Ashwin Nair & Associates
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SPECIAL AUDITORS' REPORT

To
The Board of Directors of
Gammon India Limited.

Report on the Financial Statements

We have audited the accompanying financial statements of **Gammon Holdings (Mauritius) Limited** which comprise the Condensed Balance Sheet as at March 31, 2018, the Condensed Statement of Profit and Loss including Other comprehensive income and Statement of Changes in equity for the year then ended on that date and a summary of significant accounting policies and other explanatory information.

These accounts have been specifically prepared for the purposes of incorporating the results of **Gammon Holdings (Mauritius) Limited** in the consolidated accounts of **M/s Gammon India Limited**. These financials are prepared in accordance with the Companies (Indian Accounting Standards) Rule, 2015. These are not general purpose financial statements and therefore do not confirm to disclose requirement of any statue or Act. We 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 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 Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (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

ASHWIN NAIR & ASSOCIATES * CHARTERED ACCOUNTANTS * M. No. 166723 completeness of the accounting records, relevant to the preparation and presentation of the 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 (Mauritius) Limited till the transfer of control of the said Gammon Holdings (Mauritius) Limited and therefore is in a position to make the above assertive statements.

Auditor's Responsibility

Our responsibility is to express an opinion on these Ind AS Financial Statements based on our audit. We have taken into account the provisions of the Act, 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 Ind AS Financial Statements are free from material misstatement and serve the purpose for which the 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 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 control. 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 Ind AS Financial Statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion on the Standalone Ind AS Financial Statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid 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 the Company as at March 31, 2018, its financial performance including other comprehensive income, and the statement of changes in equity for the year ended on that date.

Other Matters

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

ASHWIN NAIR & ASSOCIATES CHARTERED ACCOUNTANTS M. No. 165723

2. The Balance sheet, Statement of Profit & Loss including Other Comprehensive Income and Statement of changes in Equity dealt with by this report are in agreement with the books of accounts.

3. In our opinion the Balance sheet, Statement of Profit and Loss including Other Comprehensive income, and Statement of Changes in Equity dealt with by this report comply with 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 **Ashwin Nair & Associates**
Chartered Accountants
Firm's Registration No.-
140798W

ASHWIN NAIR & ASSOCIATES
M. No.
165723
CHARTERED ACCOUNTANTS

Ashwin Nair
Proprietor
M. No.- 165723
Mumbai, Date:

09 JAN 2019

GAMMON HOLDINGS (MAURIIUS) LIMITED

BALANCE SHEET AS AT 31.03.2018

(Amounts in USD)

Particulars	Note No.	As at March 31, 2018	As at March 31, 2017
ASSETS			
NON-CURRENT ASSETS			
(a) Financial assets			
(i) Investments	1	7,88,26,003	8,02,88,141
(ii) Loans		-	-
(b) Other current assets	3	-	76,788
TOTAL NON-CURRENT ASSETS		**7,88,26,003**	**8,03,64,928**
CURRENT ASSETS			
(a) Financial assets			
(i) Cash and cash equivalents	2	240	385
(b) Other current assets	3	47,344	53,564
TOTAL CURRENT ASSETS		**47,584**	**53,949**
TOTAL ASSETS		**7,88,73,587**	**8,04,18,878**
EQUITY AND LIABILITIES			
EQUITY			
(a) Equity share capital	4	15,088	15,088
(b) Other equity	5	3,32,42,711	3,85,47,497
TOTAL EQUITY		**3,32,57,799**	**3,85,62,585**
LIABILITIES			
NON-CURRENT LIABILITIES			
(a) Financial liabilities			
(i) Borrowings	6	1,40,00,000	3,20,00,000
TOTAL NON-CURRENT LIABILITIES		**1,40,00,000**	**3,20,00,000**
CURRENT LIABILITIES			
(a) Financial liabilities			
(i) Borrowings	7	28,49,314	28,25,275
(ii) Trade payables	8	13,058	13,058
(iii) Other financial liabilities	9	2,87,53,417	70,17,960
TOTAL CURRENT LIABILITIES		**3,16,15,789**	**98,56,293**
TOTAL EQUITY AND LIABILITIES		**7,88,73,587**	**8,04,18,877**

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

As per our report of even date
For Ashwin Nair & Associates
Chartered Accountants
Firm Registration No. 140798W

Ashwin Nair
Proprietor
M.No. 165723
Mumbai, Dated :

ASHWIN NAIR & ASSOCIATES CHARTERED ACCOUNTANTS M. No. 165723

0 9 JAN 2019

For and on behalf of the Board of Directors

Director

Mumbai, Dated :

0 9 JAN 2019

GAMMON HOLDINGS (MAURIIUS) LIMITED

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

(Amounts In USD)

	Particulars	Note No.	Apr 2017 - Mar 2018	Apr 2016 - Mar 2017
I	**Revenue from Operations :**		-	-
II	**Other Income**	10	-	123
III	**Total Income (I +II)**		-	**123**
IV	**Expenses:**			
	Finance Costs	11	38,21,200	34,79,154
	Other expenses	12	21,448	29,576
	Total Expenses		**38,42,648**	**35,08,730**
V	**Profit/(Loss) before exceptional items and tax**		**(38,42,648)**	**(35,08,607)**
VI	Exceptional items Income / (Expense)		-	-
VII	**Profit / (Loss) before tax**		**(38,42,648)**	**(35,08,607)**
VIII	**Tax expenses**			
	Current Tax			
	Deferred Tax Liability / (asset)			
	Total tax expenses		-	-
XIII	**PROFIT FOR THE YEAR (IX) + (XII)**		**(38,42,648)**	**(35,08,607)**
XIV	**OTHER COMPREHENSIVE INCOME:**		(14,62,138)	4,82,88,141
XV	**TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE PERIOD (XIII+XIV)**		(53,04,786)	4,47,79,534
XVI	**Earnings per equity share (for continuing operation)**			
	Basic	14	(256)	(234)
	Diluted	14	(256)	(234)

As per our report of even date
For Ashwin Nair & Associates
Chartered Accountants
Firm Registration No. 140798W

Ashwin Nair
Proprietor
M.No. 165723
Mumbai, Dated : 09 JAN 2019

ASHWIN NAIR & ASSOCIATES CHARTERED ACCOUNTANTS M. No. 165723

For and on behalf of the Board of Directors

Director

Mumbai, Dated : 09 JAN 2019

GAMMON HOLDINGS (MAURIIUS) LIMITED

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

(All amounts in Indian Rupees unless otherwise stated)

Statement of Changes in Equity for the period ended

A		March 31, 2018	
	Equity Share Capital	**Number of Shares**	**Amt In USD**
	Equity shares of AED 150,000 each issued, subscribed and fully paid		
	On April 1, 2017	15,001	15,001
	Changes in equity share capital during the year	-	-
	Balance at March 31, 2018	15,001	15,001
	Changes in equity share capital during the year	-	-
	Balance at March 31, 2018	**15,001**	**15,001**

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

Particulars	Retained Earnings	Capital Contribution As per IND AS	Other Comprehensive Income	Total
Balance as at 01 April 2017	**(66,82,635)**	**4,50,599**	**-**	**(62,32,036)**
Profit for the year	(35,08,607)			(35,08,607)
			4,82,88,141	4,82,88,141
Balance as at 31 March 2017	**(1,01,91,242)**	**4,50,599**	**4,82,88,141**	**3,85,47,501**
Profit for the year	(38,42,648)			(38,42,648)
			(14,62,138)	(14,62,138)
Balance as at 31 March 2018	**(1,40,33,891)**	**4,50,599**	**4,68,26,003**	**3,32,42,711**

Capital Contribution :

On application of IND AS 109 , difference between the fair value and the carrying value of loans and Guarantee are shown as Capital contribution made by the Holding company.

As per our report of even date
For Ashwin Nair & Associates
Chartered Accountants
Firm Registration No. 140798W

Ashwin Nair
Proprietor
M.No. 165723
Mumbai, Dated : 09 JAN 2019

ASHWIN NAIR & ASSOCIATES * CHARTERED ACCOUNTANTS * M. No. 165723

For and on behalf of the Board of Directors

Director

Mumbai, Dated : 09 JAN 2019

1 CORPORATE INFORMATION

Gammon Holdings (Mauritius) Limited (the 'Company') was incorporated in Mauritius under the Companies Act 2001 on 19 December 2007 as a private company with limited liability by shares and holds a Category 1 Global Business Licence issued by the Financial Services Commission. The Company's registered office is 4th Floor, Raffles Tower, 19, Cybercity, Ebene, Mauritius.

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 October, 2014. Accordingly, the financial statements of the Company have been prepared in accordance with the Ind AS.

For all periods up to and including the year ended 31st March, 2016, the Company prepared its financial statements in accordance with the Accounting Standards notified under the Section 133 of the Companies Act 2013, read together with Companies (Accounts) Rules 2014 (Indian GAAP). These financial statements for the year ended 31st March, 2017 are the first set of financial statements that the Company has prepared in accordance with 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.

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.

Statement of Significant Accounting Policies and Other Explanatory Notes -

B OTHER NOTES

1 Financial Assets: Non Current Investments

Particulars	As at 31st Mar 2018 (Amt In USD)		As at 31st Mar 2017 (Amt In USD)	
	Amount	Amount	Amount	Amount
Unqouted Equity Instruments				
Investments in Sofinter S.P.A		7,88,26,003		8,02,88,141
Total	-	**7,88,26,003**	-	**8,02,88,141**

2 Cash and Cash Equivalent

Particulars	As at 31st Mar 2018 (Amt In USD)	As at 31st Mar 2017 (Amt In USD)
Cash on Hand	-	-
Balances with Bank	240	385
Total	**240**	**385**

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

Particulars	As at 31st Mar 2018 (Amt In USD)		As at 31st Mar 2017 (Amt In USD)	
	Non Current	Current	Non Current	Current
Prepaid Expenses	-	1,908	-	2,373
Prepaid Expenses For CG	-	45,436	76,788	51,192
Total	-	**47,344**	**76,788**	**53,564**

Equity Share Capital

4 (a) **Authorised, Issued, Subscribed and Fully Paid up :**

Particulars	As at 31st Mar 2018 (Amt In USD)		As at 31st Mar 2017 (Amt In USD)	
	No of Shares	Amount	No of Shares	Amount
Authorised Capital :				
Equity Shares of USD 1 each, fully paid up	15,001	15,001	15,001	15,001
Share Application Monies		87		87
Issued, Subscribed and Fully Paid up Capital :				
Issued Capital				
Equity Shares of USD 1 each, fully paid up	15,001	15,001	15,001	15,001
Share Application Monies	-	87	-	87
Subscribed and Fully Paid up Capital				
Equity Shares of USD 1 each, fully paid up	15,001	15,001	15,001	15,001
Share Application Monies	-	87		87
Total	**15,001**	**15,088**	**15,001**	**15,088**

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

Particulars	As at 31st Mar 2018 (Amt In USD)		As at 31st Mar 2017 (Amt In USD)	
	No of Shares	Amount	No of Shares	Amount
As at the beginning of the year	15,001	15,001	15,001	15,001
Add : Issued during the year	-	-	-	-
As at the end of the year	15,001	**15,001**	15,001	**15,001**

(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	15,001	1	15,001	1

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

The Company has only one class of Equity Shares having a par value of USD $ 1 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.

5 **Other Equity**

Particulars		(Amt In USD) As at 31st Mar 2018		(Amt In USD) As at 31st Mar 2017
a)	Retained earnings	(1,01,91,243) (38,42,648)	(1,40,33,891)	(1,01,91,243)
b)	Capital Contribution As per IND AS		4,50,599	4,50,599
c)	Foreign Currency Transalation Reserve		-	-
d)	Other comprehensive income		4,68,26,003	4,82,88,141
	TOTAL		3,32,42,711	3,85,47,497

6 **Non Current Financial Liabilities - Borrowings**

Particulars	(Amt In USD) As at 31st Mar 2018		(Amt In USD) As at 31st Mar 2017	
	Non Current	Current Maturities	Non Current	Current Maturities
Long Term Borrowings - Bank				
ICICI Bank Loan		1,80,00,000	1,80,00,000	
Long Term Borrowings - Related Parties				
Gammon India Ltd	1,40,00,000	-	1,40,00,000	
TOTAL	1,40,00,000	1,80,00,000	3,20,00,000	-
The above amount includes				
Secured Borrowings	-	1,80,00,000	1,80,00,000	-
Unsecured Borrowings	1,40,00,000	-	1,40,00,000	-

a) The Company had entered into a "Facility Agreement" (as "the Borrower") for a loan facility of US$ 32m. This was subsequently reduced to USD 18m following the issue of an acceptable bank guarantee by DBS Bank Ltd, Delhi Branch, India, in a maximum aggregate principal amount of USD 14,000,000. Under this agreement, it assigned (as "assignor") to BT Global Investors Limited (as "assignee") by way of security, all its right, title and interest in and to the Agreement. The "Facility Agreement" also requires that the Company's activities be limited to that of a special purpose vehicle for the sole purpose of entering into and exercising its rights and obligations under the Finance Documents, the Call Option Agreement or the put Option Agreement.

b) On behalf of the Company, Gammon India Limited(GIL) , the holding Company, in 2011, issued Guarantees, including Corporate Guarantees, for an amount of $ 35 million to Guarantee Company's contractual commitment under a Put Option Agreement with BT Global Investors Limited (BT) who was a holder of shares and convertible bonds (the Sofinter Securities) in Sofinter S.p.A. The Put was to be exercised within February 2014 and on all the Sofinter Securities. Consequent upon the conversion of the bonds into additional shares in Sofinter on 18 December 2013, BT was holder of 35% shares in Sofinter. Prior to the date of this conversion, BT Global Investors Limited (BT) also exercised its Put Option on GHML for all the Sofinter securities, for an amount of $ 32 Million . The Put Option was duly honoured by the Company by drawing on debt raised from Export Import Bank of India Limited (Exim) for $ 18 Million and balance against the funded exposure by the parent company for $ 14 Million. The shares from BT Global Investors Limited (BT) investors havebeen formally transfer to GHML in September'2016, and are pledged with ICICI Canada and UK on behalf of EXIM Bank.

c) During the current year the Bankers has issued notice to the Holding Company who has guaranteed the repayments, for immediate discharge of its USD 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

(iii) The Company entered into a loan facility of US$ 18m with its Bank for 5 years with interest at LIBOR (6 Months) + 750 bps p.a.
The loan is secured by the following:
- Pledge of 100% shares of Gammon (Mauritius) Limited (GML)
- Unconditional and irrevocable corporate guarantee from Gammon India Limited (GIL) guaranteeing the obligation of GML to the bank.

(iv) Loan received from Gammon India Limited (Holding Co.) is charged interest at the rate **9% p.a.** and it is unsecured and long term in nature

7 **Current Financial Liabilities - Borrowings**

Particulars	(Amt In USD) As at 31st Mar 2018	(Amt In USD) As at 31st Mar 2017
Loan From - Related Parties (Unsecured)		
Gammon india Limited	28,16,649	27,92,610
Gammon Holding BV	26,839	26,839
GB LLC	1,974	1,974
Gammon Contracting LLC	3,852	3,852
Total	28,49,314	28,25,275

8 **Current Financial Liabilities - Trade Payables**

Particulars	As at 31st Mar 2018 (Amt In USD)	As at 31st Mar 2017 (Amt In USD)
Trade Payables		
Micro, Small and Medium Enterprises	-	-
Others	13,058	13,058
Total	13,058	13,058

9 **Other Current Financial Liabilities**

Particulars	As at 31st Mar 2018 (Amt In USD)	As at 31st Mar 2017 (Amt In USD)
Current Maturities of Long Term Borowings	1,80,00,000	-
Interest Accrued But Due- USD Bank Loan	58,40,823	36,15,956
Interest Accrued But Not Due- GIL	48,93,536	33,79,746
Other Accruals Payables	19,058	22,258
Total	**2,87,53,417**	**70,17,960**

10 **Other Income**

Particulars	April 2017 -March 2018 (Amt In USD)	Oct 2014 - March 2017 (Amt In USD)
Foreign Exchange Gain	-	123
Total	-	**123**

11 **Finance Cost**

Particulars	April 2017 -March 2018 (Amt In USD)	Oct 2014 - March 2017 (Amt In USD)
Interest Expense	37,38,657	33,96,350
Finance Cost- Guarantee Amortization	82,543	82,805
Total	**38,21,200**	**34,79,154**

12 **Other Expenses**

Particulars	April 2017 -March 2018 (Amt In USD)	April 2016 -March 2017 (Amt In USD)
Accounting fees	5,000	5,000
Administration Fees	593	6,771
Audit Fees	3,875	3,450
Bank Service Charges	145	100
Director fees	2,400	2,000
Domiciliation Fees	2,555	2,000
Legal Fees	-	-
Licenses and Permits:Licence Fees	1,750	1,750
Licenses and Permits:Penalty Fees	2,680	5,945
Licenses and Permits:ROC Fees	450	360
Licenses and Permits:TRC application & renewal	-	200
Taxation Fees	2,000	2,000
Misc Exp	-	-
Total	**21,448**	**29,576**

13 **Earning Per Share**

Earnings Per Share (EPS) = Net Profit attributable to Shareholders / Weighted Number of Shares Ou

Particulars	April 2017 -March 2018 (Amt In USD)	April 2016 -March 2017 (Amt In USD)
Net Profit attributable to the Equity Share holders (Rs in Crore)	(38,42,648)	(35,08,607)
Outstanding Number of Equity Shares at the end of the year	15,001	15,001
Weighted Number of Shares during the period – Basic	15,001	15,001
Weighted Number of Shares during the period – Diluted	15,001	15,001
Earning Per Share – Basic (Rs.)	(256)	(234)
Earning Per Share – Diluted (Rs.)	(256)	(234)

14 The Company has no employees and hence incurred no salaries, wages, and / or related social security charges during the period under review.

15 Disclosure of transactions with Related Parties, as required by Indian Accounting Standard (Ind AS) - 24 "Related Party Disclosures" has been set out in a separate Annexure - 1.

As per our report of even date
For Ashwin Nair & Associates
Chartered Accountants
Firm Registration No. 140798W

Ashwin Nair
Proprietor
M.No. 165723
Mumbai, Dated : 09 JAN 2019

ASHWIN NAIR & ASSOCIATES
CHARTERED ACCOUNTANTS
M. No. 165723

For and on behalf of the Board of Directors

Director

Mumbai, Dated : 09 JAN 2019

GAMMON HOLDINGS (MAURIIUS) LIMITED

Related Party Transaction with:

Sr. No.	Particulars	Parent Company	Under Same Management			Total
		Gammon India Ltd.	Gammon Contracting LLC	Gammon Holdings BV	GBLLC	
1	Finance received for expenses & on a/c payments	-	-	-	-	**-**
		-		-	-	**-**
2	Interest Expense	15,09,651	-	-	-	**15,09,651**
		(15,13,081)	-	-	-	**(15,13,081)**
3	Interest Payable	48,93,536	-	-	-	**48,93,536**
		(33,79,746)	-	-	-	**(33,79,746)**
4	Outstanding Balances Receivables	-		-	-	**-**
		-		-	-	**-**
5	Provisions made	-		-	-	**-**
		-		-	-	**-**
6	Outstanding Balances Payable	1,68,16,649	3,852	26,839	1,974	**1,68,49,314**
		(1,67,92,610)	(3,852)	(26,839)	(1,974)	**(1,68,25,275)**

* Figures of Previous Year are shown in bracket