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

SPECIAL AUDITORS' REPORT

To
The Board of Directors of
Gammon India Limited

Report on Condensed Ind AS Financial Statements

We have audited the accompanying Condensed Ind AS Financial Statements of **ATSL Holdings B.V**, which comprises the Condensed Balance sheet as at 31st March, 2018, the Condensed Statement of Profit and Loss including Other comprehensive income, the Condensed Statement of Cash Flow and Condensed Statement of Changes in equity for the year ended on that date and a summary of significant accounting policies and other explanatory notes.

These accounts have been specifically prepared for the purposes of incorporating the results of **ATSL Holdings B.V** in the consolidated accounts of **M/s Gammon India Limited.** These financial statements are prepared in accordance with the Companies (Indian Accounting Standards) Rules, 2015. These are not general purpose financial statements and therefore do not confirm to disclosure requirement of any statute or Act. We also do not accept any liability or duty of care for any other purpose or to any other person to whom this report is shown or in to whose hands it may come save where expressly agreed by our prior consent in writing.

Management's Responsibility for the Condensed Ind AS Financial Statements

The Board of Directors of Gammon India Limited is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these condensed Ind AS financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Companies (Indian Accounting Standards) Rules, 2015 (Ind AS) specified under Section 133 of the Act, read with relevant rules thereon. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the condensed Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error. The Board of Directors of Gammon India Limited were overseeing the activities of Gammon Holdings BV till the transfer of control of the said Gammon Holdings BV and therefore is in a position to make the above assertive statements.

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Auditor's Responsibility

Our responsibility is to express an opinion on these Condensed Ind AS financial statements based on our audit. We have taken into account the provisions of the accounting and auditing standards in India Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the condensed Ind AS financial statements are free from material misstatement and serve the purpose for which the condensed Ind AS financial statements are prepared.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the condensed Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Company's directors, as well as evaluating the overall presentation of the condensed Ind AS financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis of Qualified Opinion

a) We draw attention to Note No 3, relating to recoverability of loan given to Gammon Holding BV and Gammon International BV amounting to Euros 75,52,185 as at March 31, 2018 where the management has asserted that the same is receivable and no provision is required for the same.

b) We draw attention to Note 8(c) that the company has not provided the interest on loan received from holding company amounting to Euro 14,73,039 , due to which profit is over stated.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, except for the possible effects of the matter described in Basis of Qualified Opinion paragraph above, the Condensed Ind AS financial statements give the information required for the purpose of incorporating the same in the consolidated financial statement of Gammon India Limited and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS under section 133, of the financial position of

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the Company as at March 31, 2018, its financial performance including other comprehensive income, its cash flows and the statement of changes in equity for the year ended on that date.

Material Uncertainty relating to Going Concern

As at March 31, 2018 Current liabilities exceed current assets by Euro 1,44,19,499/- refer Note 21 the Company is taking various steps to meet its commitments both short term and long term in nature. This situation along with the financial stress the parent Company is presently facing indicates significant uncertainty which may have a significant effect on the going concern assumption and the carrying values of the assets and liabilities in these financial statements.

Other Matters

1. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our Audit.

2. The Condensed Balance Sheet, Condensed Statement of Profit & Loss including Other Comprehensive Income, Condensed Cash Flow Statement and Condensed Statement of Changes in Equity dealt with by this report are in agreement with the books of accounts.

3. In our opinion, the Condensed Balance Sheet, Condensed Statement of Profit and Loss including Other Comprehensive Income, the Condensed Cash Flow statement and Condensed Statement of Changes in Equity dealt with by this report comply with the Generally Accepted Accounting Policies and Accounting Standards specified under Section 133 of the Act, read with relevant rules thereon.

4. These accounts have been audited at the request of M/s Gammon India Limited for the purpose of inclusion in their consolidated financial statements and therefore these are not general purpose accounts and strictly not to be used for any other purpose without our prior permission.

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

Nuzhat

Nuzhat Khan
(Partner)
M.No. 124960
Mumbai, Dated: 5/11/19

ATSL HOLDINGS BV, NETHERLAND

CONDENSED BALANCE SHEET AS AT 31.03.2018

(Amounts In EURO)

Particulars	Note No.	As at March 31, 2018	As at March 31, 2017
ASSETS			
NON-CURRENT ASSETS			
(a) Financial assets			
(i) Investment	2	-	-
(ii) Loans	3	75,52,185	83,20,356
(b) Other non-current assets	4	47,220	1,01,704
TOTAL NON-CURRENT ASSETS		**75,99,405**	**84,22,060**
CURRENT ASSETS			
(a) Financial assets			
(i) Cash and cash equivalents	5	88,778	1,02,540
(ii) Loans	3	-	-
(b) Other current assets	4	-	-
TOTAL CURRENT ASSETS		**88,778**	**1,02,540**
TOTAL ASSETS		**76,88,183**	**85,24,600**
EQUITY AND LIABILITIES			
EQUITY			
(a) Equity share capital	6	18,000	18,000
(b) Other equity	7	(2,25,22,033)	(2,41,77,223)
TOTAL EQUITY		(2,25,04,033)	(2,41,59,223)
LIABILITIES			
NON-CURRENT LIABILITIES			
(a) Financial liabilities			
(i) Borrowings	8	1,56,83,939	1,73,51,696
(ii) Other financial liabilities	11	-	-
TOTAL NON-CURRENT LIABILITIES		1,56,83,939	1,73,51,696
CURRENT LIABILITIES			
(a) Financial liabilities			
(i) Borrowings	9	59,892	58,717
(ii) Trade payables	10	46,310	86,738
(iii) Other financial liabilities	11	1,44,02,075	1,51,86,672
(b) Other current liabilities			
TOTAL CURRENT LIABILITIES		1,45,08,277	1,53,32,127
TOTAL EQUITY AND LIABILITIES		**76,88,183**	**85,24,600**

Statement of significant accounting policies and explanatory notes forms an integral part of the financial statements

As per our report of even date
For **Natvarlal Vepari & Co.**
Chartered Accountants
Firm Registration No. 106971W

Nuzhat

Nuzhat Khan
Partner
M.No. 124960
Mumbai, Dated : 5/1/19

For and on behalf of the Board of Directors

Director

Mumbai, Dated

ATSL HOLDINGS BV, NETHERLAND

CONDENSED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2018

(Amounts In EURO)

	Particulars	Note No.	Apr 2017 - Mar 2018	Apr 2016 - Mar 2017
I	**Revenue from Operations :**			-
II	Other Income	12	20,71,001	6,12,701
III	**Total Income (I +II)**		**20,71,001**	**6,12,701**
IV	**Expenses:**			
	Finance Costs	13	4,01,546	19,45,943
	Other expenses	14	14,265	42,185
	Total Expenses		**4,15,811**	**19,88,128**
V	**Profit/(Loss) before exceptional items and tax**		**16,55,190**	**(13,75,427)**
VI	Exceptional items Income / (Expense)			(1,28,30,279)
VII	**Profit / (Loss) before tax**		16,55,190	**(1,42,05,705)**
VIII	**Tax expenses**			
	Current Tax			
	Deferred Tax Liability / (asset)			
	Total tax expenses			-
IX	**PROFIT FOR THE YEAR**		**16,55,190**	**(1,42,05,705)**
X	OTHER COMPREHENSIVE INCOME:			
	Items that will not be reclassified to profit & loss account			-
XI	TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE PERIOD		16,55,190	(1,42,05,705)
XII	Earnings per equity share (for continuing operation)			
	Basic (Euro/ share)		9,195	(78,921)
	Diluted (Euro/ share)		9,195	(78,921)

As per our report of even date
For Natvarlal Vepari & Co.
Chartered Accountants
Firm Registration No. 106971W

Nuzhat

Nuzhat Khan
Partner
M.No. 124960
Mumbai, Dated : 5/1/19

For and on behalf of the Board of Directors

Director

Mumbai, Dated : --/--/----

ATSL HOLDINGS BV, NETHERLAND

CONDENSED CASH FLOW STATEMENT FOR THE YEAR 01.04.2016 TO 31.03.2018

Euro

	March-18		March-17	
A. CASH FLOW FROM OPERATING ACTIVITIES :				
Net Profit before tax and extraordinary items:		16,55,190		(1,42,05,705)
Adjustments for --				
Interest Expenses	3,47,061		18,86,747	
Guarantee Amortisation	54,485		59,196	
Provision for Dimunition in Advance to Related Party	-		30,496	
Provision for Dimunition in Investments	-		1,20,10,020	
Sundry Credit balance write back	-		-	
Foreign Exchange	(20,16,361)	(16,14,815)	6,12,700	1,45,99,159
Operating profit before working capital changes		**40,375**		**3,93,453**
Adjustments for				
Other current Assets	-		2,496	
Trade payable and Other Financial Liabilities	(40,428)	(40,428)	10,000	12,496
Net cash from operating activities		**(53)**		**4,05,949**
B. CASH FLOW FROM INVESTING ACTIVITIES :				
Financial Assest - Loans	(0)		(6,89,765)	
Net cash used in investing activities		**(0)**		**(6,89,765)**
C. CASH FLOW FROM FINANCING ACTIVITIES:				
Borrowings (Repaid)	-		-	
Borrowings Accepted	-		2,89,851	
Interest paid	-		-	
Net cash used in financing activities		**-**		**2,89,851**
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		(53)		6,036
CASH AND CASH EQUIVALENTS				
Opening balance		1,02,540		96,504
Balances with Bank	88,778		1,02,540	
Effect of Exchange Rate Charges	13,709		-	
Closing balance		1,02,487		1,02,540
NET CASH AND CASH EQUIVALENTS		(53)		6,036

Statement of significant accounting policies and explanatory notes forms an integral part of the financial statements

As per our report of even date
For **Natvarlal Vepari & Co.**
Chartered Accountants
Firm Registration No. – 106971W

Nuzhat Khan
Partner
M.No. 124960
Mumbai, Dated : 5/1/19

For and on behalf of the **Board of Directors**

Director
Mumbai, Dated :

ATSL HOLDINGS BV, NETHERLAND

Notes to financial statements for the year ended March 31, 2018

(All amounts in Euro unless otherwise stated)

Statement of Changes in Equity for the period ended

A **Equity Share Capital**	**Number of Shares**	**Amount in Euro**
Equity shares of Euro 100 each issued, subscribed and fully paid		
Balance at March 31, 2016	180	18,000
Changes in equity share capital during the year	-	-
Balance at March 31, 2017	180	18,000
Changes in equity share capital during the year	-	-
Balance at March 31, 2018	180	18,000

B **For the year ended 31 March 2017 and 31 March 2018**

Particulars	Retained Earnings	Capital Contribution	Foreign Currency Monetary Item Translation Difference A/c	Foreign Currency Transalation Reserve	Total
Balance as at 31 March 2016	(1,02,50,078)	2,78,560			(99,71,518)
Profit for the year	(1,42,05,705)	-	-		(1,42,05,705)
Balance as at 31 March 2017	(2,44,55,783)	2,78,560			(2,41,77,223)
Profit for the year	16,55,190	-			16,55,190
Balance as at 31 March 2018	(2,28,00,593)	2,78,560	-	-	(2,25,22,033)

As per our report of even date
For **Natvarlal Vepari & Co.**
Chartered Accountants
Firm Registration No. 106971W

Nuzhat

Nuzhat Khan
Partner
M.No. 124960
Mumbai, Dated : 5/1/19

For and on behalf of the Board of Directors

Director

Mumbai, Dated

1 CORPORATE INFORMATION

ATSL Holding B.V. ("the Company") with corporate seat in Amsterdam, the Netherlands was incorporated as a private company with limited liability under the law of Netherlands on 22nd May, 2008.

The Principal activity of the Company is to act as an International Holding and Finance Company. This company holds through Gammon Group investments in SAE Powerlines SRL

2 SIGNIFICANT ACCOUNTING POLICIES

i) Basis of Preparation

Ministry of Corporate Affairs notified roadmap to implement Indian Accounting Standards ('Ind AS') notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended by the Companies (Indian Accounting Standards) (Amendment) Rules, 2016. As per the said roadmap, the Holding Company is required to apply Ind AS starting from financial year beginning on or after 1st April, 2015. Accordingly, the financial statements of the Company have been prepared in accordance with the Ind AS.

These financial statements are prepared under the historical cost convention on the accrual basis except for certain financial instruments which are measured at fair values which are disclosed in the Financial Statements, the provisions of the Companies Act, 2013 ('Act') (to the extent notified).

The classification of assets and liabilities of the Company is done into current and non-current based on the operating cycle of the business of the Company. The operating cycle of the business of the Company is less than twelve months and therefore all current and non-current classifications are done based on the status of reliability and expected settlement of the respective asset and liability within a period of twelve months from the reporting date as required by Schedule III to the Companies Act, 2013.

Accounting policies have been consistently applied except whereas newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

The financial statements are presented in Euro

These accounts have been prepared as per Ind AS for the purpose of the facilitation of consolidation of this company into the financial of the parent Gammon India Limited. Therefore these are not general purpose financial statements.

ii) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits with banks which are short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

iii) Foreign currency transactions

(a) Initial Recognition:

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

(b) Conversion:

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

(c) Exchange Difference:

Exchange differences arising on the settlement of monetary items or on reporting company's monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognized as income or as expenses in the year in which they arise.

iv) Borrowing Cost

Borrowing costs directly attributable to the acquisition or construction of qualifying assets are capitalized as a part of the cost of such asset till such time the asset is ready for its intended use or sale. A qualifying asset is an asset that necessarily requires a substantial period of time (generally over twelve months) to get ready for its intended use or sale.

Other borrowing costs are recognized as expenses in the period in which they are incurred.

In determining the amount of borrowing costs eligible for capitalization during a period, any income earned on the temporary investment of those borrowings is deducted from the borrowing costs incurred.

v) Taxes on income

Tax expense comprises both current and deferred taxes. Current income-tax is measured at the amount expected to be paid to the tax authorities in accordance with the prevailing applicable laws. Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

vi) Provisions, Contingent Liabilities and Contingent Assets

Provisions

The Company recognizes a provision when: it has a present legal or constructive obligation as a result of past events; it is likely that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognized for future operating losses. Provisions are reviewed at each balance sheet and adjusted to reflect the current best estimates.

Contingent liabilities and Contingent Assets

A contingent liability recognised in a business combination is initially measured at its fair value. Subsequently, it is measured at the higher of the amount that would be recognised in accordance with the requirements for provisions above or the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with the requirements for revenue recognition.

A contingent assets is not recognised unless it becomes virtually certain that an inflow of economic benefits will arise. When an inflow of economic benefits is probable, contingent assets are disclosed in the financial statements. Contingent liabilities and contingent assets are reviewed at each balance sheet date.

Onerous contracts

A provision for onerous contracts is measured at the present value of the lower expected costs of terminating the contract and the expected cost of continuing with the contract. Before a provision is established, the Company recognizes impairment on the assets with the contract.

vii) **Earning Per Share**

Basic earnings per share is calculated by dividing the profit from continuing operations and total profit, both attributable to equity shareholders of the Company by the weighted average number of equity shares outstanding during the period.

viii) **Current and non-current classification**

The Company presents assets and liabilities in the balance sheet based on current/non-current classification.

An asset is current when it is:

- Expected to be realized or intended to sold or consumed in normal operating cycle,
- Held primarily for the purpose of trading,
- Expected to be realized within twelve months after the reporting period,

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle,
- It is held primarily for the purpose of trading,
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period. Deferred tax assets/liabilities are classified as non-current.

All other liabilities are classified as non-current.

ix) **Fair value measurement**

The Company measures financial instruments such as derivatives and certain investments, at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the balance sheet on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

x) **Financial instruments**

a. **Financial assets:**

(i) **Initial recognition and measurement**

All financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Financial assets are classified, at initial recognition, as financial assets measured at fair value or as financial assets measured at amortized cost.

(ii) **Subsequent measurement**

For purposes of subsequent measurement financial assets are classified in two broad categories:

- Financial assets at fair value
- Financial assets at amortized cost

Where assets are measured at fair value, gains and losses are either recognized entirely in the statement of profit and loss (i.e. fair value through profit or loss), or recognized in other comprehensive income (i.e. fair value through other comprehensive income).

A financial asset that meets the following two conditions is measured at amortized cost (net of any write down for impairment) unless the asset is designated at fair value through profit or loss under the fair value option.

- Business model test: The objective of the Company's business model is to hold the financial asset to collect the contractual cash flows (rather than to sell the instrument prior to its contractual maturity to realize its fair value changes).
- Cash flow characteristics test: The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset that meets the following two conditions is measured at fair value through other comprehensive income unless the asset is designated at fair value through profit or loss under the fair value option.

• Business model test: The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.

• Cash flow characteristics test: The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Even if an instrument meets the two requirements to be measured at amortized cost or fair value through other comprehensive income, a financial asset is measured at fair value through profit or loss if doing so eliminates or significantly reduces a measurement or recognition inconsistency (sometimes referred to as an 'accounting mismatch') that would otherwise arise from measuring assets or liabilities or recognizing the gains and losses on them on different bases.

All other financial asset is measured at fair value through profit or loss.

All equity investments other than investment on subsidiary , joint venture and associates are measured at fair value in the balance sheet, with value changes recognized in the statement of profit and loss.

(iii) **Derecognition**

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e. removed from the Company's balance sheet) when:

• The rights to receive cash flows from the asset have expired, or

• The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement and either:

(a) the Company has transferred substantially all the risks and rewards of the asset, or

(b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognize the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

(iv) **Investment in associates, joint venture and subsidiaries**

The Company has accounted for its investment in associates at cost.

(v) **Impairment of financial assets**

The Company assesses impairment based on expected credit losses (ECL) model to the Financial assets measured at amortized cost

Expected credit losses are measured through a loss allowance at an amount equal to:

• the 12-months expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date); or

• full lifetime expected credit losses (expected credit losses that result from all possible default events over the life of the financial instrument).

The Company follows 'simplified approach' for recognition of impairment loss allowance on:

• Trade receivables or contract revenue receivables; and

• All lease receivables

Under the simplified approach, the Company does not track changes in credit risk. Rather, it recognizes impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

The Company uses a provision matrix to determine impairment loss allowance on the portfolio of trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivable and is adjusted for forward looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-months ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the Company reverts to recognizing impairment loss allowance based on 12-months ECL.

For assessing increase in credit risk and impairment loss, the Company combines financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis.

b. **Financial liabilities:**

(i) **Initial recognition and measurement**

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, and derivative financial instruments.

(ii) **Subsequent measurement**

The measurement of financial liabilities depends on their classification, as described below:

(iii) **Financial liabilities at fair value through profit or loss**

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognized in the statement of profit and loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied.

(iv) **Loans and borrowings**

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the effective interest rate (EIR) method.

Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit and loss.

(v) **Financial guarantee contracts**

Financial guarantee contracts issued by the Company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognized initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognized less cumulative amortization.

(vi) **Derecognition**

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit and loss.

c. **Offsetting of financial instruments:**

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously

d. **Derivative financial instruments:**

The Company enters into derivative contracts to hedge foreign currency price risk on unexecuted firm commitments and highly probable forecast transactions. Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to statement of profit and loss.

e. **Trade Payables**

A payable is classified as a 'trade payable' if it is in respect of the amount due on account of goods purchased or services received in the normal course of business. These amounts represent liabilities for goods and services provided to the Company prior to the end of the financial year which are unpaid. These amounts are unsecured and are usually settled as per the payment terms stated in the contract. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the EIR method.

f. **Trade Receivable**

A receivable is classified as a 'trade receivable' if it is in respect of the amount due on account of goods sold or services rendered in the normal course of business. Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the EIR method, less provision for impairment.

B OTHER NOTES

2 Investment (At Cost)

Particulars	As at 31st Mar 2018		As at 31st Mar 2017	
	Non Current	Current	Non Current	Current
Trade Investment (Unquoted)				
Equity Investment in Subsidiary				
Fully Paid Up Shares 654000 (Previous year 654000 fully paid up shares)) SAE Powerlines S.r.l	1,28,30,279		1,28,30,279	
Less :- Provision for Dimunition in Value of Investment	(1,28,30,279)		(1,28,30,279)	
	-		-	-

The management has assessed value of its subsidiary company SAE Powerlines SrL, based on its present realisability.The company following the concept of prudence and conservatism has provided its investment fully for Euro 1,28,30,279.

3 Financial Assets: Loans

Particulars	As at 31st Mar 2018		As at 31st Mar 2017	
	Non Current	Current	Non Current	Current
Loans and Advances to Related Parties :				
Considered Good	75,52,185		83,20,357	-
Considered Doubtful	2,31,532		2,31,533	-
Less : Provision for Doubtful Loans	(2,31,532)		(2,31,533)	-
Total	**75,52,185**		**83,20,356**	-

(i) Detail of Loans and Advances to Related Parties :

Name of the Related Party	As at 31st Mar 2018		As at 31st Mar 2017	
	Non Current	Current	Non Current	Current
Unsecured and Considered Good				
Gammon Holdings Bv	35,52,235		39,65,164	-
Gammon International Bv	39,99,950		43,55,193	-
	75,52,185		**83,20,357**	-
Unsecured and Considered Doubtful				
P Van Eerd Beheersmaatschappij BV	2,31,532		2,31,533	-
	2,31,532		**2,31,533**	-
P Van Eerd Beheersmaatschappij BV	(2,31,532)		(2,31,533)	-
	(2,31,532)		**(2,31,533)**	-

4 Other Non- Current & Other Current Assets (other than financial)

Particulars	As at 31st Mar 2018		As at 31st Mar 2017	
	Non Current	Current	Non Current	Current
Prepaid Guarantee Commission	47,220		1,01,704	
Total	**47,220**	-	**1,01,704**	-

5 Cash and Cash Equivalent

Particulars	As at 31st Mar 2018		As at 31st Mar 2017	
Cash on Hand		-		-
Balances with Bank		88,778		1,02,540
Total		**88,778**		**1,02,540**

Particulars	As at 31st Mar 2018		As at 31st Mar 2017	
	No of Shares	Amount	No of Shares	Amount
Authorised Capital :				
Equity Shares of Euro 100 each, fully paid up	200	20,000	200	20,000
Issued, Subscribed and Fully Paid up Capital :				
Issued Capital				
Equity Shares of Euro 100 each, fully paid up	180	18,000	180	18,000
Subscribed and Fully Paid up Capital				
Equity Shares of Euro 100 each, fully paid up	180	18,000	180	18,000
Total	**180**	**18,000**	**180**	**18,000**

(b) **Reconciliation of Number of Shares Outstanding**

Particulars	As at 31st Mar 2018		As at 31st Mar 2017	
	No of Shares	Amount	No of Shares	Amount
As at the beginning of the year	180	18,000	180	18,000
Add : Issued during the year	-	-	-	-
As at the end of the year	180	**18,000**	180	**18,000**

(c) **Details of Shareholding in Excess of 5%**

Name of Shareholder	As at 31st Mar 2018		As at 31st Mar 2017	
	No of Shares	%	No of Shares	%
Gammon India Limited (Holding Co.)	180	100.00%	180	100.00%

(d) **Terms / rights attached to equity shares**

The Company has only one class of Equity Shares having a par value of Euro 100 each. Each holder of equity share is entitled to one vote per share. The distribution will be in proportion to the number of equity shares held by the shareholders.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the remaining assets of the company, after distribution of all preferential amounts. However, no such preferential amounts exist currently. The distribution will be in proportion to the number of equity shares held by the shareholders.

7 Other Equity

Particulars	As at 31st Mar 2018		As at 31st Mar 2017	
Retained earnings		(2,28,00,593)		(2,44,55,783)
Capital Contribution		2,78,560		2,78,560
TOTAL		**(2,25,22,033)**		**(2,41,77,223)**

Particulars	As at 31st Mar 2018		As at 31st Mar 2017	
	Non Current	Current Maturities	Non Current	Current Maturities
Long Term Borrowings				
ICICI Bank Loan	-	20,75,493	9,84,601	31,86,577
Long Term Borrowings - Related Parties				
Gammon India Ltd	1,56,83,939		1,63,67,095	
TOTAL	**1,56,83,939**	**20,75,493**	**1,73,51,696**	**31,86,577**
The above amount includes				
Secured Borrowings	-	-	-	-
Unsecured Borrowings	1,56,83,939	20,75,493	1,73,51,696	31,86,577

(a) **Classification of all credit facilities under Current Liabilities**

During the current year the Bankers has issued notice to the Holding Company who has guaranteed the repayments, for immediate discharge of its loan amount.

In view of financial difficulties of Holding Company the said amount has not been discharged, pending the same no effects has been given in the financial statements. Therefore the entire amount has been shown current liabilities.

If the aforesaid liability is discharged by the Holding Company then the entire liability of the company towards Lenders will be replaced with the liability towards Holding Company.

Bank Loan balances are as per Bank advice available with the Company and no bank confirmations are available on the record

(b) During the previous year ICICI bank Canada has encashed the Bank Guarantee of the parent but has not appropriated the encashment against the loan amount. However the Company has protested the non appropriation and adjusted the same in its books against the interest

(c) Loan received from Gammon India Limited (Holding Co.) is an interest free loan and the term of loan is for 5 years from 1 January 2010 as per the MOU between the company. However from 1st January 2015 Gammon India has charged interest @ 9% .

However due to financial difficulty the interest is not provided in the financial statements which amounts to Euro 14,73,039 for the current year.

(d) Maturity Profile of Loan From Bank

Particulars	As at 31st Mar 2018		As at 31st Mar 2017	
	Amt in USD	Amt in Euro	Amt in USD	Amt in Euro
Credit facilities recalled by lenders	1,40,00,000	1,12,95,200	-	-
Principal Overdue			95,21,411	88,67,861
Upto 1 year			34,21,424	31,86,577
1- 5 Years			10,57,165	9,84,601
More than 5 Years				
Total	**1,40,00,000**	**1,12,95,200**	**1,39,99,999**	**1,30,39,039**

(e) **Principal Defaults:**

As at March 31, 2018	1 to 90 days	91 to 180 days	181 to 365	Above 365	Total
The Entire credit facilities is in default and recalled, hence age-wise default is not disclosed.					
Term Loans (USD)					**1,14,27,500**
Term Loans (Euro)					**92,19,707**

As at March 31, 2017	1 to 90 days	91 to 180 days	181 to 365	Above 365	Total
Term Loans (USD)	8,57,500	-	25,72,500	45,67,500	79,97,500
Term Loans (Euro)	8,02,877	-	24,08,632	42,76,550	74,88,059

(a) Particulars	As at 31st Mar 2018	As at 31st Mar 2017
Short Term Borrowings		
SAE power line srl, italy	59,892	58,717
TOTAL	**59,892**	**58,717**
The above amount includes		
Secured Borrowings	-	-
Unsecured Borrowings	59,892	58,717

10 Current Financial Liabilities - Trade Payables

Particulars	As at 31st Mar 2018	As at 31st Mar 2017
Trade Payables		
Micro, Small and Medium Enterprises	-	-
Others	46,310	86,738
Total	**46,310**	**86,738**

11 Other Current Financial Liabilities

Particulars	As at 31st Mar 2018		As at 31st Mar 2017	
	Non-Current	Current	Non-Current	Current
Credit facilities recalled by lenders - Secured (Refer Note 8(a))		1,12,95,200		-
Current Maturities of Long Term Borowings		-		31,86,577
Overdue Principal		-		88,67,861
Interest Accrued But Due	-	15,85,088	-	8,09,065
Interest Accrued But Not Due - Related Parties		15,21,787		23,23,168
Total	-	**1,44,02,075**	-	**1,51,86,672**

(a) **Interest Defaults:**

As at March 31, 2018	1 to 90 days	91 to 180 days	181 to 365 days	Above 365 days	Total
Interest (Euro)	2,32,292	-	6,24,743	5,05,979	13,63,014

As at March 31, 2017	1 to 90 days	91 to 180 days	181 to 365 days	Above 365 days	Total
Interest (Euro)	2,17,564	-	3,69,630	-	5,87,194

(b) **Details of interest payable to related parties**

Particulars	As at 31st Mar 2018	As at 31st Mar 2017
Gammon India Ltd	15,21,787	23,23,168
Total	**15,21,787**	**23,23,168**

12 Other Income

Particulars	April 2017 -March 2018	April 2016 -March 2017
Sundry Credit balance write back	54,640	-
Foreign Exchange Gain	20,16,361	6,12,701
Total	**20,71,001**	**6,12,701**

13 Finance Cost

Particulars	April 2017 -March 2018	April 2016 -March 2017
Interest Expense	3,47,061	18,86,747
Guarantee amortisation	54,485	59,196
Total	**4,01,546**	**19,45,943**

14 Other Expenses

Particulars	April 2017 -March 2018	April 2016 -March 2017
Fees & Consultations	14,212	12,496
Bank Charges	53	(807)
Provision for Dimunition in Advance to Related Party		30,496
Total	**14,265**	**42,185**

Particulars	April 2017 -March 2018	April 2016 -March 2017
Net Profit attributable to the Equity Share holders (Rs in Crore)	16,55,190	(1,42,05,705)
Outstanding Number of Equity Shares at the end of the year	180	180
Weighted Number of Shares during the period – Basic	180	180
Weighted Number of Shares during the period – Diluted	180	180
Earning Per Share – Basic (Rs.)	9,195	(78,921)
Earning Per Share – Diluted (Rs.)	9,195	(78,921)

16 A Disclosure of transactions with Related Parties, as required by Idian Accounting Standard – 24 'Related Party Disclosures' has been set out in

Parent Company	Gammon India Limited
Subsidiary Company	SAE Powerlines S.r.l
Companies under the same Management	Gammon International FZE Gammon International B.V. P Van Eerd Beheersmaatschappij BV

B Disclosure of Transactions with related parties has been set out in separate Annexure-1

17 The Company has no employees and hence incurred no salaries, wages, and / or related social security charges during the period under review. Accordingly IND AS -19, issued by Institute of Chartered Accountants of India is not applicable.

18 In view of the Accumulated losses of the Company , no provsion for tax is required to be made.

19 Since the Company does not have any transaction having temperory differences, no provision for Deferred Tax has been made.

20 Prior Period Comparatives : Previous year figures are regrouped and rearranged, wherever necessary, with those of the current year to make them comparable.

21 As on 31st March, 2018, current liabilities exceed current assets by Euro 144,19,499/- the Company is taking various steps to meet its commitments both short term and long term in nature. This situation along with the financial stress the parent Company is presently facing indicates significant uncetainty which may have an effect on the going concern assumption and the carrying values of the assets and liabilities in these financial statements. These accounts are prepared on the going concern basis considering the continued support of the parent Gammon India Limited.

22 The Condensed Balance Sheet, Condensed Statement of Profit and Loss, Condensed Cash Flow Statement, Condensed Statement Of Changes in Equity, Statement of significant accounting policies and the other explanatory notes forms an integral part of the financial statements of the Company for the year ended March 31, 2018.

As per our report of even date
For **Natvarlal Vepari & Co.**
Chartered Accountants
Firm Registration No. 106971W

For and on behalf of the Board of Directors

Nuzhat

Nuzhat Khan
Partner
M.No. 124960
Mumbai, Dated : 5/1/19

Director

Mumbai, Dated :

ATSL HOLDINGS BV

Annexure-1

Related Party Transaction with:

(Amount in Euro)

Sr. No.	Particulars	Parent Company	Companies under same Management				
		Gammon India Ltd.	Gammon Holding Bv	Gammon International Bv	P Van Eerd Beheersmaatschappij Bv	SAE Powerlines S.r.l	Total
		-	-	-	-	-	-
1	Finance received (incl. Loans and equity contribution in cash or in kind)	-	-	-	-	-	-
		(15,73,121)	-	-	-	-	(15,73,121)
2	Interest Expense	-	-	-	-	-	-
		(10,57,666)	-	-	-	(1,151)	(10,58,817)
3	Provision for Doubtful Loans	-	-	-	2,31,532	-	2,31,532
		-	-	-	2,31,533	-	2,31,533
4	Outstanding Balances Receivables	-	35,52,235	39,99,950	2,31,532		77,83,718
		-	(39,65,164)	(43,55,192)	(2,31,533)	-	(85,51,888)
5	Interest Payable	-	-	-	-	-	-
		(23,23,168)	-	-	-	-	(23,23,168)
6	Outstanding Balances Payable	1,56,83,939	-	-	-	59,892	1,57,43,830
		(1,63,67,095)	-	-	-	(58,717)	(1,64,25,812)

* Figures of Previous Year are shown in bracket