GAMMON INFRASTRUCTURE PROJECTS LIMITED

June 13, 2018

To
The Listing Department
National Stock Exchange of India Limited
Exchange Plaza, C-1, Block –G,
Bandra - Kurla Complex, Bandra (E),
Mumbai – 400 051
Scrip ID – GAMMNINFRA

To,
Listing Department
BSE Limited
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai – 400 001
Scrip Code - 532959

Dear Sir / Madam,

Sub: Outcome of Board Meeting

Pursuant to Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we are submitting herewith:

(i) Audited Standalone & Consolidated Financial Results for the quarter and financial year ended on March 31, 2018 along with the related Auditors' Reports thereon in prescribed forms approved and taken on record by the Board of Directors of the Company at its meeting held today and concluded at 9.10 p.m.;

(ii) Statement on Impact of Audit Qualifications (for Audit Report with modified opinion) on the said Financial Results.

You are requested to please take note of the above.

Yours truly,

For **Gammon Infrastructure Projects Limited**

Kaushal Shah
Company Secretary & Compliance Officer

GAMMON INFRASTRUCTURE PROJECTS LIMITED

Statement of Standalone Financial Results for the quarter and year ended 31st March, 2018

(Rs in lacs)

Sr No.	Particulars	Quarter ended			Year ended	
		31-Mar-18	31-Dec-17	31-Mar-17	31-Mar-18	31-Mar-17
		(Audited) Refer Note 3	(Unaudited)	(Audited) Refer Note 3	(Audited)	(Audited)
	Revenue from Operations	3,240.64	6,087.61	4,442.33	15,078.88	18,982.02
	Other Income	682.35	697.20	770.23	2,590.50	2,695.94
1	**Total Income**	**3,922.99**	**6,784.81**	**5,212.56**	**17,669.38**	**21,677.96**
2	**Expenses**					
	a) Construction Expenses	2,686.34	4,783.27	3,582.15	11,983.94	15,630.75
	b) Employee Benefit Expenses	221.71	201.16	141.20	829.66	718.61
	c) Finance Cost	507.04	556.15	685.18	2,239.88	2,641.72
	d) Depreciation and Amortization Expenses	16.77	18.87	3.48	60.85	15.72
	e) Other Expenses	774.88	103.86	511.19	1,163.25	991.06
	Total Expenses	**4,206.74**	**5,663.31**	**4,923.20**	**16,277.58**	**19,997.86**
3	**Profit/(Loss) Before Exceptional Item & Tax (1-2)**	**(283.75)**	**1,121.50**	**289.36**	**1,391.80**	**1,680.10**
4	Exceptional Items - Income / (Expense)	-		241.00	-	241.00
5	Profit/(Loss) Before Tax (3+4)	**(283.75)**	**1,121.50**	**530.36**	**1,391.80**	**1,921.10**
6	**Tax Expense**	**(312.74)**	**396.90**	**(299.35)**	**247.33**	**45.94**
	Current Tax	78.98	268.02	-	520.00	585.00
	Taxation for earlier years	176.75	-	-	176.75	-
	Deferred Tax Liability / (asset)	(568.47)	128.88	(299.35)	(449.42)	(539.06)
7	**Profit/(Loss) for the period from continuing operations**	**28.99**	**724.60**	**829.71**	**1,144.47**	**1,875.16**
8	**Other Comprehensive Income** Items that will not be reclassified subsequently to profit or loss					
	Remeasurement of defined benefit plans	(7.56)	1.77	0.23	(15.68)	8.52
	Tax effect thereon	0.54	(0.46)	(1.36)	3.35	(2.82)
	Other Comprehensive Income for the period, net of tax	**(7.02)**	**1.31**	**(1.13)**	**(12.33)**	**5.70**
9	**Total Comprehensive Income for the period (7+8)**	**21.97**	**725.91**	**828.58**	**1,132.13**	**1,880.86**
10	Paid up Equity Capital (Face Value of Rs.2 each)	18,917.64	18,917.64	18,917.64	18,917.64	18,917.64
11	Other Equity				74,351.25	73,218.39
12	**Earnings per equity share [nominal value of share Rs. 2/-]**					
	Basic (Rs.)	0.00	0.08	0.09	0.12	0.20
	Diluted (Rs.)	0.00	0.08	0.09	0.12	0.20

For and on behalf of the Board of Directors of
Gammon Infrastructure Projects Limited

Kishor Kumar Mohanty
Managing Director
DIN: 00080498
Place: Mumbai
Date: June 13, 2018

GAMMON INFRASTRUCTURE PROJECTS LTD. MUMBAI

NAYAN PARIKH & CO. MUMBAI Chartered Accountants

Corporate Office : Orbit Plaza, 5th Floor, Plot No. 952/954, New Prabhadevi Road, Prabhadevi, Mumbai - 400 025, INDIA
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Website : www.gammoninfra.com • CIN : L45203MH2001PLC131728
Registered Office : Gammon House, Veer Savarkar Marg, Prabhadevi, Mumbai - 400 025. INDIA

GAMMON INFRASTRUCTURE PROJECTS LIMITED

Statement of Standalone Assets & Liabilities

(Rs in lacs)

Particulars	As at 31/03/2018 (Audited)	As at 31/03/2017 (Audited)
Assets		
Non Current Assets		
a) Property, Plant and Equipment	461.76	35.25
b) Financial Assets	-	-
(i) Investments in Subsidiaries , Joint Ventures and Associates	1,17,504.72	1,27,082.41
(ii)Trade Receivables	5,030.81	4,182.21
(iii) Loans and Advances	2,621.89	3,169.08
(iv) Other Financial Assets	8,073.91	8,023.59
c) Deferred Tax Assets, (Net)	2,473.53	2,020.75
d) Other Non Current Assets	1,250.57	1,972.99
Total Non Current Assets	**1,37,417.19**	**1,46,486.28**
Current Assets		
a) Inventories	-	-
b) Financial Assets		
(i) Investments	4,515.86	7,082.18
(ii) Trade receivables	105.54	2,329.54
(iii) Cash and cash equivalents	706.99	1,669.37
(iv) Bank balances	39.74	12.37
(v) Loans and Advances	75.00	-
(vi) Other Financial Assets	3,359.43	3,549.52
c) Other current assets	6,744.01	3,451.73
Total Current Assets	**15,546.57**	**18,094.71**
Total Assets	**1,52,963.76**	**1,64,580.99**
Equity and Liabilities		
Equity		
a) Equity Share Capital	18,917.64	18,917.64
b) Other Equity	74,351.25	73,218.39
Total Equity	**93,268.89**	**92,136.03**
Liabilities		
Non Current Liabilities		
a) Financial Liabilities		
(i) Borrowings	-	261.59
(ii) Other Financial Liabilities	100.00	100.00
b) Provisions	74.83	57.02
c) Other Non-Current Liabilities	9,118.10	23,025.03
Total Non Current Liabilties	**9,292.93**	**23,443.64**
Current Liabilities		
a)Financial Liabilities		
(i) Borrowings	3,522.31	3,619.29
(ii) Trade Payables	6,784.98	4,482.47
(iii) Other Financial Liabilities	13,054.53	12,570.77
b) Provisions	191.41	181.12
c) Liabilities for Current Tax (Net)	1,593.53	1,795.83
d) Other Current Liabilities	25,255.18	26,351.84
Total Current Liabilties	**50,401.94**	**49,001.32**
Total Equity and Liabilities	**1,52,963.76**	**1,64,580.99**

For and on behalf of the Board of Directors of
Gammon Infrastructure Projects Limited

Kishor Kumar Mohanty
Managing Director
DIN: 00080498
Place: Mumbai
Date: June 13, 2018

GAMMON INFRASTRUCTURE PROJECTS LTD. MUMBAI

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Notes:

1. The above Standalone Financial Results, as reviewed by the Audit Committee, were approved and taken on record by the Board of Directors in their meeting held on June 13, 2018.

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

3. The figures of the last quarter for the current year and for the previous year are the respective balancing figures between the audited figures of the full financial year ended March 31 and unaudited year to date figures upto the third quarter ended December 31 which were subjected to limited review.

4. Due to inadequacy of profits, Managerial remuneration amounting to Rs. 497.17 lacs for the period upto March 2017 was paid in excess of the limits specified under Schedule XIII of the Companies Act 1956 and Schedule V of the Companies Act 2013 wherever applicable. The Payment of Excess Managerial remuneration has been approved by the Nomination & Remuneration Committee, Board of Directors and also by the shareholders at the last Annual General Meetings held on 30th September, 2016 & 19th December,2017.

   The Company has made representation to the Ministry of Corporate Affairs (MCA) to reconsider its earlier decision wherein the applications made by the Company for approval for waiver of recovery of the said excess remuneration Rs. 388.45 lacs for the period upto March 2016 was rejected. For the balance amount of Rs. 108.72 lacs paid for the previous financial year ended 31st March, 2017 the Company has made an application to the Ministry of Corporate Affairs (MCA) for approval of the same. Pending these, no adjustments have been made to the financial statements for the remuneration.

   The Auditors have qualified their report on this matter as follows:

   "Attention is invited to note 4 to the Statement relating to the excess managerial remuneration paid of Rs. 497.17 lacs for the period upto March 2017 for the reasons detailed in the aforesaid note. The Company had once again submitted its representation to the Ministry to reconsider its decision and allow the waiver of recovery of the excess remuneration paid aggregating to Rs. 388.45 lacs for the period upto March 2016. If the Company's representation is not accepted then the Company would be required to recover the excess remuneration from the managerial personnel and to that extent the profit will be higher by an amount of Rs. 388.45 lacs. Pending the same no adjustments have been made to the financial results. Subject to the outcome of the representation made to the MCA, we are unable to ascertain the impact on profits on this account for the quarter and the year ended March 31, 2018. Similarly for the previous period ended March 31, 2017, the remuneration in excess of the limits computed under the provisions of Section 197 read with Schedule V to the Companies Act 2013 is Rs. 108.72 lacs for which the Company has made an application to the Ministry of Corporate Affairs (MCA) for approval of the same. Pending these approvals, no adjustments have been made to the financial results for the remuneration of the said period. This matter was qualified in the auditors' report dated June 18, 2017 on the financial statements for the year ended March 31, 2017 respectively."

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5. Vijayawada Gundugolanu Road Project Private Limited (SPV) had received termination notice from NHAI on 26th Aug 2016 and consequently NHAI took possession of the Toll Plazas at the Project Site on 27th August 2016. As a result of the Company's efforts and dialogues with top officials of NHAI and MORTH, NHAI has agreed to revoke the termination notice vide letter dated 16th Jan, 2017 and also agreed to handover of Toll plazas subject to completing financial closure and fulfilling other commitments as specified in the letter within the stipulated time frame. Pursuant to the requirements stipulated by NHAI, the SPV had entered into a binding agreement with a Strategic investor for a committed equity participation of 49% in the Project. However the SPV could not achieve financial closure and consequently its agreement with the Strategic investor was terminated. The SPV has finally made an application to NHAI for mutual exit from the Project vide letter dated September 08, 2017 with terms including return of bank guarantee and non-levy of any charges or claims by either parties. The decision of NHAI in response to the SPV's aforesaid letter of mutual exit is pending. No effects have been given in the financial statements of the SPV pending the decision of NHAI. The Auditors of the SPV have highlighted the going concern matter in the case of the SPV as in either case the entity would not be continuing the project and would be eventually wound up. In case the mutual exit proposal is accepted then the exposure of the Company is likely to be capped at Rs.7246.13 lacs as the Bank Guarantee would be released as requested by the Company in its letter dated 8th September 2017. In case the proposal is not accepted then the entire exposure of Rs. 15,666.13 lacs of the Company in the SPV needs to be tested for impairment. Accordingly, the decision of NHAI is more likely to have adverse impact on the Statement of Profit and Loss. No effects have been given in the financial statements of the SPV pending the decision of NHAI.

The Auditors have qualified their report on this matter as follows

"Attention is invited to Note no 5 to the Statement in respect of status of the Tolling Road Project in Andhra Pradesh where termination notice was received from NHAI on 26th August 2016 and consequently, NHAI took over possession of toll plaza. Based on the subsequent negotiation and discussion with NHAI, they agreed to revoke the termination notice vide its letter dated 16th January 2017, subject to completing of financial closure and fulfilling of other commitments specified in the letter within the stipulated timeframe. The Company could not fulfil the said conditions. Ultimately on 8th September 2017, the Company made an application to NHAI for mutual exit from the project. The decision of NHAI in response to the aforesaid letter of mutual exit is pending.

In case the mutual exit proposal is accepted then the exposure of the Company is likely to be capped at Rs.7246.13 lacs as the Bank Guarantee would be released as requested by the Company in its letter dated 8th September 2017. In case the proposal is not accepted then the entire exposure of Rs. 15,666.13 lacs of the Company in the SPV needs to be tested for impairment. Accordingly, the decision of NHAI is more likely to have adverse impact on the Statement of Profit and Loss. No effects have been given in the financial statements of the SPV pending the decision of NHAI. The Auditors of the SPV have, in their audit report on the financial statements of the SPV for the year ended on 31st March 2018, carried a paragraph on Material Uncertainty related to Going Concern. The decision of the NHAI is awaited for determining the possible impairment and giving necessary effects. Pending the decision of NHAI we are unable to quantify the impairment that would be required in the matter and consequent impact on the Standalone Financial Statements"

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6. The Company has defaulted in fulfilling its obligation under the one time settlement (OTS) with IFCI Limited. The Company was required to pay the entire outstanding by September 30, 2017. The Company has been unable to discharge the liability and has not been able to get further extension for the payment of the outstanding although it is actively engaged with IFCI Limited for the extension of the time period for the payment of the outstanding. In terms of the original arrangement, the benefits received under the one time settlement of Rs. 3,776.69 lacs is to be reversed. The management is hopeful of receiving the extension with non-reversal of the benefits of OTS. Pending that no adjustments have been made in these financial results. The Company has however provided interest at the rate of 11.50% p.a. as per the agreement. The interest payable on the outstanding amount before reversal of the aforesaid benefit as on balance sheet date is Rs 158.13 lacs

   The Auditors have qualified their report on this matter as follows:

   "Attention is invited to Note no 6, where the Company has defaulted in fulfilling its obligation under the one time settlement (OTS) with IFCI Limited. The Company was required to pay the entire outstanding by September 30, 2017. The Company has been unable to discharge the liability and has not been able to get further extension for the payment of the outstanding although it is actively engaged with IFCI Limited for obtaining the extension and/or non-reversal of the benefits of the OTS. In terms of the original arrangement, the benefits received under the one time settlement were to be reversed. Although the management is hopeful of obtaining the extension and / or non-reversal of the benefits of the OTS, pending the acceptance by IFCI Limited we are unable to state whether the Company has to account for the reversal of benefits of Rs. 3,776.69 lacs in its financial statements. The Company has however provided interest at the rate of 11.50% p.a. as per the agreement. The interest payable on the outstanding amount before reversal of the aforesaid benefit as on balance sheet date is Rs 158.13 lacs."

7. **Material Uncertainty related to Going Concern**
   The Company had divested some of its subsidiaries in the previous periods for a cash surplus, which reduced the current liability and current asset mismatch. However there is a continuing mismatch of cash flows including the dues to the subsidiary which are due for repayment pursuant to negotiation by March 31, 2019. Further various projects of the Company as stated in note 8 below are under stress and the outcome of the continuance of these projects would be dependent upon a favourable decision being received by the management on the litigations outstanding. In view of the matters detailed in note 8 and as aforesaid, there are material uncertainties which cast significant doubt on the ability of the Company to continue as a going concern.
   The auditors of the following SPVs have carried a separate paragraph on the Material Uncertainty related to Going Concern in its auditors report.
   Indira Container Terminal Private Limited
   Vijayawada Gundugolanu Road Projects Private Limited
   Rajahmundry Godavari Bridge Limited

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The management however is confident that the going concern assumption and the carrying values of the assets and liabilities in these Standalone Financial Results are appropriate. Accordingly the financial results do not include any adjustments that may result from these uncertainties.

8. In respect of the following projects / SPV of the Company there are legal issues, arbitration proceedings or negotiations with the grantor for which the management is taking necessary steps to resolve the matters. These issues are commonly encountered in the Infrastructure business and the management is confident of a favorable resolution in due course. The auditors in their review report have made an emphasis of matter on these matters.

   a. Bridge project at Cochin - the Greater Cochin Development Authority has sought to end the toll collection by unilaterally sealing the toll booth. The subsidiary has initiated arbitration / settlement. The Company has also in parallel filed a writ in the matter before the Hon'ble Kerala High Court for specific performance. However Government of Kerala approached the Hon'ble High Court for further extension of time and the Court granted extension to settle the matter subsequent to which Company has filled amended plaint. The said SPV pursuant to court proceedings filed a fresh writ for recovery of dues. The bankers of the said SPV have initiated action under SARFAESI Act and have taken symbolic possession of the property of the SPV. They have also initiated proceedings under DRT against which the Company is taking necessary legal steps. The SPV has filed for keeping the proceedings on hold sine die till the disposal of the matter before the Hon'ble Kerala High Court. The Company has in parallel applied for a One time settlement of dues to its lenders which is under consideration of their respective competent authorities for approval and implementation. Exposure of the Company in the SPV is Rs. 2,856.96 lacs (funded and non-funded).

   b. Hydro power project at Himachal Pradesh - the project is stalled due to local agitation relating to environment issues. The matter with State Government is under active negotiation to restart the project or reimburse the costs incurred. The Company has invoked arbitration on 19.02.2018 but is yet to receive the nomination of arbitrators from GOHP. The Company has received letter from GOHP to discuss the matter mutually towards amicable resolution. The management is hopeful of an early settlement in the matter and is confident of recovering the amount of exposure. The exposure of the Company in the SPV is Rs. 7,119.23 lacs.

   c. Container terminal at Mumbai –The project was delayed due to non-fulfilment of certain conditions by the Mumbai Port Trust. This has resulted in the SPV incurring losses and default in repayment of debt obligation. The matter with the MBPT was under active discussions for resolving the outstanding issues and the Project being re-organized with change in Cargo Mix (i.e. all Clean cargo including containers). Pursuant to detailed negotiation with MBPT on the concession agreement for the Offshore Container Terminal, the parties have agreed in principle to enter into a joint supplementary agreement between Board of Trustees of MBPT, SPV and the lenders. The draft supplementary agreement is subject to clearance from the Ministry of Shipping, Government of India. The project is proposed for re-bid and the draft agreement provides for a mix of cargo of containers, steel and RORO. The SPV has a Right Of First Refusal (ROFR) to match the winning bid within a pre-defined margin. The draft agreement also provides for waiver of Outstanding Interest. The management has during the current financial year acquired further

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stake from the JV partner and has obtained control over the JV. It currently holds 74% of the equity of the SPV Company. The RORO (Roll On Roll Off) operation which was allowed by MBPT as an alternate use of the two berths is continuing. However the same is inadequate for repayment of principal and interest of the lenders. There exists material uncertainty relating to the rebid fructifying in favour of the SPV. The auditors of the SPV have highlighted the material uncertainty regards going concern issue. In case the management is unable to match the bid and win the contract, the cash flows would be sufficient to pay its debts as well as exposure of the Holding Company. However the Company will not continue in the said case and would be eventually wound up. The management is hopeful that it will successfully match the bid and win the concession and continue to operate the facility, which would be operationally viable under the revised terms. The exposure of the Company in the SPV is Rs. 13,831.00 lacs (funded and non-funded).

d. The actual toll collections of the tolling bridge project at Rajahmundry Godavari Bridge across river Godavari are significantly lower than the forecasted revenue at the time of bid, resulting in inadequate cash flow to meet the debt / Interest servicing obligations of the Lenders. Consequently, the debt facility has been classified as a Non-Performing Asset (NPA) by the Lenders. The Company had earlier submitted a proposal under the Scheme for Sustainable Structuring of Stressed Assets (S4A) to the Lenders, which was cleared by the Lenders for approval of the Overseeing Committee (OC) set up by the Indian Banking Association (IBA), in consultation with the Reserve Bank of India (RBI). The Company provided its response to the observations of the Lenders and the OC on the S4A proposal and was awaiting the OC/lenders' approval. In the interim, RBI vide its circular dated 12th February 2018, discontinued with immediate effect all restructuring schemes for stressed assets (including S4A). As per this circular, all schemes, including S4A which have been invoked but not implemented, shall be governed by the new circular. Thus the restructuring proposal by the Company is no longer being pursued by the Lenders.

   Subsequently the Company has issued a cure period notice to Andhra Pradesh Road Development Corporation (APRDC or the Client) on 26th February 2018 under clause 37.2.1 of the Concession Agreement to cure the breaches of APRDC which includes provision of Revenue shortfall loan along with other mentioned breaches. In the event that the client is unable to correct the breaches in the project, the management would need to decide on the ability to continue or terminate the agreement. Management discussion is currently underway with APRDC. The Company is hopeful that the breaches would be cured by the Client and the Company would be able to continue to operate the Project. The Management estimates the revenue from the project would meet the levels as forecasted post cure of defaults and thus would make the project viable. In addition, the management also estimates reduction of the operating & finance costs. In the event of termination, the Company is confident of recovery of compensation / Payment of outstanding dues to Lenders from the client in terms of the Concession Agreement.

   Pending disposal of the matter by APRDC, there exists material uncertainty with respect to the future of the Project and that cast significant doubt on the Company's ability to continue as a going concern. The auditors of the SPV have highlighted the material uncertainty regards to going concern issue in their audit report.

   However, based on the on-going discussions with the client, the Company is hopeful that breaches would be cured and the Company will continue to operate the Project. The Management is also of

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the opinion that the Project will be viable post cure of defaults and on optimising the operating and finance costs and improved traffic / revenue due to major infrastructure development proposed by the State Government around the Project route.
In view of above, no impairment of assets has been accounted as per Ind AS 36 in the hands of the SPV or towards the Investment by the Company in the SPV. In the event, the breaches are not cured by the client as envisaged by the management, the Company would be required to reassess the ability of the SPV to continue as a going concern. The exposure of the Company to the SPV is Rs. 95,578.24 lacs (funded and non-funded)

e. In respect of an Annuity Road project : The project has obtained pre-COD on September 1, 2016. In respect of the project on annuity basis of the Company, has recorded the project in accordance with the requirement of Appendix A to Ind AS 11, titled "Service Concession Arrangement" with retrospective period in accordance with the requirements of Ind AS 101- First Time Adoption. Accordingly, the Company has recognized "Trade Receivables" being financial asset. The Company will have cost overrun on account of issue beyond the scope of the Company and attributable to the Grantor. This will not result in any changes in the Annuity from the grantor. Based on certification of delay period attributable to the Grantor certified by the Independent Engineer, the Company expects a sizeable claim on this amount and has obtained legal support for the validity of its claim from an Independent Expert on claim and litigation. However this amount has been treated separately as receivable from the Grantor. The Company had also applied to the lenders for 5/25 flexible Structuring Scheme. However, in view of the RBI vide its circular dated 12th February 2018, the application became infructuous.
During the year, the management, although having a valid claim for compensation, supported by Independent Engineer's assessment, has decided to account the finance income under the annuity model on the basis of the original plan. No finance income is accounted on such cost overrun in the annuity model on a conservative basis till the final decision of the realisability is settled pursuant to arbitration and other legal proceedings.
The exposure of the Company to the SPV is Rs 1,30,254.07 lacs (funded and non funded).

f. The Company has incorporated a SPV for developing Rangit II Hydroelectric Power Project in Sikkim on BOOT basis. The project involves the development of a 66 MW run-of-the-river Hydroelectric Power Project on Rimbi River, a tributary of River Rangit. Concession period for the project is 35 years from the date of COD. The project cost is estimated to be Rs 496 Crores. Though the project has received all major clearances and approvals including environmental clearances from MoEF and all major contracts for the project have been awarded, Power purchase agreement is yet to be signed. Over a period of time, the scenario in power sector changed substantially and in absence of financial closure, funding of the Project has been a major issue leading to frequent stoppages of work. The Proposed Hydro power Policy is eagerly awaited which will hopefully bring more opportunity in this sector. The Company is hopeful that power purchase agreement would be signed under the new policy which will also enable the financial closure to be done. Policy initiatives taken by the Government to address key concern facing the power sector will enable the sector to keep pace with the growing demand. The Management is of the view that the present situation in power business is temporary and does not foresee any need for impairment. The exposure of the Company in the SPV is Rs. 9,622.91 lacs.

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9. Other Financial Assets includes Rs 1,514.01 lacs due from Western Coalfields Limited on account of wrongful encashment of bank guarantee against which the Company has filed a suit for Recovery of damages. During the quarter ended September 2017, Western Coalfields Limited (WCL) had encashed Bank Guarantee amounting Rs 1,514.01 lacs given in favour of Aparna Infraenergy India Private Limited (one of the SPV's sold to BIF India Holding Pte ltd on February 29, 2016) towards the coal linkages to be granted by WCL. Subsequent to the encashment, Company has filed an application for converting earlier injunction application to suit for recovery of damages. The Company has sought a legal opinion in this matter and has been advised that it has a good case of recovery. The management is hopeful of getting favourable decision on the matter and recovery of damages based on legal advice on the matter. Pending the outcome, the Company has shown guarantee encashment amount as receivable from Western Coal Fields and not debited the same to the statement of profit and loss for the year ended March 31, 2018.

10. The Exceptional items of the previous reported periods includes the following :

Particulars	For the quarter & year ended March 17
	(Rs in lacs)
Project Claim received	241.00
Total	241.00

11. The Company's operations constitute a single segment namely "Infrastructure Development" as per IND AS 108 - Operating Segments. Further, the Company's operations are within single geographical segment, which is India.

12. Figures for previous year have been regrouped / reclassified wherever necessary to conform to the current year presentation.

For Gammon Infrastructure Projects Limited

Kishor Kumar Mohanty
Managing Director
DIN: 00080498
Place: Mumbai.
Date: June 13, 2018

NAYAN PARIKH & CO.
(REGISTERED)
CHARTERED ACCOUNTANTS
OFFICE NO. 9, 2ND FLOOR, JAIN CHAMBERS, 577, S.V. ROAD, BANDRA (WEST), MUMBAI 400050, INDIA.
PHONE : (91-22) 2640 0358, 2640 0359

Auditor's Report on Standalone Financial Results of the Company Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

To
The Board of Directors
Gammon Infrastructure Projects Limited,
Mumbai.

1. We have audited the Standalone Financial Results of Gammon Infrastructure Projects Limited ("the Company") for the year ended March 31, 2018, attached herewith ("Statement"), being submitted by the company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with Circular No. CIR/CFD/FAC/62/2016 dated July 5, 2016. The quarterly Standalone Financial Results are the derived figures between the audited figures in respect of the year ended March 31, 2018 and the year-to-date figures up to December 31, 2017, being the date of the end of the third quarter of the current financial year, which were subjected to limited review.

2. The Standalone Financial Results for the quarter ended March 31, 2018 have been prepared on the basis of the financial results for the nine-month period ended December 31, 2017, the audited Annual Financial Statements as at and for the year ended March 31, 2018, and the relevant requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and are the responsibility of Company's management and have been approved by the Board of Directors of the Company. Our responsibility is to express an opinion on these financial results based on our review of the financial results for the nine-month period ended December 31, 2017 which was prepared in accordance with the recognition and measurement principles laid down in Companies (Indian Accounting Standards) Regulation, 2015 specified under Section 133 of the Companies Act, 2013 and other accounting principles generally accepted in India; our audit of the annual financial statements as at and for the year ended March 31, 2018; and the relevant requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

NAYAN PARIKH & CO.
MUMBAI
Chartered Accountants

NAYAN PARIKH & CO.
(REGISTERED)
CHARTERED ACCOUNTANTS
OFFICE NO. 9, 2ND FLOOR, JAIN CHAMBERS, 577, S.V. ROAD, BANDRA (WEST), MUMBAI 400050, INDIA.
PHONE : (91-22) 2640 0358, 2640 0359

4. Basis of Qualified Opinion

(a) *Attention is invited to note 4 of the Statement relating to the excess managerial remuneration paid of Rs. 497.17 lacs for the period upto March 2017 for the reasons detailed in the aforesaid note. The Company had once again submitted its representation to the Ministry to reconsider its decision and allow the waiver of recovery of the excess remuneration paid aggregating to Rs. 388.45 lacs for the period upto March 2016. If the Company's representation is not accepted then the company would be required to recover the excess remuneration from the managerial personnel and to that extent the profit will be higher by an amount of Rs. 388.45 lacs. Pending the same no adjustments have been made to the financial results. Subject to the outcome of the representation made to the MCA, we are unable to ascertain the impact on profits on this account for the quarter and the year ended March 31, 2018. Similarly for the previous period ended March 31, 2017, the remuneration in excess of the limits computed under the provisions of Section 197 read with Schedule V to the Companies Act 2013 is Rs. 108.72 lacs for which the Company has made an application to the MCA for approval of the same. Pending these approvals, no adjustments have been made to the financial results for the remuneration of the said period. This matter was qualified in the auditors' report dated June 18, 2017 by the previous auditors' on the financial statements for the year ended March 31, 2017*

(b) *Attention is invited to Note no 5 of the Statement in respect of status of the Tolling Road Project in Andhra Pradesh where termination notice was received from NHAI on 26th August 2016 and consequently, NHAI took over possession of toll plaza. Based on the subsequent negotiation and discussion with NHAI, they agreed to revoke the termination notice vide its letter dated 16th January 2017, subject to completing of financial closure and fulfilling of other commitments specified in the letter within the stipulated timeframe. The Company could not fulfil the said conditions. Ultimately on 8th September 2017, the Company made an application to NHAI for mutual exit from the project. The decision of NHAI in response to the aforesaid letter of mutual exit is pending.*
In case the mutual exit proposal is accepted then the exposure of the Company is likely to be capped at Rs.7246.13 lacs as the Bank Guarantee would be released as requested by the Company in its letter dated 8th September 2017. In case the proposal is not accepted then the entire exposure of Rs. 15,666.13 lacs of the Company in the SPV needs to be tested for impairment. Accordingly, the decision of NHAI is more likely to have adverse impact on the Statement of Profit and Loss. No effects have been given in the financial statements of the SPV pending the decision of NHAI. The Auditors of the SPV have, in their audit report on the financial statements of the SPV for the year ended on 31st March 2018, carried a paragraph on Material Uncertainty related to Going Concern. The decision of the NHAI is awaited for determining the possible impairment and giving necessary effects. Pending the decision of NHAI we are unable to quantify the impairment that would be

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required in the matter and consequent impact on the Standalone Financial Statements.

(c) Attention is invited to Note no. 6 to the Statement, where the Company has defaulted in fulfilling its obligation under the one time settlement (OTS) with IFCI Limited. The Company was required to pay the entire outstanding by September 30, 2017. The Company has been unable to discharge the liability and has not been able to get further extension for the payment of the outstanding although it is actively engaged with IFCI Limited for obtaining the extension and/or non-reversal of the benefits of the OTS. In terms of the original arrangement, the benefits received under the one time settlement were to be reversed. Although the management is hopeful of obtaining the extension and / or non-reversal of the benefits of the OTS, pending the acceptance by IFCI Limited we are unable to state whether the Company has to account for the reversal of benefits of Rs. 3,776.69 lacs in its financial statements. The company has however provided interest at the rate of 11.50% p.a. as per the agreement. The interest payable on the outstanding amount before reversal of the aforesaid benefit as on balance sheet date is Rs 158.13 lacs.

5. Qualified Opinion

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

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

(ii) give a true and fair view of the net profit, total comprehensive income and other financial information for the quarter ended March 31, 2018 and for the year ended March 31, 2018.

6. Material Uncertainty relating to Going Concern.

We invite attention to Note 7 of the Statement, wherein the Company has stated that as of that date the Company's current liabilities exceeded current assets resulting in continued mismatch despite the sale of some of the SPVs in the previous periods. There is therefore a continuing mismatch including defaults in payment of its financial obligations. The management is taking active steps to tide over the present situations for which based on detailed evaluation of the current situation plans are formulated and active discussions are underway with various stakeholders. These conditions, along with matters arising out of pending conclusions of decisions in respect of some of the SPVS set forth in the Note 8 of the Statement and the fact of the Auditors' Report of some of the SPV carrying a separate paragraph on Material Uncertainty related to Going Concern

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as mentioned in Note 7 of the Statement, indicate the existence of significant uncertainty over the cash flows expected and the Company's ability to continue as a going concern. Our report is not qualified on this matter.

7. Emphasis of Matter

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

a) We invite attention to Note 8(a) of the Statement, regarding unilateral termination and closure of Concessions in a bridge project, which is subject to pending litigations/arbitrations at various forums, which may impact the carrying values of investments and loans and advances given to the subsidiary. The Company's exposure towards the said project (funded and non-funded) is Rs.2,856.96 lacs. Pending conclusion on these legal matters, no adjustments have been made in the financial statements.

b) We invite attention to Note 8(b) of the Statement, in relation to intention to exit one of the hydro power projects at Himachal Pradesh and seeking a claim of an amount against the amount spent on the project. The Company's subsidiary has cited reasons for non-continuance on account of reasons beyond its control. The subsidiary is negotiating with its client for an amicable settlement on beneficial terms and has also invoked arbitration. The Company's exposure towards the said project includes investment and loans and advances of Rs. 7,119.23 lacs. Pending conclusion between the parties, no adjustments have been made in the financial statements.

c) We invite attention to Note 8(c) of the Statement, in connection with an amount invested (including deposits and advances given) in the subsidiary of Rs. 13,831.00 lacs (funded and non-funded). As mentioned in the said note a draft supplementary agreement has been discussed between the parties under which the project would go for a re-bid and the SPV has a Right Of First Offer. The management is hopeful that it will successfully match the bid and win the concession and continue to operate the facility, which would be operationally viable under the revised terms. The management has during the year acquired further stake from the JV partner and has obtained control over the SPV and holds 74% of the equity of the SPV Company. The auditors of the SPV have included a separate paragraph on Material Uncertainty related to Going Concern. Pending execution of the supplementary agreement and the conclusion of the Re-bid, no adjustments have been made in the financial statements.

d) We invite attention to Note 8(d) of the Statement, in respect of a tolling bridge project in Andhra Pradesh where the monthly toll collections are not sufficient to pay the interest and the resultant defaults in the loan repayment resulting in the facility being marked NPA. The SPV had earlier submitted a proposal under the Scheme for Sustainable Structuring of Stressed Assets (S4A) to the Lenders, which was cleared

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by the Lenders for approval of the Overseeing Committee (OC) set up by the Indian Banking Association (IBA), in consultation with the Reserve Bank of India (RBI). The SPV provided its response to the observations of the Lenders and the OC on the S4A proposal and was awaiting the OC/lenders' approval. In the interim, RBI vide its circular dated 12th February 2018, discontinued with immediate effect all restructuring schemes for stressed assets (including S4A). As per this circular, all schemes, including S4A which have been invoked but not implemented, shall be governed by the new circular. Thus the restructuring proposal proposed by the Company is no longer being pursued by the Lenders. Subsequently the Company has issued a cure period notice to Andhra Pradesh Road Development Corporation (APRDC or the Client) on 26th February 2018 under clause 37.2.1 of the Concession Agreement to cure the breaches of APRDC which includes provision of Revenue shortfall loan along with other mentioned breaches. Pending receipt of the response to the notice for cure period, no adjustments have been made in the financial statements. The auditors of the SPV have included a separate paragraph on Material Uncertainty related to Going Concern on the matter. The Company's exposure towards the project/SPV is Rs. 95,578.24 lacs (funded and non-funded).

e) We invite attention to Note 8(e) of the Statement, an annuity project of the Company where the SPV has accounted for the asset as a financial asset. The SPV will have cost overrun on account of issue beyond the scope of the SPV and attributable to the Grantor. This will not result in any changes in the Annuity from the grantor. However this amount would be treated separately as receivable from the Grantor based on certification of delay period attributable to the Grantor certified by the Independent Engineer. The SPV expects a sizeable claim on this amount and has obtained legal support for the validity of its claim from an Independent Expert on claim and litigation. The SPV had also separately applied to the lenders for Scheme for 5:25 Flexible Structuring Scheme for which sanction from two banks among consortium members had been received and sanction from rest bankers were expected in near future. However, in view of the RBI circular dated 12th February 2018, all restructuring schemes for stressed assets (including 5/25 Flexible Structuring Scheme) have been discontinued and the application became infructuous. The management contends that in view of the strong case it has on the claim matter as aforesaid there will be no impairment necessary towards the financial asset or towards the investment of the Company. The exposure of the Company in the SPV is Rs. 1,30,254.07 lacs including non-fund exposure. Pending conclusions no adjustments have been made in the financial statements.

f) We invite attention to Note 9 of the Statement, wherein during the year, Western Coalfields Limited (WCF) had encashed Bank Guarantee amounting Rs 1,514.01 lacs given in favour of Aparna Infraenergy India Private Limited (one of the SPV's sold to BIF India Holding Pte ltd on February 29, 2016). Subsequent to encashment Company has filed an application for converting earlier injunction application to suit for recovery of damages. The management is hopeful of getting favourable decision on the matter and recovery of damages based on legal advice on the matter.

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Pending the outcome, the Company has shown guarantee encashment amount as receivable from Western Coal Fields and not debited the same to the statement of profit and loss for the year ended March 31, 2018.

g) We invite attention to Note no 8(f) relating to the Hydropower project in Sikkim. As detailed in the note there are various factors affecting the progress of the project. The management, as detailed in the note, is confident that it will be able to pursue the project viably and does not foresee any need for impairment. Considering the assertion of the management no adjustments have been made towards any possible impairment. The exposure of the Company in the SPV is Rs. 9,622.91 lacs.

8. The comparative financial information of the Company for the quarter ended and the year ended March 31, 2017 prepared in accordance with Ind AS included in this statement have been audited by the predecessor auditor. The report of the predecessor auditor on these comparative financial information dated June 18, 2017 expressed a modified opinion.

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

K.N. P

NAYAN PARIKH & CO. MUMBAI Chartered Accountants

K N Padmanabhan
Partner
M. No. 36410
Mumbai, Dated: - June 13, 2018

ANNEXURE I

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

Statement on Impact of Audit Qualifications for the Financial Year ended March 31, 2018
[See Regulation 33 / 52 of the SEBI (LODR) (Amendment) Regulations, 2016]

I.	Sr. no.	Particulars	Audited Figures (as reported before adjusting for qualifications)	Adjusted Figures (audited figures after adjusting for qualifications)
	1	Turnover / Total income	17,669.38	17,669.38
	2	Total Expenditure	16,524.90	16,524.90
	3	Net Profit / (Loss)	1144.47	1144.47
	4	Earnings Per Share	0.12	0.12
	5	Total Assets	1,52,963.76	1,52,963.76
	6	Total Liabilities	59,694.87	59,694.87
	7	Net Worth	93,268.89	93,268.89
	8	Any other financial item(s) (as felt appropriate by the management)	-	-

II. Audit Qualification (each audit qualification separately):

1\. a. **Details of Audit Qualification:** Attention is invited to note 4 to the Statement relating to the excess managerial remuneration paid of Rs. 497.17 lacs for the period upto March 2017 for the reasons detailed in the aforesaid note. The Company had once again submitted its representation to the Ministry to reconsider its decision and allow the waiver of recovery of the excess remuneration paid aggregating to Rs. 388.45 lacs for the period upto March 2016. If the Company's representation is not accepted then the company would be required to recover the excess remuneration from the managerial personnel and to that extent the profit will be higher by an amount of Rs. 388.45 lacs. Pending the same no adjustments have been made to the financial results. Subject to the outcome of the representation made to the MCA, we are unable to ascertain the impact on profits on this account for the quarter and the year ended March 31, 2018. Similarly for the previous period ended March 31, 2017, the remuneration in excess of the limits computed under the provisions of Section 197 read with Schedule V to the Companies Act 2013 is Rs. 108.72 lacs for which the Company has made an application to the Ministry of Corporate Affairs (MCA) for approval of the same. Pending these approvals, no adjustments have been made to the financial results for the remuneration of the said period. This matter was qualified in the auditors' report dated June 18, 2017 on the financial statements for the year ended March 31, 2017 respectively.

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

c. **Frequency of qualification:** appeared in annual financial statements for the year ended 31st March 2018, 31st March 2017 & 31st March 2016 and also in the limited review reports of the intervening quarters.

d. **For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views: Not Applicable**

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

(i) **Management's estimation on the impact of audit qualification:** The Company has made representation to the Ministry of Corporate Affairs (MCA) to reconsider its earlier decision wherein the applications made by the Company for approval for

	waiver of recovery of the said excess remuneration Rs. 388.45 lacs for the period upto March 2016 was rejected. For the balance amount of Rs. 108.72 lacs paid for the previous financial year ended 31st March, 2017 the Company has made an application to the Ministry of Corporate Affairs (MCA) for approval of the same. The Management expects that the approval will be granted.
	(ii) **If management is unable to estimate the impact, reasons for the same:** Not applicable
	(iii) **Auditors' Comments on (i) or (ii) above:** In absence of indication of the MCA decision, we are unable to comment.
2.	a. **Details of Audit Qualification:** Attention is invited to Note no 5 to the Statement in respect of status of the Tolling Road Project in Andhra Pradesh where termination notice was received from NHAI on 26th August 2016 and consequently, NHAI took over possession of toll plaza. Based on the subsequent negotiation and discussion with NHAI, they agreed to revoke the termination notice vide its letter dated 16th January 2017, subject to completing of financial closure and fulfilling of other commitments specified in the letter within the stipulated timeframe. The Company could not fulfil the said conditions. Ultimately on 8th September 2017, the Company made an application to NHAI for mutual exit from the project. The decision of NHAI in response to the aforesaid letter of mutual exit is pending. In case the mutual exit proposal is accepted then the exposure of the Company is likely to be capped at Rs.7,246.13 lacs as the Bank Guarantee would be released as requested by the Company in its letter dated 8th September 2017. In case the proposal is not accepted then the entire exposure of Rs. 15,666.13 lacs of the Company in the SPV needs to be tested for impairment. Accordingly, the decision of NHAI is more likely to have adverse impact on the Statement of Profit and Loss. No effects have been given in the financial statements of the SPV pending the decision of NHAI. The Auditors of the SPV have, in their audit report on the financial statements of the SPV for the year ended on 31st March 2018, carried a paragraph on Material Uncertainty related to Going Concern. The decision of the NHAI is awaited for determining the possible impairment and giving necessary effects. Pending the decision of NHAI we are unable to quantify the impairment that would be required in the matter and consequent impact on the Standalone Financial Statements.
	b. **Type of Audit Qualification:** Qualified Opinion
	c. **Frequency of qualification:** appeared in annual financial statements for the year ended 31st March 2018. Auditors had also qualified their review report during quarter ended September 2017 & December 2017
	d. **For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views: Not Applicable**
	e. **For Audit Qualification(s) where the impact is not quantified by the auditor:**
	(i) Management's estimation on the impact of audit qualification: The Company has given letter for mutual exit wherein acceptance of the same is pending. Till the decision of the NHAI is received it will not be possible to estimate the possible impairment and hence pending approval no impact has been given in financial results.
	(ii) If management is unable to estimate the impact, reasons for the same: Not applicable
	(iii) Auditors' Comments on (i) or (ii) above: Pending the decision of NHAI we are unable to quantify the impairment that would be required in the matter and consequent impact on the Standalone Financial Statements.
3.	a. **Details of Audit Qualification:** Attention is invited to Note no 6, where the Company has defaulted in fulfilling its obligation under the one time settlement (OTS) with IFCI Limited. The Company was required to pay the entire outstanding by September 30, 2017. The Company has been unable to discharge the liability and has not been able to get further

	extension for the payment of the outstanding although it is actively engaged with IFCI Limited for obtaining the extension and/or non-reversal of the benefits of the OTS. In terms of the original arrangement, the benefits received under the one time settlement were to be reversed. Although the management is hopeful of obtaining the extension and / or non-reversal of the benefits of the OTS, pending the acceptance by IFCI Limited we are unable to state whether the Company has to account for the reversal of benefits of Rs. 3,776.69 lacs in its financial statements. The company has however provided interest at the rate of 11.50% p.a. as per the agreement. The interest payable on the outstanding amount before reversal of the aforesaid benefit as on balance sheet date is Rs 158.13 lacs.
	b. **Type of Audit Qualification:** Qualified Opinion
	c. **Frequency of qualification:** appeared in annual financial statements for the year ended 31st March 2018. Auditors had also qualified their review report during quarter ended September 2017 & December 2017.
	d. **For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views: Not applicable**
	e. **For Audit Qualification(s) where the impact is not quantified by the auditor:**
	(i) Management's estimation on the impact of audit qualification: The management is hopeful of obtaining the extension and / or non-reversal of the benefits of the OTS. Therefore no effects have been given for the reversal of benefits..
	(ii) If management is unable to estimate the impact, reasons for the same: Not applicable
	(iii) Auditors' Comments on (i) or (ii) above: pending the acceptance by IFCI Limited we are unable to state whether the Company has to account for the reversal of benefits of Rs. 3,776.69 lacs in its financial statements.

Signatories:	
Mr. Kishor Kumar Mohanty Managing Director	
Mr. Naresh Sasanwar CFO	
Mr. Sushil Tripathi Chairman of the Audit Committee	
For Nayan Parikh & Co. Chartered Accountants Firm Regn no.: 107023W Mr. K.N. Padmanabhan Partner M. no. 040441	NAYAN PARIKH & CO. MUMBAI Chartered Accountants
Place: Mumbai	
Date: June 13, 2018	

GAMMON INFRASTRUCTURE PROJECTS LIMITED

CONSOLIDATED STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED MARCH 31, 2018

(Rs in lacs)

	Particulars	2017-18 Audited	2016-17 Audited
I	**Revenue from Operations**	62,474.27	66,300.11
II	**Other Income:**	1,827.61	2,239.38
III	**Total Income (I +II)**	**64,301.88**	**68,539.49**
IV	**Expenses:**		
	Project expenses	27,971.19	31,438.27
	Purchase of traded goods	144.20	-
	Changes in inventory	2,289.55	2,600.98
	Employee benefit expenses	2,206.53	1,932.18
	Depreciation & amortization	8,724.22	4,951.03
	Finance Costs	33,992.90	30,917.64
	Other expenses	5,419.71	3,828.42
	Total Expenditure	**80,748.30**	**75,668.53**
V	**Profit / (Loss) before share of profit / (loss) of an associate / a joint venture and exceptional Items (III-IV)**	(16,446.42)	(7,129.04)
VI	Share of profit / (loss) of an associate and joint venture	-	(2,561.43)
VII	**Profit / (Loss) before exceptional Item and tax (V+VI)**	**(16,446.42)**	**(9,690.47)**
VIII	Exceptional items Income / (Expense)	(520.00)	241.00
IX	**Profit /(loss) before tax (VII+VIII)**	(16,966.42)	(9,449.47)
X	**Tax expenses**		
	Current Tax	1,315.64	582.45
	Short Provision for Tax	633.84	-
	Deferred Tax Liability / (asset)	(362.09)	2,122.13
	Total tax expenses	**1,587.39**	**2,704.58**
XI	**Profit/(Loss) for the period**	**(18,553.81)**	**(12,154.05)**
XII	**Other Comprehensive Income**		
	Remeasurement of defined benefit plans	(14.51)	6.34
	Tax impact thereon	2.87	(2.81)
	Other comprehensive income /(loss) for the period	**(11.64)**	**3.53**
XIII	**Total Comprehensive income/(loss) for the period (XI+XII)**	**(18,565.45)**	**(12,150.52)**
	Profit/(Loss) attributable to:		
	Owners of the Company	(14,567.53)	(10,405.95)
	Non-Controlling Interest	(3,986.28)	(1,748.10)
	Other Comprehensive Income attributable to:		
	Owners of the Company	(11.98)	3.53
	Non-Controlling Interest	0.34	-
	Earnings per equity share [nominal value of share Rs. 2/-]		
	Basic	(1.55)	(1.10)
	Diluted	(1.55)	(1.10)

For and on behalf of the Board of Directors of
Gammon Infrastructure Projects Limited

Kishor Kumar Mohanty
Managing Director
DIN: 00080498
Place: Mumbai
Date: June 13, 2018

Corporate Office : Orbit Plaza, 5th Floor, Plot No. 952/954, New Prabhadevi Road, Prabhadevi, Mumbai - 400 025, INDIA
Tel. : 91 - 22 - 6748 7200 • Fax : 91 - 22 - 6748 7201 • E-mail : info@gammoninfra.com
Website : www.gammoninfra.com • CIN : L45203MH2001PLC131728
Registered Office : Gammon House, Veer Savarkar Marg, Prabhadevi, Mumbai - 400 025. INDIA

GAMMON INFRASTRUCTURE PROJECTS LIMITED

Consolidated Statement of Assets and Liabilities

(Rs.in Lacs)

Particulars	As at 31-Mar-18 (Audited)	As at 31-Mar-17 (Audited)
Assets		
Non Current Assets		
a) Property, Plant and Equipment	23,800.18	24,605.50
b) Capital work-in-progress	8,957.91	8,540.77
c) Goodwill on Consolidation	4,533.79	3,274.42
d) Other Intangible assets	2,58,602.43	1,91,809.17
e) Intangible assets under development	91,974.52	72,341.79
f) Financial Assets		
(i) Investment in Joint Venture/Associate	0.50	3,677.09
(ii) Trade Receivables	1,06,047.70	1,00,396.79
(iii) Loans and advances	417.56	294.43
(iv) Other financial asset	9,554.85	9,473.59
g) Deferred Tax Assets (Net)	3,819.74	2,797.61
h) Other Non-current assets	7,683.48	6,439.87
Total Non-Current Assets	**5,15,392.66**	**4,23,651.03**
Current Assets		
a) Inventories	658.01	1,280.66
b) Financial Assets		
(i) Investments	4,515.86	14,738.80
(ii) Trade receivables	27,981.41	35,831.09
(iii) Cash and cash equivalents	5,008.87	3,018.87
(iv) Bank balances	39.74	12.37
(v) Loans and Advances	372.66	5,150.01
(vi) Other Financial Assets	2,841.23	2,153.00
c) Other current assets	8,863.39	5,223.69
Total Current Assets	**50,281.17**	**67,408.49**
Total Assets	**5,65,673.83**	**4,91,059.52**
Equity and Liabilities		
Equity		
a) Equity Share Capital	18,917.64	18,917.64
b) Other Equity	31,925.45	46,374.68
Equity attributable to equity share holders of parent	50,843.09	65,292.32
c) Non-Controlling Interest	1,428.85	4,943.04
Total Equity	**52,271.94**	**70,235.36**
Liabilities		
Non Current Liabilities		
a) Financial Liabilities		
(i) Borrowings	2,41,960.30	2,54,988.60
(ii) Other Financial Liabilities	74,375.76	74,475.76
b) Provisions	3,467.71	2,110.27
c) Deferred Tax Liabilities (Net)	6,366.32	5,709.43
d) Other Non-Current Liabilities	46,075.93	39,762.30
Total Non Current Liabilities	**3,72,246.02**	**3,77,046.36**
Current Liabilities		
a)Financial Liabilities		
(i) Borrowings	7,653.16	7,121.40
(ii) Trade Payables	20,422.72	11,181.69
(iii) Other Financial Liabilities	1,08,858.35	21,447.88
b) Provisions	382.65	236.00
c) Liabilities for Current Tax (Net)	1,743.90	1,847.57
d) Other Current Liabilities	2,095.13	1,943.26
Total Current Liabilities	**1,41,155.91**	**43,777.80**
Total Equity and Liabilities	**5,65,673.83**	**4,91,059.52**

For and on behalf of the Board of Directors of
Gammon Infrastructure Projects Limited

Kishor Kumar Mohanty
Managing Director
DIN: 00080498
Place: Mumbai
Date: June 13, 2018

GAMMON INFRASTRUCTURE PROJECTS LTD. MUMBAI

NAYAN PARIKH & CO. MUMBAI Chartered Accountants

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Website : www.gammoninfra.com • CIN : L45203MH2001PLC131728
Registered Office : Gammon House, Veer Savarkar Marg, Prabhadevi, Mumbai - 400 025. INDIA

Notes:

1. The above audited Consolidated Financial Results, as reviewed by the Audit Committee, were approved and taken on record by the Board of Directors in their meeting held on June 13, 2018.

2. The Consolidated Financial Statements relate to Gammon Infrastructure Projects Limited and its Subsidiaries (the Group), Joint Ventures and Associates. The Consolidated financial statements have been prepared in accordance with the Companies (Indian Accounting Standards) Regulations, 2015 specified under Section 133 of the Companies Act, 2013, read with relevant Rules thereon and other accounting principles generally accepted in India.

3. Due to inadequacy of profits, Managerial remuneration amounting to Rs. 497.17 lacs for the period upto March 2017 was paid in excess of the limits specified under Schedule XIII of the Companies Act 1956 and Schedule V of the Companies Act 2013 wherever applicable. The Payment of Excess Management remuneration has been approved by the Nomination & Remuneration Committee, Board of Directors and also by the shareholders at the last Annual General Meetings held on 30th September, 2016 & 19th December, 2017.

   The Company has made representation to the Ministry of Corporate Affairs (MCA) to reconsider its earlier decision wherein the applications made by the Company for approval for waiver of recovery of the said excess remuneration Rs. 388.45 lacs for the period upto March 2016 was rejected. For the balance amount of Rs. 108.72 lacs paid for the previous financial year ended 31st March, 2017 the Company has made an application to the Ministry of Corporate Affairs (MCA) for approval of the same. Pending these approvals, no adjustments have been made to the financial statements for the remuneration.

   The Auditors have qualified their report on this matter as follows
   "Attention is invited to note 3 to the Statement relating to the excess managerial remuneration paid of Rs. 497.17 lacs for the period upto March 2017 for the reasons detailed in the aforesaid note. The Company had once again submitted its representation to the Ministry to reconsider its decision and allow the waiver of recovery of the excess remuneration paid aggregating to Rs. 388.45 lacs for the period upto March 2016. If the Company's representation is not accepted then the company would be required to recover the excess remuneration from the managerial personnel and to that extent the profit will be higher by an amount of Rs. 388.45 lacs. Pending the same no adjustments have been made to the financial results. Subject to the outcome of the representation made to the MCA, we are unable to ascertain the impact on profits on this account for the quarter and the year ended March 31, 2018. Similarly for the previous period ended March 31, 2017, the remuneration in excess of the limits computed under the provisions of Section 197 read with Schedule V to the Companies Act 2013 is Rs. 108.72 lacs for which the Company has made an application to the MCA for approval of the same. Pending these approvals, no adjustments have been made to the financial results for the remuneration of the said period. This matter was qualified in the auditors' report dated June 18, 2017 on the financial statements for the year ended March 31, 2017 respectively."

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4. Vijayawada Gundugolanu Road Project Private Limited (SPV) had received termination notice from NHAI on 26th Aug 2016 and consequently NHAI took possession of the Toll Plazas at the Project Site on 27th August 2016. As a result of the Company's efforts and dialogues with top officials of NHAI and MORTH, NHAI has agreed to revoke the termination notice vide letter dated 16th Jan, 2017 and also agreed to handover of Toll plazas subject to completing financial closure and fulfilling other commitments as specified in the letter within the stipulated time frame. Pursuant to the requirements stipulated by NHAI, the SPV had entered into a binding agreement with a Strategic investor for a committed equity participation of 49% in the Project. However the SPV could not achieve financial closure and consequently its agreement with the Strategic investor was terminated. The SPV has finally made an application to NHAI for mutual exit from the Project vide letter dated September 08, 2017 with terms including return of bank guarantee and non-levy of any charges or claims by either parties. The decision of NHAI in response to the SPV's aforesaid letter of mutual exit is pending. No effects have been given in the financial statements of the SPV pending the decision of NHAI. The Auditors of the SPV have highlighted the going concern matter in the case of the SPV as in either case the entity would not be continuing the project and would be eventually wound up. In case the mutual exit proposal is accepted then the exposure of the Group is likely to be capped at Rs.6337.07 lacs as the Bank Guarantee would be released as requested by the Company in its letter dated 8th September 2017. In case the proposal is not accepted then the entire exposure of Rs. 14,757.07 lacs of the Group in the SPV needs to be tested for impairment. Accordingly, the decision of NHAI is more likely to have adverse impact on the Statement of Profit and Loss. No effects have been given in the financial statements of the SPV pending the decision of NHAI.

The Auditors have qualified their report on this matter as follows

"Attention is invited to Note no 4 to the Statement in respect of status of the Tolling Road Project in Andhra Pradesh where termination notice was received from NHAI on 26th August 2016 and consequently, NHAI took over possession of toll plaza. Based on the subsequent negotiation and discussion with NHAI, they agreed to revoke the termination notice vide its letter dated 16th January 2017, subject to completing of financial closure and fulfilling of other commitments specified in the letter within the stipulated timeframe. The Company could not fulfil the said conditions. Ultimately on 8th September 2017, the Company made an application to NHAI for mutual exit from the project. The decision of NHAI in response to the aforesaid letter of mutual exit is pending.

In case the mutual exit proposal is accepted then the exposure of the Group is likely to be capped at Rs. 6,337.07 lacs as the Bank Guarantee would be released as requested by the Company in its letter dated 8th September 2017. In case the proposal is not accepted then the entire exposure of Rs. 14,757.07 lacs of the Group in the Project needs to be tested for impairment. Accordingly, the decision of NHAI is more likely to have adverse impact on the Statement of Profit and Loss. No effects have been given in the financial statements of the SPV pending the decision of NHAI. The Auditors of the SPV have, in their audit report on the financial statements of the SPV for the year ended on 31st March 2018, carried a paragraph on Material Uncertainty related to Going Concern. The decision of the NHAI is awaited for determining the possible impairment and giving necessary effects. Pending the decision of NHAI we are unable to quantify the impairment that

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would be required in the matter and consequent impact on the Consolidated Financial Statements"

5. The Company has defaulted in fulfilling its obligation under the one time settlement (OTS) with IFCI Limited. The Company was required to pay the entire outstanding by September 30, 2017. The Company has been unable to discharge the liability and has not been able to get further extension for the payment of the outstanding although it is actively engaged with IFCI Limited for the extension of the time period for the payment of the outstanding. In terms of the original arrangement, the benefits received under the one time settlement of Rs. 3,776.69 lacs is to be reversed. The management is hopeful of receiving the extension with non-reversal of the benefits of OTS. Pending that no adjustments have been made in these financial results. The company has however provided interest at the rate of 11.50% p.a. as per the agreement. The interest payable on the outstanding amount before reversal of the aforesaid benefit as on balance sheet date is Rs 158.13 lacs

   The Auditors have qualified their report on this matter as follows:
   "Attention is invited to Note no 5, where the Company has defaulted in fulfilling its obligation under the one time settlement (OTS) with IFCI Limited. The Company was required to pay the entire outstanding by September 30, 2017. The Company has been unable to discharge the liability and has not been able to get further extension for the payment of the outstanding although it is actively engaged with IFCI Limited for obtaining the extension and/or non-reversal of the benefits of the OTS. In terms of the original arrangement, the benefits received under the one time settlement were to be reversed. Although the management is hopeful of obtaining the extension and / or non-reversal of the benefits of the OTS, pending the acceptance by IFCI Limited we are unable to state whether the Company has to account for the reversal of benefits of Rs. 3,776.69 lacs in its financial statements. The company has however provided interest at the rate of 11.50% p.a. as per the agreement. The interest payable on the outstanding amount before reversal of the aforesaid benefit as on balance sheet date is Rs 158.13 lacs."

6. **Material uncertainty related to Going Concern**
   The Company had divested some of its subsidiaries in the previous periods for a cash surplus, which reduced the current liability and current asset mismatch. However there is a continuing mismatch of cash flows including the dues to the subsidiary which are due for repayment pursuant to negotiation by March 31, 2019. Further various projects of the Company as stated in note 7 below are under stress and the outcome of the continuance of these projects would be dependent upon a favourable decision being received by the management on the litigations outstanding.

   In view of the matters detailed in Note 7 below and as aforesaid, there are material uncertainties which cast a significant doubt on the ability of the Company to continue as a going concern.
   The auditors of the following SPVs have carried a separate paragraph on the Material Uncertainty related to Going Concern in its auditors report.

- Indira Container Terminal Private Limited
- Vijayawada Gundugolanu Road Projects Private Limited
- Rajahmundry Godavari Bridge Limited

The management however is confident that the going concern assumption and the carrying values of the assets and liabilities in these quarterly financial results are appropriate. Accordingly the financial results do not include any adjustments that may result from these uncertainties.

7. In respect of the following projects / SPV of the Company there are legal issues, arbitration proceedings or negotiations with the grantor for which the management is taking necessary steps to resolve the matters. These issues are commonly encountered in the Infrastructure business and the management is confident of a favorable resolution in due course. The auditors in their review report have made an emphasis of matter on these matters.

   a. Bridge project at Cochin - the Greater Cochin Development Authority has sought to end the toll collection by unilaterally sealing the toll booth. The subsidiary has initiated arbitration / settlement. The Company has also in parallel filed a writ in the matter before the Hon'ble Kerala High Court for specific performance. However Government of Kerala approached the Hon'ble High Court for further extension of time and the Court granted extension to settle the matter subsequent to which Company has filled amended plaint. The said SPV pursuant to court proceedings filed a fresh writ for recovery of dues. The bankers of the said SPV have initiated action under SARFAESI Act and have taken symbolic possession of the property of the SPV. They have also initiated proceedings under DRT against which the company is taking necessary legal steps. The SPV has filed for keeping the proceedings on hold sine die till the disposal of the matter before the Hon'ble Kerala High Court. The company has in parallel applied for a One time settlement of dues to its lenders which is under consideration of their respective competent authorities for approval and implementation. Exposure of the Group in the SPV is Rs.1,122.33 lacs (funded and non-funded).

   b. Hydro power project at Himachal Pradesh - the project is stalled due to local agitation relating to environment issues. The matter with State Government is under active negotiation to restart the project or reimburse the costs incurred. The company has invoked arbitration on 19.02.2018 but is yet to receive the nomination of arbitrators from GOHP. The company has received letter from GOHP to discuss the matter mutually towards amicable resolution. The management is hopeful of an early settlement in the matter and is confident of recovering the amount of exposure. The exposure of the Group in the SPV is Rs. 6,787.12 lacs.

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   c. Container terminal at Mumbai –The project was delayed due to non-fulfilment of certain conditions by the Mumbai Port Trust. This has resulted in the SPV incurring losses and default in repayment of debt obligation. The matter with the MBPT was under active discussions for resolving the outstanding issues and the Project being re-organized with change in Cargo Mix (i.e. all Clean cargo including containers). Pursuant to detailed negotiation with MBPT on the concession agreement for the Offshore Container Terminal, the parties have agreed in principle to enter into a joint supplementary agreement between Board of Trustees of MBPT, SPV and the lenders. The draft supplementary agreement is subject to clearance from the Ministry of Shipping, Government of India. The project is proposed for re-bid and the draft agreement provides for a mix of cargo of containers, steel and RORO. The SPV has a Right Of First refusal (ROFR) to match the winning bid within a pre-defined margin. The draft agreement also provides for waiver of Outstanding Interest. The management has during the current financial year acquired further stake from the JV partner and has obtained control over the JV. It currently holds 74% of the equity of the SPV company. The RORO (Roll On Roll Off) operation which was allowed by MBPT as an alternate use of the two berths is continuing. However the same is inadequate for repayment of principal and interest of the lenders. There exists material uncertainty relating to the rebid fructifying in favour of the SPV. The auditors of the SPV have highlighted the material uncertainty regards going concern issue. In case the management is unable to match the bid and win the contract, the cash flows would be sufficient to pay its debts as well as exposure of the Holding Company. However the company will not continue in the said case and would be eventually wound up. The management is hopeful that it will successfully match the bid and win the concession and continue to operate the facility, which would be operationally viable under the revised terms. The exposure of the Group in the SPV is Rs. 69,863.47 lacs (funded and non-funded).

d. The actual toll collections of the tolling bridge project at Rajahmundry Godavari Bridge across river Godavari are significantly lower than the forecasted revenue at the time of bid, resulting in inadequate cash flow to meet the debt / Interest servicing obligations of the Lenders. Consequently, the debt facility has been classified as a Non-Performing Asset (NPA) by the Lenders. The Company had earlier submitted a proposal under the Scheme for Sustainable Structuring of Stressed Assets (S4A) to the Lenders, which was cleared by the Lenders for approval of the Overseeing Committee (OC) set up by the Indian Banking Association (IBA), in consultation with the Reserve Bank of India (RBI). The Company provided its response to the observations of the Lenders and the OC on the S4A proposal and was awaiting the OC/lenders' approval. In the interim, RBI vide its circular dated 12th February 2018, discontinued with immediate effect all restructuring schemes for stressed assets (including S4A). As per this circular, all schemes, including S4A which have been invoked but not implemented, shall be governed by the new circular. Thus the restructuring proposal proposed by the Company is no longer being pursued by the Lenders.

Subsequently the Company has issued a cure period notice to Andhra Pradesh Road Development Corporation (APRDC or the Client) on 26th February 2018 under clause 37.2.1 of the Concession Agreement to cure the breaches of APRDC which includes provision of Revenue shortfall loan along with other mentioned breaches. In the event that the client is unable to correct the breaches in the project, the management would need to decide on the ability to continue or terminate the agreement. Management discussion is currently underway with APRDC. The Company is hopeful that the breaches would be cured by the

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Client and the Company would be able to continue to operate the Project. The Management estimates the revenue from the project would meet the levels as forecasted post cure of defaults and thus would make the project viable. In addition, the management also estimates reduction of the operating & finance costs. In the event of termination, the Company is confident of recovery of compensation / Payment of outstanding dues to Lenders from the client in terms of the Concession Agreement.

Pending disposal of the matter by APRDC, there exists material uncertainty with respect to the future of the Project and that cast significant doubt on the Company's ability to continue as a going concern. The auditors of the SPV have highlighted the material uncertainty regards going concern in their audit report.

However, based on the on-going discussions with the client, the Company is hopeful that breaches would be cured and the Company will continue to operate the Project. The Management is also of the opinion that the Project will be viable post cure of defaults and on optimising the operating and finance costs and improved traffic / revenue due to major infrastructure development proposed by the State Government around the Project route.

In view of above, no impairment of assets has been accounted as per Ind AS 36 in the hands of the SPV or towards the Investment by the Company in the SPV. In the event, the breaches are not cured by the client as envisaged by the management, the Company would be required to reassess the ability of the SPV to continue as a going concern. The exposure of the Group to the SPV is Rs. 1,03,437.56 lacs.

e. In respect of an Annuity Road project : The project has obtained pre-COD on September 1, 2016. In respect of the project on annuity basis of the Company, has recorded the project in accordance with the requirement of Appendix A to Ind AS 11, titled "Service Concession Arrangement" with retrospective period in accordance with the requirements of Ind AS 101-First Time Adoption. Accordingly, the Company has recognized "Trade Receivables" being financial asset. The Company will have cost overrun on account of issue beyond the scope of the company and attributable to the Grantor. This will not result in any changes in the Annuity from the grantor. Based on certification of delay period attributable to the Grantor certified by the Independent Engineer, the Company expects a sizeable claim on this amount and has obtained legal support for the validity of its claim from an Independent Expert on claim and litigation. However this amount has been treated separately as receivable from the Grantor. The Company had also applied to the lenders for 5/25 flexible Structuring Scheme. However, in view of the RBI circular dated February 12, 2018 the application became infructuous.

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During the year, the management, although having a valid claim for compensation, supported by Independent Engineer's assessment, has decided to account the finance income under the annuity model on the basis of the original plan. No finance income is accounted on such cost overrun in the annuity model on a conservative basis till the final decision of the realisability is settled pursuant to arbitration and other legal proceedings. The exposure of the Group in the SPV is Rs 1,24,971.20 lacs.

f. The Company has incorporated a SPV for developing Rangit II Hydroelectric Power Project in Sikkim on BOOT basis. The project involves the development of a 66 MW run-of-the-river Hydroelectric Power Project on Rimbi River, a tributary of River Rangit. Concession period for the project is 35 years from the date of COD. The project cost is estimated to be Rs 496 Crores. Though the project has received all major clearances and approvals including environmental clearances from MoEF and all major contracts for the project have been awarded, Power purchase agreement is yet to be signed. Over a period of time, the scenario in power sector changed substantially and in absence of financial closure, funding of the Project has been a major issue leading to frequent stoppages of work. The Proposed Hydro power Policy is eagerly awaited which will hopefully bring more opportunity in this sector. The Company is hopeful that power purchase agreement would be signed under the new policy which will also enable the financial closure to be done. Policy initiatives taken by the Government to address key concern facing the power sector will enable the sector to keep pace with the growing demand. The Management is of the view that the present situation in power business is temporary and does not foresee any need for impairment. The exposure of the Group in the project is Rs. 10,936.37 lacs.

8. Other Financial Assets includes Rs 1,514.01 lacs due from Western Coalfields Limited on account of wrongful encashment of bank guarantee against which the company has filed a suit for Recovery of damages. During the quarter ended September 2017, Western Coalfields Limited (WCL) had encashed Bank Guarantee amounting Rs 1,514.01 lacs given in favour of Aparna Infraenergy India Private Limited (one of the SPV's sold to BIF India Holding Pte ltd on February 29, 2016) towards the coal linkages to be granted by WCL. Subsequent to the encashment, Company has filed an application for converting earlier injunction application to suit for recovery of damages. The company has sought a legal opinion in this matter and has been advised that it has a good case of recovery. The management is hopeful of getting favourable decision on the matter and recovery of damages based on legal advice on the matter. Pending the outcome, the Company has shown guarantee encashment amount as receivable from Western Coal Fields and not debited the same to the statement of profit and loss for the year ended March 31, 2018.

9. The Exceptional items include the following

Particulars	**March 18**	**March 17**
	(Rs in lacs)	
Project Claim received		241.00
Impairment of Insurance Claim	(520.00)	
Total	**(520.00)**	**241.00**

10. The Company's operations constitute a single segment namely "Infrastructure Development" as per IND AS 108 - Operating Segments. Further, the Company's operations are within single geographical segment which is India.

GAMMON INFRASTRUCTURE PROJECTS LIMITED

11. Figures for previous year have been regrouped / reclassified wherever necessary to conform to the current year presentation

For Gammon Infrastructure Projects Limited

GAMMON INFRASTRUCTURE PROJECTS LTD. MUMBAI

Kishor Kumar Mohanty
Managing Director
DIN: 00080498
Place: Mumbai.
Date: June 13, 2018.

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Auditor's Report On Consolidated Financial Results of the Company Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

To
The Board of Directors of
Gammon Infrastructure Projects Limited,

1. We have audited the accompanying Statement of Consolidated Ind AS Financial Results of Gammon Infrastructure Projects Limited ("the Company") and its subsidiaries (the Company and its subsidiaries together referred to as "the Group"), its Joint Ventures and Associates for the year ended March 31, 2018 ("the Statement"), being submitted by the Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with Circular No. CIR/CFD/FAC/62/2016 dated July 5, 2016.

2. This Statement, which is the responsibility of the Company's Management and approved by the Board of Directors, has been prepared on the basis of the related consolidated Ind AS financial statements of the Group, which is in accordance with the Companies (Indian Accounting Standards) Regulations, 2015 specified under Section 133 of the Companies Act, 2013, read with relevant Rules thereon and other accounting principles generally accepted in India. Our responsibility is to express an opinion on the Statement.

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

4. **Basis of Qualified Opinion**

   a. *Attention is invited to note 3 of the Statement relating to the excess managerial remuneration paid of Rs. 497.17 lacs for the period upto March 2017 for the reasons detailed in the aforesaid note. The Company had once again submitted its representation to the Ministry to reconsider its decision and allow the waiver of recovery of the excess remuneration paid aggregating to Rs. 388.45 lacs for the period upto March 2016. If the Company's representation is not accepted then the company would be required to recover the excess remuneration from the managerial personnel and to that extent the profit will be higher by an amount of Rs. 388.45 lacs. Pending the same no adjustments have been made to the financial results. Subject to the outcome of the representation made to the MCA, we are unable to ascertain the impact on profits on this account for the quarter and the year ended March 31, 2018. Similarly for the previous period ended March 31, 2017, the*

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remuneration in excess of the limits computed under the provisions of Section 197 read with Schedule V to the Companies Act 2013 is Rs. 108.72 lacs for which the Company has made an application to the MCA for approval of the same. Pending these approvals, no adjustments have been made to the financial results for the remuneration of the said period. This matter was qualified in the auditors' report dated June 18, 2017 by the previous auditors' on the financial statements for the year ended March 31, 2017

b. *Attention is invited to Note no 4 to the Statement in respect of status of the Tolling Road Project in Andhra Pradesh where termination notice was received from NHAI on 26th August 2016 and consequently, NHAI took over possession of toll plaza. Based on the subsequent negotiation and discussion with NHAI, they agreed to revoke the termination notice vide its letter dated 16th January 2017, subject to completing of financial closure and fulfilling of other commitments specified in the letter within the stipulated timeframe. The Company could not fulfil the said conditions. Ultimately on 8th September 2017, the Company made an application to NHAI for mutual exit from the project. The decision of NHAI in response to the aforesaid letter of mutual exit is pending.*
In case the mutual exit proposal is accepted then the exposure of the Group is likely to be capped at Rs. 6,337.07 lacs as the Bank Guarantee would be released as requested by the Company in its letter dated 8th September 2017. In case the proposal is not accepted then the entire exposure of Rs. 14,757.07 lacs of the Group in the Project needs to be tested for impairment. Accordingly, the decision of NHAI is more likely to have adverse impact on the Statement of Profit and Loss. No effects have been given in the financial statements of the SPV pending the decision of NHAI. The Auditors of the SPV have, in their audit report on the financial statements of the SPV for the year ended on 31st March 2018, carried a paragraph on Material Uncertainty related to Going Concern. The decision of the NHAI is awaited for determining the possible impairment and giving necessary effects. Pending the decision of NHAI we are unable to quantify the impairment that would be required in the matter and consequent impact on the Consolidated Financial Statements.

c. *Attention is invited to Note no. 5 to the Statement, where the Company has defaulted in fulfilling its obligation under the one time settlement (OTS) with IFCI Limited. The Company was required to pay the entire outstanding by September 30, 2017. The Company has been unable to discharge the liability and has not been able to get further extension for the payment of the outstanding although it is actively engaged with IFCI Limited for obtaining the extension and/or non-reversal of the benefits of the OTS. In terms of the original arrangement, the benefits received under the one time settlement were to be reversed. Although the management is hopeful of obtaining the extension and / or non-reversal of the benefits of the OTS, pending the acceptance by IFCI Limited we are unable to state whether the Company has to account for the reversal of benefits of Rs. 3,776.69 lacs in its financial statements. The company has however provided interest at the rate of 11.50% p.a. as per the agreement. The interest payable on the outstanding amount before reversal of the aforesaid benefit as on balance sheet date is Rs 158.13 lacs.*

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5. *Except for the possible effects arising out of the matters mentioned in our basis for qualified opinion mentioned hereinabove*, In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of the reports of the other auditors referred to in paragraph 3 above, the Statement:

(a) In the case of the consolidated financial results of the Group includes the results for the year ended March 31, 2018 of the companies listed in Annexure A to this report which are consolidated in accordance with the requirements of the Companies (Indian Accounting Standards) Rules 2015 specified under Section 133 of the Companies Act 2013 and the relevant rules thereon.;
(b) is presented in accordance with the requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, and

(c) gives a true and fair view in conformity with the aforesaid Indian Accounting Standards and other accounting principles generally accepted in India in the case of the consolidated financial results of the Group of the net profit/loss and other financial information of the Group for the year ended March 31, 2018.

6. **Material Uncertainty relating to Going Concern.**

We invite attention to Note 6 of the Statement, wherein the Company has stated that as of that date the Company's current liabilities exceeded current assets resulting in continued mismatch despite the sale of some of the SPVs in the previous periods. There is therefore a continuing mismatch including defaults in payment of its financial obligations. The management is taking active steps to tide over the present situations for which based on detailed evaluation of the current situation plans are formulated and active discussions are underway with various stakeholders. These conditions, along with matters arising out of pending conclusions of decisions in some of the SPVs set forth in the Note 7 of the Statement and the fact of some SPV Auditors' report carrying a paragraph on material uncertainty related to going concern as mentioned in Note 6 of the Statement indicate the existence of significant uncertainty over the cash flows expected and the Company's ability to continue as a going concern. Our report is not qualified on this matter.

7. **Emphasis of Matter**

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

a) We invite attention to Note 7(a) of the Statement, regarding unilateral termination and closure of Concessions in a bridge project, which is subject to pending litigations/arbitrations at various forums, which may impact the carrying values of investments and loans and advances given to the subsidiary. The exposure of the Group towards the said project

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(funded and non-funded) is Rs.1,122.33 lacs. Pending conclusion on these legal matters, no adjustments have been made in the financial statements.

b) We invite attention to Note 7(b) of the Statement, in relation to intention to exit one of the hydro power projects at Himachal Pradesh and seeking a claim of an amount against the amount spent on the project. The Company's subsidiary has cited reasons for non-continuance on account of reasons beyond its control. The subsidiary is negotiating with its client for an amicable settlement on beneficial terms and has also invoked arbitration. The exposure of the Group towards the said project is Rs. 6,787.12 lacs. Pending conclusion between the parties, no adjustments have been made in the financial statements.

c) We invite attention to Note 7(c) of the Statement. As mentioned in the said note, in respect of one of the port project, a draft supplementary agreement has been discussed between the parties under which the project would go for a re-bid and the SPV has a Right Of First Offer. The management is hopeful that it will successfully match the bid and win the concession and continue to operate the facility, which would be operationally viable under the revised terms. The management has during the year acquired further stake from the JV partner and has obtained control over the JV and holds 74% of the equity of the SPV Company. Pending execution of the supplementary agreement and the conclusion of the Re-bid, no adjustments have been made in the financial statements. The auditors' of the SPV have included a separate paragraph on Material Uncertainty related to Going Concern. The exposure of the Group towards the said project is Rs. 69,863.47 lacs (funded and non-funded). Pending the conclusion of the Re-bid and the draft supplementary agreement being finalised, no adjustments have been made in the financial statements.

d) We invite attention to Note 7(d) of the Statement, in respect of a tolling bridge project in Andhra Pradesh where the monthly toll collections are not sufficient to pay the interest and the resultant defaults in the loan repayment resulting in the facility being marked NPA. The SPV had earlier submitted a proposal under the Scheme for Sustainable Structuring of Stressed Assets (S4A) to the Lenders, which was cleared by the Lenders for approval of the Overseeing Committee (OC) set up by the Indian Banking Association (IBA), in consultation with the Reserve Bank of India (RBI). The SPV provided its response to the observations of the Lenders and the OC on the S4A proposal and was awaiting the OC/lenders' approval. In the interim, RBI vide its circular dated 12th February 2018, discontinued with immediate effect all restructuring schemes for stressed assets (including S4A). As per this circular, all schemes, including S4A which have been invoked but not implemented, shall be governed by the new circular. Thus the restructuring proposal proposed by the Company is no longer being pursued by the Lenders. Subsequently the Company has issued a cure period notice to Andhra Pradesh Road Development Corporation (APRDC or the Client) on 26th February 2018 under clause 37.2.1 of the Concession Agreement to cure the breaches of APRDC which includes provision of Revenue shortfall loan along with other mentioned breaches. Pending receipt of the response to the notice for cure period, no adjustments have been

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made in the financial statements. The auditors of the SPV have included a separate paragraph on Material Uncertainty related to Going Concern on the matter. The Exposure of the Group towards the project is Rs. 1,03,437.56 lacs (funded and non-funded).

e) We invite attention to Note 7(e) of the Statement, an annuity project of the Company where the SPV has accounted for the asset as a financial asset. The SPV will have cost overrun on account of issue beyond the scope of the SPV and attributable to the Grantor. This will not result in any changes in the Annuity from the grantor. However this amount would be treated separately as receivable from the Grantor based on certification of delay period attributable to the Grantor certified by the Independent Engineer. The SPV expects a sizeable claim on this amount and has obtained legal support for the validity of its claim from an Independent Expert on claim and litigation. The SPV had also separately applied to the lenders for Scheme for 5:25 Flexible Structuring Scheme for which sanction from two banks among consortium members had been received and sanction from rest bankers were expected in near future. However, in view of the RBI circular dated 12th February 2018, all restructuring schemes for stressed assets (including 5/25 Flexible Structuring Scheme) have been discontinued and the application became infructuous. The management contends that in view of the strong case it has on the claim matter as aforesaid there will be no impairment necessary towards the financial asset or towards the investment of the Company. The exposure of the Group towards the SPV is Rs. 1,24,971.20 lacs including non-fund exposure. Pending conclusions no adjustments have been made in the financial statements.

f) We invite attention to Note 8 of the Statement, wherein during the year, Western Coalfields Limited (WCF) had encashed Bank Guarantee amounting Rs 1,514.01 lacs given in favour of Aparna Infraenergy India Private Limited (one of the SPV's sold to BIF India Holding Pte ltd on February 29, 2016). Subsequent to encashment Company has filed an application for converting earlier injunction application to suit for recovery of damages. The management is hopeful of getting favourable decision on the matter and recovery of damages based on legal advice on the matter. Pending the outcome, the Company has shown guarantee encashment amount as receivable from Western Coal Fields and not debited the same to the statement of profit and loss for the year ended March 31, 2018.

g) We invite attention to Note no 7(f) relating to the Hydropower project in Sikkim. As detailed in the note there are various factors affecting the progress of the project. The management, as detailed in the note, is confident that it will be able to pursue the project viably and does not foresee any need for impairment. Considering the assertion of the management no adjustments have been made towards any possible impairment. The exposure of the Group in the project is Rs. 10,936.37 lacs.

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8. We did not audit the financial statements and other financial information, in respect of 31 subsidiaries, whose Ind AS financial statements reflect total assets of Rs. 5,88,368.42 lacs as at March 31, 2018, total revenues of Rs. 64,936.45 lacs and net cash flow amounting to Rs. 1,289.17 lacs for the year ended on that date, before giving effect to elimination of intra-group transactions as considered in the preparation of the consolidated financial statements. The consolidated financial statements also includes the Group's share of net profit after tax of Rs.0.09 lacs for the year ended March 31, 2018, as considered in the consolidated financial statements, in respect of 1 Jointly controlled entity, whose financial statements have not been audited by us. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, jointly controlled entities and associates, and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, insofar as it relates to the aforesaid subsidiaries, jointly controlled entities and associates in India, is based solely on the reports of the other auditors.

9. The comparative financial information of the Company for the year ended March 31, 2017 prepared in accordance with Ind AS included in this Statement have been audited by the predecessor auditor. The report of the predecessor auditor on these comparative financial information dated June 18, 2017 expressed a modified opinion.

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

NAYAN PARIKH & CO. MUMBAI Chartered Accountants

K N Padmanabhan
Partner
M. No. 36410

Mumbai, Dated : June 13, 2018.

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Annexure A

Name of Company	Relationship
Gammon Infrastructure Projects Limited	Holding Company
Birmitrapur Barkote Highway Private Limited	Subsidiary
Cochin Bridge Infrastructure Company Limited	Subsidiary
Gammon Logistics Limited	Subsidiary
Gammon Projects Developers Limited	Subsidiary
Gammon Renewable Energy Infrastructure Limited	Subsidiary
Gammon Road Infrastructure Limited	Subsidiary
Gammon Seaport Infrastructure Limited	Subsidiary
Haryana Biomass Power Limited	Subsidiary
Jaguar Projects Developers Limited	Subsidiary
Lilac Infra Projects Developers Limited	Subsidiary
Marine Project Services Limited	Subsidiary
Patna Highway Projects Limited	Subsidiary
Rajahmundry Godavari Bridge Limited	Subsidiary
SidhiSingrauli Road Projects Limited	Subsidiary
Tada Infra Development Company Limited	Subsidiary
Tidong Hydro Power Limited	Subsidiary
Vizag Seaport Private Limited	Subsidiary
Yamunanagar Panchkula Highway Private Limited	Subsidiary
Youngthang Power Ventures Limited	Subsidiary
Vijayawada Gundugolanu Road Project Private Limited	Subsidiary
Pravara Renewable Energy Limited	Subsidiary
Sikkim Hydro Power Ventures Limited	Subsidiary
Indira Container Terminal Private Limited	Subsidiary
Ghaggar Renewable Energy Private Limited	Step-down subsidiary
Satluj Renewable Energy Private Limited	Step-down subsidiary
Ras Cities and Townships Private Limited	Step-down subsidiary
Tangri Renewable Energy Private Limited	Step-down subsidiary
Yamuna Minor Minerals Private Limited	Step-down subsidiary
Chitoor Infra Company Private Limited	Step-down subsidiary
Earthlink Infrastructure Projects Private Limited	Step-down subsidiary
Segue Infrastructure Projects Private Limited	Step-down subsidiary
ATSL Infrastructure Projects Limited	Associate
Eversun Sparkle Maritimes Services Private Limited	Associate
Modern Tollroads Limited	Associate
SEZ Adityapur Limited	Joint Venture

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Blue Water Iron Ore Terminal Private Limited	Joint Venture
GIPL - GIL JV	Joint Venture

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ANNEXURE I

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

Statement on Impact of Audit Qualifications for the Financial Year ended March 31, 2018 [See Regulation 33 / 52 of the SEBI (LODR) (Amendment) Regulations, 2016]				
I.	**Sr. no.**	**Particulars**	**Audited Figures (as reported before adjusting for qualifications)**	**Adjusted Figures (audited figures after adjusting for qualifications)**
	1	Turnover / Total income	**64,301.88**	**64,301.88**
	2	Total Expenditure	82855.69	82855.69
	3	Net Profit / (Loss)	**(18,553.81)**	**(18,553.81)**
	4	Earnings Per Share	(1.55)	(1.55)
	5	Total Assets	**5,65,673.83**	**5,65,673.83**
	6	Total Liabilities	513401.93	513401.93
	7	Net Worth	**52,271.94**	**52,271.94**
	8	Any other financial item(s) (as felt appropriate by the management)	-	-
II.	**Audit Qualification (each audit qualification separately):**			
1.	a) **Details of Audit Qualification:** Attention is invited to note 4 to the Statement relating to the excess managerial remuneration paid of Rs. 497.17 lacs for the period upto March 2017 for the reasons detailed in the aforesaid note. The Company had once again submitted its representation to the Ministry to reconsider its decision and allow the waiver of recovery of the excess remuneration paid aggregating to Rs. 388.45 lacs for the period upto March 2016. If the Company's representation is not accepted then the company would be required to recover the excess remuneration from the managerial personnel and to that extent the profit will be higher by an amount of Rs. 388.45 lacs. Pending the same no adjustments have been made to the financial results. Subject to the outcome of the representation made to the MCA, we are unable to ascertain the impact on profits on this account for the quarter and the year ended March 31, 2018. Similarly for the previous period ended March 31, 2017, the remuneration in excess of the limits computed under the provisions of Section 197 read with Schedule V to the Companies Act 2013 is Rs. 108.72 lacs for which the Company has made an application to the Ministry of Corporate Affairs (MCA) for approval of the same. Pending theses approvals, no adjustments have been made to the financial results for the remuneration of the said period. This matter was qualified in the auditors' report dated June 18, 2017 on the financial statements for the year ended March 31, 2017 respectively.			
	b) **Type of Audit Qualification:** Qualified Opinion			
	c) **Frequency of qualification:** appeared in annual financial statements for the year ended 31st March 2018, 31st March 2017 & 31st March 2016 and also in the limited review reports of the intervening quarters.			
	d) **For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:** Not Applicable			
	e) **For Audit Qualification(s) where the impact is not quantified by the auditor:**			

		(i) **Management's estimation on the impact of audit qualification:** The Company has made representation to the Ministry of Corporate Affairs (MCA) to reconsider its earlier decision wherein the applications made by the Company for approval for waiver of recovery of the said excess remuneration Rs. 388.45 lacs for the period upto March 2016 was rejected. For the balance amount of Rs. 108.72 lacs paid for the previous financial year ended 31st March, 2017 the Company has made an application to the Ministry of Corporate Affairs (MCA) for approval of the same. The Management expects that the approval will be granted.
		(ii) **If management is unable to estimate the impact, reasons for the same:** Not Applicable
		(iii) **Auditors' Comments on (i) or (ii) above:** In absence of indication of the MCA decision, we are unable to comment.
2.	a)	**Details of Audit Qualification:** Attention is invited to Note no 4 to the Statement in respect of status of the Tolling Road Project in Andhra Pradesh where termination notice was received from NHAI on 26th August 2016 and consequently, NHAI took over possession of toll plaza. Based on the subsequent negotiation and discussion with NHAI, they agreed to revoke the termination notice vide its letter dated 16th January 2017, subject to completing of financial closure and fulfilling of other commitments specified in the letter within the stipulated timeframe. The Company could not fulfil the said conditions. Ultimately on 8th September 2017, the Company made an application to NHAI for mutual exit from the project. The decision of NHAI in response to the aforesaid letter of mutual exit is pending. In case the mutual exit proposal is accepted then the exposure of the Group is likely to be capped at Rs. 6,337.07 lacs as the Bank Guarantee would be released as requested by the Company in its letter dated 8th September 2017. In case the proposal is not accepted then the entire exposure of Rs. 14,757.07 lacs of the Group in the Project needs to be tested for impairment. Accordingly, the decision of NHAI is more likely to have adverse impact on the Statement of Profit and Loss. No effects have been given in the financial statements of the SPV pending the decision of NHAI. The Auditors of the SPV have, in their audit report on the financial statements of the SPV for the year ended on 31st March 2018, carried a paragraph on Material Uncertainty related to Going Concern. The decision of the NHAI is awaited for determining the possible impairment and giving necessary effects. Pending the decision of NHAI we are unable to quantify the impairment that would be required in the matter and consequent impact on the Consolidated Financial Statements.
	b)	**Type of Audit Qualification:** Qualified Opinion
	c)	**Frequency of qualification:** appeared in annual financial statements for the year ended 31st March 2018. Auditors had also qualified their review report during quarter ended September 2017 & December 2017.
	d)	**For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:** Not applicable
	e)	**For Audit Qualification(s) where the impact is not quantified by the auditor:**
		(i) **Management's estimation on the impact of audit qualification:** The Company has given letter for mutual exit wherein acceptance of the same is pending. Till the decision of the NHAI is received it will not be possible to estimate the possible impairment and hence pending approval no impact has been given in financial results.
		(ii) **If management is unable to estimate the impact, reasons for the same:** Not applicable
		(iii) **Auditors' Comments on (i) or (ii) above:** Pending the decision of NHAI we are unable to quantify the impairment that would be required in the matter and consequent

		impact on the Consolidated Financial Statements
3.	a)	**Details of Audit Qualification:** Attention is invited to Note no. 5 to the Statement, where the Company has defaulted in fulfilling its obligation under the one time settlement (OTS) with IFCI Limited. The Company was required to pay the entire outstanding by September 30, 2017. The Company has been unable to discharge the liability and has not been able to get further extension for the payment of the outstanding although it is actively engaged with IFCI Limited for obtaining the extension and/or non-reversal of the benefits of the OTS. In terms of the original arrangement, the benefits received under the one time settlement were to be reversed. Although the management is hopeful of obtaining the extension and / or non-reversal of the benefits of the OTS, pending the acceptance by IFCI Limited we are unable to state whether the Company has to account for the reversal of benefits of Rs. 3,776.69 lacs in its financial statements. The company has however provided interest at the rate of 11.50% p.a. as per the agreement. The interest payable on the outstanding amount before reversal of the aforesaid benefit as on balance sheet date is Rs 158.13 lacs.
	b)	**Type of Audit Qualification:** Qualified Opinion
	c)	**Frequency of qualification:** appeared in annual financial statements for the year ended 31st March 2018. Auditors had also qualified their review report during quarter ended September 2017 & December 2017
	d)	**For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:** Not Applicable
	e)	**For Audit Qualification(s) where the impact is not quantified by the auditor:**
		(i) **Management's estimation on the impact of audit qualification:** The management is hopeful of obtaining the extension and / or non-reversal of the benefits of the OTS. Therefore no effects have been given for the reversal of benefits.
		(ii) **If management is unable to estimate the impact, reasons for the same:** Not Applicable
		(iii) **Auditors' Comments on (i) or (ii) above:** pending the acceptance by IFCI Limited we are unable to state whether the Company has to account for the reversal of benefits of Rs. 3,776.69 lacs in its financial statements

Signatories:	
Mr. Kishor Kumar Mohanty Managing Director	
Mr. Naresh Sasanwar CFO	
Mr. Sushil Tripathi Chairman of the Audit Committee	
For Nayan Parikh& Co. Chartered Accountants Firm Regn no.: 107023W K N Padmanabhan Partner M. no. 36410	NAYAN PARIKH & CO. MUMBAI Chartered Accountants
Place: Mumbai	
Date: June 13, 2018	