period one of the lenders has levied penal interest and charges as reversal of benefit of CDR of Rs 96.11 crores. The management is disputing the same and has not accepted the debit of interest in its books. They have also requested the lenders to reverse the charges.

The auditors have qualified their conclusion in the limited review report as follows

"We draw attention to note no 7 relating to penal interest (Rs 10.67 crores during the quarter and 96.11 during the period) charged by one of the lenders on its facilities. The same has not been debited to profit and loss account as management is disputing the same and in discussion with lenders for the reversal of the said penal interest. In the absence of conclusion of the aforesaid discussion, we are unable to state whether any provision is required to be made against such penal interest."

8. The Company in evaluating its jobs has considered an amount of Rs. 7.56 Crore relating to the likelihood of the claim materializing in favour of the Company, arising out of claims for work done, cost overruns arising due to client delays, changes of scope, escalation claims, variation orders, deviation in design and other charges



recoverable from the client which are pending acceptance or certification by the client or referred the matter to the dispute resolution board / arbitration panel.

In furtherance to the recommendation of the Dispute Resolution Board (DRB) and Arbitration Awards in the Company's favour, the Company has recognized income to the extent of Rs.114.16 Crore, which is part of Long Term Trade Receivable. The Company contends that such awards have reached finality for the determination of the amounts of such claims and are reasonably confident of recovery of such claims although the client has moved the court to set aside the awards. Considering the fact that the Company has received favorable awards from the DRB and the Arbitration Tribunal, the management is reasonably certain that the claims will get favorable verdict from the courts.

9. The Company has receivable including retention and work in progress aggregating to Rs. 54.85 Crore (inventory - Rs. 24.43 crores and receivables Rs. 30.42 crores) in various jobs relating to the Real Estate Projects due to the problems faced by the Real Estate Sector. The management is confident of ultimate recovery considering its contractual position and therefore no adjustments are required to be made in respect of such contracts
10. Material Uncertainty Relating to Going Concern

The Company's operations have been affected in the last few years by various factors including liquidity crunch, unavailability of resources on timely basis, delays in execution of projects, delays in land acquisition, operational issues etc. The Company's overseas operations are characterized due to weak order booking, paucity of working capital and uncertain business environment. As on September 30, 2018 the Company's current liabilities exceed the current assets by Rs. 6093.88 crores. The facilities of the Company with the CDR lenders are presently marked as NPA since June 2017. The liquidity crunch has resulted in several winding up petitions being filed against the Company by various stakeholders for recovery of the debts which the Company has been settling as per the mutually agreed repayment terms. The CDR lenders have recalled the various facilities, initiated recovery suits in the Debt Recovery Tribunals as well as filing a winding up petition with the National Company Law Tribunal, Mumbai bench under the Insolvency and Bankruptcy code.


ICICI bank has invoked pledge of shares of Gammon Infrastructure Projects Limited which were pledged as security (for the loan taken by the Company) by one of the Company's wholly owned subsidiary towards recovery of its dues to the Company

The CDR lenders also invoked pledge of Company's holdings of 22.04% in Gammon Engineers and Contractors Private Limited and 20.20% holding in Transrail Lighting Limited for recovery of its dues apart from invoking the personal guarantee of the promoter Mr. Abhijit Rajan and the Corporate Guarantee given by a "promoter Group Company".

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

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



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The Company's subsidiary has sold 33,40,00,200 equity shares of Gammon Infrastructure Projects Limited and repaid Bank loan of Rs.94.99 crores.

The Company has repaid term loan of Canara bank aggregating to Rs. 286 crores (including interest) through monetization of the land owned by one of its subsidiary Metropolitan Infrastructure Private Limited.

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

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

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

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

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

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

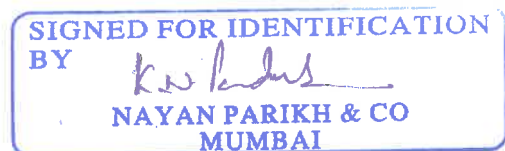
Gammon House:

Gammon House asset will be developed and sold by entering into a development agreement with leading developers. As per the estimates provided by the developer funds to the tune of Rs 630 Crores are estimated to be available for the lenders.

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

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

11. The Company's funded and non-funded exposure towards Franco Tosi Mecannica S.p.A (FTM) group is Rs. 961.84 crores (net of provisions made upto 227.45 crores March 31, 2018) as at September 30, 2018 including Investments and guarantees



towards the acquisition loan taken by the SPV. The commissioner in charge of the Extraordinary Administration of Franco Tosi Meccanica S.p.A. had 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. 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.

The management was expecting that the value of the non core assets would be sufficient to cover the exposure of the company. However there has been no progress in the matter either for the disposal of the non core assets or ascertainment of the value of the non core assets by the commissioner in charge of the Extraordinary Administration of Franco Tosi Meccanica S.p.A. Considering the elapse of time and uncertainties relating to the value of the non core assets and its disposal, the management on a prudent basis has provided for the entire exposure of Rs. 961.84 Crore and has debited the same as exceptional item in the statement of profit and loss notwithstanding its ongoing endeavor to recover the value of the non core assets.

During the quarter there has been incremental provisioning of Rs. 32.77 Crores due to change in exposure

12. The Company is engaged mainly in "Construction and Engineering" segment. The Company also has "Real Estate Development" as other segments. Revenue from such activities is not significant and accounts for less than 10% of the total revenue and total assets of the Company. Therefore no disclosure of separate segment reporting as required in terms of Indian Accounting Standard INDAS -108 is done in respect of this segment.
13. The exposure of the Company in Sofinter S.p.A through two subsidiaries is Rs. 1247.28 crores of which Gammon International BV is Rs. 900.59 Crores and Gammon Holding Mauritius Limited is Rs. 346.69 Crores. Based on the valuation carried out by an independent valuer in March 2018, there is a diminution in the equity value of Sofinter group as compared to the total exposure of the Company. The management is of the view that this diminution in the equity value of Sofinter group is of temporary in nature considering the Sofinter Group's strong order book position. Considering the combined exposure in GIBV & GHML the reduction in Equity value as per the recent valuation report in March 2018 is Rs. 125 Crores. However on the prudent basis Company has provided Rs. 350 crores in previous year against its exposure to GIBV. The management believes that the valuation still holds good.
14. On account of the company being marked as non performing assets by the lenders no interest has been debited by majority of the lenders. The company has made provision for interest on the basis of the last sanction and last revision of terms. Therefore the loan balances and finance cost are subject to confirmation and consequent reconciliation, if any.
15. During the quarter the lenders have invoked the pledge of shares of Transrail Lighting Limited (TLL) and Gammon Engineers and Contractors Private Limited (GECPL). Many of the lenders have not shared the credit advice for the value of the



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shares invoked. The company has however accounted the same on the basis of the value shared by some of the lenders and have given effect to the respective loan accounts. The said TLL and GECPL have ceased to be associates of the company.

16. The Exceptional items include the following

Particulars	Rs. In Crore	
	Half year ended September 30, 2018	Year ended March 31, 2018
Net provision for impairment of Investments (net of Deferred tax)	15.01	658.93
Impairment provisions of Loans and interest	681.77	940.90
Provision for risk and contingency	265.06	-
Loss on Foreclosure of Project	-	44.80
Write back of provision of Loans	(3.21)	(57.98)
Total	(958.63)	1586.65

17. 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 Crores)
NCD 10.5% monthly interest payments (Rs. 18.58 Cr. not paid since April'16)	30th September, 2018	No	31st October, 2018	0.58 Cr
NCD 11.05% monthly interest payments (Rs. 20.16 Cr. not paid since April'16)	30th September, 2018	No	31st October, 2018	0.84 Cr
NCD 9.50% monthly interest payments (Rs. 26.84 Cr. not paid since April'16)	30th September, 2018	No	31st October, 2018	0.72 Cr
NCD 9.95% half yearly interest payments (Rs. 11.21 Cr. not paid since September'16)	30th September, 2018	No	31st March, 2019	2.23 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 Crores)
NCD 10.5% quarterly Principal payments (Rs. 12.23 Cr. not paid since April'16)	15th July, 2018	No	15th October, 2018	2.40 Cr.
NCD 11.05% quarterly Principal payments (Rs. 17.50 Cr. not paid since April'16)	15th July, 2018	No	15th October, 2018	3.25 Cr.



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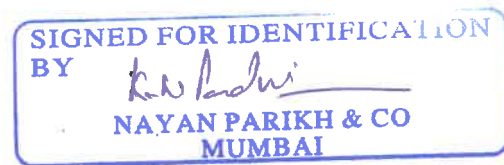
Particulars	Previous Due Date	Paid (Y / N)	Next Due Date	Amount (Rs in Crores)
NCD 9.50% quarterly Principal payments (Rs. 16.69 Cr. not paid since April'16)	15th July,2018	No	15th October, 2018	3.24 Cr.
NCD 9.95% yearly Principal payments (Rs. 8.97 Cr.cr not paid since April'16)	15th July,2018	No	15th October, 2018	1.62 Cr.

18. 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, 2018
A	Debt Equity Ratio	(1.87)
B	Debt Service Coverage Ratio	(1.54)
C	Interest Service Coverage Ratio	(3.32)
D	Debenture Redemption Reserve	81.00
E	Net Worth	(2516.56)
F	Net Profit after Tax (six months ended September 30, 2018)	(1179.12)
G	Basic Earnings per share (For six months ended September 30, 2018)	(31.97)

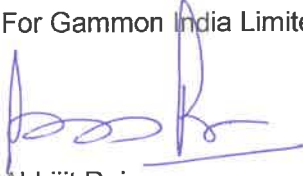
- i) Debt Equity Ratio = Term Loans and Debentures / Networth
ii) Debt Service Coverage Ratio = Profit before Depreciation and Amortization, interest and Tax / (Interest + Principal repayment of long term loans)
iii) Interest Service Coverage Ratio = Profit before Depreciation and Amortization, interest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

19. The Company has adopted Ind AS 115 w.e.f. April 01, 2018 by using cumulative catch up transition method and accordingly comparatives for the quarter ending June 30, 2018 will not be retrospectively adjusted. The adoption of Ind AS 115 does not have significant effect on the above financial results.

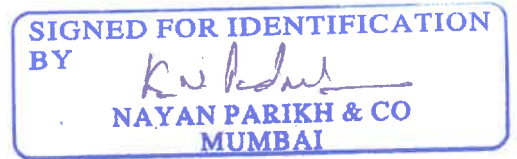


20. Corresponding figures of the previous period have been regrouped / rearranged wherever necessary.

For Gammon India Limited



Abhijit Rajan
Chairman
DIN No. 00177173
Mumbai, 30th April, 2019



NAYAN PARIKH & CO.

(REGISTERED)

CHARTERED ACCOUNTANTS

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PHONE : (91-22) 2640 0358, 2640 0359

Review Report

To
The Board of Directors
Gammon India Limited,
Mumbai.

1. We have reviewed the accompanying statement of unaudited standalone financial results ("Statement") of Gammon India Limited ("the Company") for the quarter and six months ended September 30, 2018 and standalone unaudited Balance Sheet as at September 30, 2018 ("the statement") which are included in the accompanying statement of unaudited standalone financial results. This statement is 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. These results are prepared for the purpose of compliance with the Listing Obligations and Disclosure Requirements and have been adopted. 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 3, detailing the recognition of claims in respect of on-going, completed and/or terminated contracts. The aggregate amount of claims outstanding as at September 30, 2018 is Rs. 912.36 crores. These claims are recognised in the previous periods only on the basis of opinion of an expert in the field of claims and arbitration as part of the requirement of the



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(REGISTERED)

CHARTERED ACCOUNTANTS

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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 September 30, 2018.

- b. Trade receivable, inventories loans and advances which includes an amount of Rs. 402.65 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 no. 4).
- c. We invite attention to note no 5 relating to the Company's Exposure to Campo Puma Oriente S.A. of Rs. 241.53 crores net of impairment provision. In the light of the on-going dispute with the partners resulting in the financial statements not being finalised, in view of the impairment testing of the said exposure not being carried out by Gammon India Limited, the available independent valuations are more than 3 years old and the internal estimates of realisability not being backed by independent valuation, we are unable to state whether any further impairment would be required.
- d. We invite attention to note no 6 relating to the exposure of the Company to a subsidiary engaged in real estate development in Bhopal. During the previous year on prudent basis the company has made a provision of Rs. 100 crores against the exposure of Rs. 358.58 crores. The Subsidiary's financials are also not available for our review. Hence in the absence of any indicators of value arising out of the project and its financial stability we are unable to state whether any further provision is required against the exposure.
- e. We draw attention to note no 7 relating to penal interest (Rs 10.67 crores during the quarter and 96.11 during the period) charged by one of the lenders on its facilities. The same has not been debited to profit and loss account as management is disputing the same and in discussion with lenders for the reversal of the said penal interest. In the absence of conclusion of the aforesaid discussion, we are unable to state whether any provision is required to be made against such penal interest.

4. Qualified Conclusion

Except for the possible effects arising out of the matters mentioned in para a to e of our Basis for Qualified Conclusion mentioned hereinabove, nothing has come to our attention that causes us to believe that the accompanying Statement prepared in accordance with applicable accounting standards as specified under



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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. Material Uncertainty Related to Going Concern

We invite attention to the note no 10 relating to the present financial situation of the Company detailing the Material Uncertainties Relating to Going Concern and the Going Concern assumptions. The lenders have recalled all the loans and their present excess of Current Liabilities over Current Assets is Rs. 6093.88 crores. The Company is finding it difficult to meet its financial obligations and the lenders have still not approved its further restructuring plan. Further due to the issues detailed in the note no 10 the Company is continuously delayed in the preparation of the financial statements and submissions to the stock exchanges as per the timelines of the listing agreement. The trading in the equity shares of the Company is presently suspended. Some of the creditors have filed for winding up petitions against the Company. However the Company has obtained stay subject to deposit of money with the NCLT. The company has severe manpower issues and is defaulting on its statutory and regulatory obligations. The issues as stated above and in note no 10 including but not limited to the Material uncertainties involved in the restructuring and resolution plans forming the basis of the Going Concern assumption indicates material uncertainties that may cast significant doubt about the Going Concern Assumption. Our report is not qualified on this account.

6. Emphasis of Matter

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

- a) We draw attention to Note no 8 of the financial results relating to recoverability of an amount of Rs.114.16 crores as at September 30, 2018 under trade receivables in respect of contract revenue where the Company has received arbitration awards in its favour in respect of which the client has preferred an appeal for setting aside the said arbitration awards, recognition of claims while evaluating the jobs of Rs.7.56 crores where the Company is confident of recovery. The recoverability is dependent upon the final outcome of the appeals & negotiations getting resolved in favour of the company.



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- b) We draw attention to note no 9 relating to the projects of real estate sector where the exposure is Rs. 54.85 crores. The management is confident of ultimate recovery of the amounts and we have relied on the management assertions of recoverability.

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



K N Padmanabhan
Partner
M. No. 36410
Mumbai, Dated: April 30, 2019

