

GAMMON INFRASTRUCTURE PROJECTS LIMITED

February 14, 2019

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,

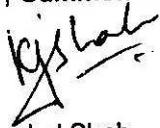
Sub: Outcome of Board Meeting

Pursuant to Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we are submitting herewith Un-audited Standalone Financial Results for the quarter ended on December 31, 2018 as approved by the Board of Directors of the Company at its meeting held today along with Auditors' Limited Review Report, and the Meeting concluded at 6:15 p.m.

You are requested to please take note of the above.

Yours truly,

For, **Gammon Infrastructure Projects Limited**


Ms Kaushal Shah
Company Secretary & Compliance Officer

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

Statement of Unaudited Standalone Financial Results for the quarter and 9 months ended 31st December, 2018

(Rs in lacs)

Sr No.	Particulars	Quarter ended			9 months ended		Year ended
		31-Dec-18	30-Sep-18	31-Dec-17	31-Dec-18	31-Dec-17	31-Mar-18
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
1	Revenue from Operations	415.18	953.02	6,087.61	2,289.04	11,838.24	15,078.88
	Other Income	415.10	444.22	697.20	1,270.50	1,908.15	2,590.50
	Total Income	830.28	1,397.24	6,784.81	3,559.54	13,746.39	17,669.38
2	Expenses						
	a) Construction Expenses	376.45	816.92	4,783.27	1,978.76	9,297.60	11,983.94
	b) Employee Benefit Expenses	200.75	231.96	201.16	656.98	607.95	829.66
	c) Finance Cost	567.15	531.66	556.15	1,618.36	1,732.84	2,239.88
	d) Depreciation and Amortization Expenses	17.16	16.98	18.87	52.46	44.08	60.85
	e) Other Expenses	78.90	89.80	103.86	275.77	388.37	1,163.25
	Total Expenses	1,240.41	1,687.32	5,663.31	4,582.33	12,070.84	16,277.58
3	Profit/(Loss) Before Exceptional Item & Tax (1-2)	(410.13)	(290.08)	1,121.50	(1,022.79)	1,675.55	1,391.80
4	Exceptional Items (Refer Note 4)	(7,600.00)	-	-	(7,600.00)	-	-
5	Profit/(Loss) Before Tax (3+4)	(8,010.13)	(290.08)	1,121.50	(8,622.79)	1,675.55	1,391.80
6	Tax Expense	25.34	15.36	396.90	(5.31)	560.07	247.33
	Current Tax	-	-	268.02	-	441.02	520.00
	Taxation for earlier years	-	-	-	-	-	176.75
	Deferred Tax Liability / (asset)	25.34	15.36	128.88	(5.31)	119.05	(449.42)
7	Profit/(Loss) for the period from continuing operations (5-6)	(8,035.46)	(305.44)	724.60	(8,617.48)	1,115.48	1,144.47
8	Other Comprehensive Income						
	Items that will not be reclassified subsequently to profit or loss						
	Remeasurement of defined benefit plans	0.28	0.32	1.31	4.23	(5.31)	(15.68)
	Tax effect thereon	(0.05)	(0.81)	-	(0.86)	-	3.35
	Other Comprehensive Income for the period, net of Tax	0.23	(0.49)	1.31	3.37	(5.31)	(12.33)
9	Total Comprehensive Income for the period (7+8)	(8,035.24)	(305.93)	725.91	(8,614.11)	1,110.17	1,132.14
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	18,917.64
11	Other Equity						74,351.25
12	Earnings per Share (nominal value of share Rs 2/- each)						
	Basic (Rs.)	(0.85)	(0.03)	0.08	(0.91)	0.12	0.12
	Diluted (Rs.)	(0.85)	(0.03)	0.08	(0.91)	0.12	0.12

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

Kishor Kumar Mohanty
Managing Director
DIN: 00080498

Place : Mumbai
Dated ; February 14, 2019

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NAYAN PARIKH & CO
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 14th February 2019. The statutory auditors have carried out limited review of the standalone financial results and have issued their modified report thereon.
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 actual toll collections from the Toll Bridge project at Rajahmundry-Godavari across the river Godavari are significantly lower than the forecasted revenue at the time of bid and growth thereafter too, resulting in inadequate cashflow 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 Special Purpose Vehicle (SPV) had issued a cure period notice to Andhra Pradesh Road Development Corporation Limited (APRDC or the Client) on 26th February 2018 under the provisions of the Concession Agreement (CA) to cure the breaches by APRDC which includes provision of Revenue Shortfall Loan along with other breaches. The Client had not cured the breaches under the CA, and the SPV has issued a letter dated 3rd July 2018 requesting for termination of the CA for which the SPV has received a letter dated 26th July 2018 from APRDC stating the letter dated 3rd July 2018 issued by the SPV for termination is not technically in accordance with the Concession Agreement, as the notice intimating intent to terminate should precede the notice for termination of the Concession Agreement.

The SPV has responded to APRDC on 04th August 2018 communicating its intent to terminate the CA with all other terms of letter dated 3rd July 2018 remaining the same.

In the event of termination, the SPV is entitled to Termination payment from the Client in terms of the CA, which will adequately cover the outstanding debt dues to Lenders and the equity investment made by the Company. The SPV has made a total claim towards termination payments of Rs 1,12,337 lacs.

In view of above, no impairment of assets has been accounted as per Indian Accounting Standard (Ind AS) 36 in the hands of the SPV or towards the Investment by the Company in the SPV. The exposure of the Company in the SPV is Rs. 1,08,693.31 lacs (funded and non-funded)

One of the consortium lenders for the Project has initiated and served Corporate Insolvency Resolution Process before the Hon'ble National Company Law Tribunal, Mumbai Branch ("NCLT") and the NCLT hearing is underway in the matter.

In terms of the Common Loan Agreement (CLA) dated 26th May 2009 executed between the SPV, the Senior Lenders, the Lenders' Agent and the Security Trustee to part finance the Toll Bridge Project, an

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agreement for pledge of shares dated 28th April 2011 was executed by the Company and Gammon India Limited (GIL) as the Pledgers in favour of the Security Trustee (the Pledge Agreement) to inter-alia secure the Secured Obligations by creation of pledge over 51% of paid-up and voting equity shares of the SPV. The SPV's loan account has been classified as "Non-Performing Asset" (NPA) on 31st March 2015 in terms of the guidelines laid down by the Reserve Bank of India (RBI). Accordingly, the Lenders' Agent had served a recall notice accelerating the loans requesting the SPV to repay all the outstanding dues as sought in the recall notice within the timeframe provided therein.

In view of the continuing payment defaults by the SPV and no viable remedy being offered by the SPV/GIPL & GIL in terms of the recall notice, the SPV has committed an "Event of Default" within the meaning of the CLA and the Security Trustee has served a notice exercising its rights as available under the Pledge Agreement with respect to the Secured Obligations and have notified and instructed the Company and GIL vide their letter dated 20th October, 2018 (the Notice) to transfer the Pledged Shares as pledged by the Company and GIL constituting 51.21% of the issued, paid-up and voting equity share capital of the SPV immediately to the Depository Participant (DP) account of the Security Trustee. The Security Trustee has transferred 51% of equity shares of the SPV from the Company into their DP account on 30th October 2018 on behalf of the Lenders'. Company has written to security trustee for assigning a value to shares invoked for which Company is yet to get a revert and therefore no impact of the same has been given to above results. The main lender Canara Bank has sent a notice calling upon the company to pay an amount of Rs 78,052 lacs as per the Corporate Guarantee Agreement entered by the company and the consortium of bankers.

The SPV has submitted a One-Time Settlement (OTS) proposal to the Consortium of Lenders on 22nd November 2018 and the same is under consideration of the Lenders' and is pending for approval.

Pending disposal of the matter by APRDC to determine the termination payments in favor of the SPV, the NCLT hearing and invocation of pledge of shares, and the OTS proposal submitted to the Lenders' by the SPV, there exists material uncertainty with respect to the future of the Project and that cast significant doubt on the SPV's ability to continue as a going concern. The Auditors of the SPV have also highlighted the material uncertainty regards to going concern issue in their audit report for the year ended 31st March 2018. Further in the absence of any value assigned to the invocation of the pledge the possible profit/loss on transfer of such invoked shares has not been accounted.

The Auditors have qualified their conclusion in their Limited Review report as follows:

"Attention is invited to Note 3 of the Statement in respect of tolling bridge project in Andhra Pradesh where the SPV had served a notice of termination of the concession to Andhra Pradesh Road Development Corporation (APRDC) and followed up with a subsequent communication for correcting technical breach in the notice of termination. The management has elaborated the sequence and its action relating to the project in the said note and has asserted that in the event of termination, the termination payments would be adequate to recover the exposure to the project by the Group. The management has made a claim of Rs 1,12,337 lacs as termination payments from APRDC. One of the lenders has filed for Corporate Insolvency resolution proceeding against the SPV before the Hon'ble National Company Law Tribunal (NCLT). The Security Trustee has served a notice exercising its rights as

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available under the Pledge Agreement with respect to the Secured Obligations and have notified and instructed the Company and GIL vide their letter dated 20th October, 2018 (the Notice) to transfer the Pledged Shares as pledged by the Company and GIL constituting 51.21% of the issued, paid-up and voting equity share capital of the SPV immediately to the DP account of the Security Trustee. The Security Trustee has transferred 51% of equity shares of the SPV from the Company into their DP account on 30th October 2018 on behalf of the Lenders. However value at which the pledge of shares invoked has not been assessed and therefore no effect of invocation of such shares has been passed by the Company. The lenders have also issued letter to the company enforcing the corporate guarantee and demanding the repayment. The company has shown the amount recalled as current liability and the corresponding amount is shown as receivable from the SPV. Total Exposure of the Company is Rs 1,08,693.31 lacs. In the absence of any confirmation of the termination amount from APRDC, the NCLT hearing and the value of invoked pledge of shares we are unable to comment on the possible impairment required against the exposure of the Company and recognition of profit/loss on invocation of the pledge shares”

4. Vijayawada Gundugolanu Road Project Private Limited (VGRPPL) had received termination notice from NHAI on 26th August 2016 and consequently the National Highways Authority of India (NHAI) took possession of the Toll Plazas at the Project site on 27th August 2016. The company was not successful in reviving the project despite its best efforts and finally made an application to NHAI for mutual exit from the Project vide letter dated 08th September 2017 with terms including return of bank guarantee and non-levy of any charges or claims by either Parties. On 27th December 2018, VGRPPL signed a Settlement cum Close Out Agreement with NHAI, wherein Rs 1805.00 lacs was agreed and paid by the Company as full and final settlement on behalf of VGRPPL and the Bank Guarantees aggregating to Rs 8420.00 lacs provided by the Company has been released by NHAI. The SPV has converted its quasi equity into equity and the Company has impaired the unrealisable exposure amounting to Rs. 7,600 lacs. This amount has been disclosed as exceptional item.
5. The Company has not been able to fulfill its obligation under the One-Time Settlement (OTS) with IFCI Limited (IFCI). The Company was required to pay the entire outstanding liability by 30th September 2017. The Company has been unable to discharge the liability in full and has made part payment of Rs 2 crores on 15th January, 2019 against the OTS amount of Rs 35 crores with a request to IFCI to grant further extension for the payment of the balance outstanding amount in two installments viz. Rs 10 crores by 31st March 2019 and balance amount by 30th June 2019 and the same is under consideration with IFCI. In terms of the original arrangement and pending the approval from IFCI for extension of time, the benefits received under the OTS of Rs. 4,595. 60 lacs is yet 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 31st December 2018 is Rs 431.06 lacs.

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

“Attention is invited to Note 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

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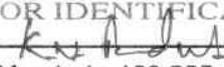
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the entire outstanding by September 30, 2017. The Company has been unable to discharge the liability and has not been able to get further extension for the payment of the outstanding although it is actively engaged with IFCI Limited for obtaining the 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. 4,595.60 lacs in its 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 is Rs 431.06 lacs. This matter was qualified in our Auditors' Report dated June 13, 2018 on the financial statements for the year ended March 31, 2018 and our limited review report dated August 10, 2018 and October 31, 2018 on the financial results for the quarter ended June 30, 2018 and September 30, 2018."

6. Container terminal at Mumbai – The Project was delayed due to non-fulfilment of certain conditions by the Mumbai Port Trust (MbPT) under the License Agreement (LA) signed by the SPV with them. Pursuant to detailed negotiations with MbPT on the LA for the Offshore Container Terminal, the Parties had agreed in-principle to enter into a joint supplementary agreement between the Board of Trustees of MbPT, SPV and the lenders. The Project was proposed for re-bid and the draft agreement provides for a mix of cargo of containers, steel and Roll-On Roll-Off (RORO). The RORO operation which was allowed by MbPT as an interim measure for alternate use of the two berths is continuing. However, the same is inadequate for repayment of principal and interest of the Lenders.

Subsequently, the Lenders have issued a notice of financial default to the SPV in terms of Substitution Agreement under intimation to MbPT. Post issue of the notice of financial default, the SPV has filed a writ petition before Hon'ble Delhi High Court in July 2018 seeking implementation of rebid decision taken in Niti Aayog meeting held on 20th March 2018. The captioned writ Petition was filed against the Ministry of Shipping (MoS), Government of India, MbPT and others wherein lenders were also made party defendant(s). The Court has passed an order on 14th August 2018 in the aforesaid writ petition, permitting the SPV to make detailed representation in this matter within 10 days with a direction to MbPT & MoS to consider the SPV's representation in this regard and take an informed decision and dispose-off the same within a period of 4 (four) weeks thereafter. In the meanwhile, the Court directed the Lenders not to implement the notice dated 26th July 2018 issued to the SPV for a period of 6 (six) weeks. The SPV had made a detailed representation on the proposal of settlement (the proposal) to MbPT & MoS, as per the directives of the Court. However, MbPT vide their letter dated 27th September 2018 have not acceded to the representation on the proposal made by the SPV and the same was rejected. The Company and the SPV are in discussions with MbPT & MoS to reconsider the above matter and find a solution given the significant efforts put in by the Company and the SPV in reviving the Project over the past 3 years.

On expiry of 6 (six) weeks from the date of court order, the Lenders have sent a notice vide their letter dated 09th October 2018 to MbPT with a copy to the SPV, intimating about initiation of substitution process and request for appointment of internationally approved valuer under the LA . The SPV has issued a Dispute Notice for the Licensor's Event of Default against MbPT and called upon the Licensor

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to refer the disputes for amicable settlement under the LA and the matter is pending with MbPT Company has also received notice to invoke pledged shares to the extent of 51% against which Company is in active discussions with banks.

The SPV has submitted a One-Time Settlement (OTS) proposal to the consortium of Lenders', with part payment of OTS amount on approval of the proposal by the Lenders and balance to be paid to the Lenders' over a period of 2 years from date of approval by the Lenders. The OTS proposal is under consideration with the consortium of Lenders'.

There exists material uncertainty relating to the revival of the Project in favour of the SPV. The Auditors of the SPV have highlighted material uncertainty regarding going concern issue in their report for the year ended March 31, 2018. The Management is hopeful of amicable resolution in respect of the Project. The exposure of the Company in the SPV is Rs 13,757.39 lacs (funded and non-funded).

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

"Attention is invited to Note 6 of the Statement, relating to the project in the SPV Indira Containers Terminal Pvt Ltd. There exists material uncertainty relating to the future of the project where the exposure of the company in the SPV/project is Rs 13,757.39 lacs (funded and non-funded) . Company has also received notice to invoke pledged shares against which company is in active discussions with bank. Pending conclusion of matters of material uncertainty, the notice to invoke pledge of shares being in preliminary stage we are unable to comment whether any provision is required towards possible impairment towards the said exposure"

7. Material Uncertainty related to Going Concern

There is a continuing mismatch of cash flows including the dues to the subsidiary which are due for repayment pursuant to negotiation by 31st March 2019. The current liabilities are in excess of current assets by Rs 1,14,823.48 lacs as at 31st December 2018. Further various projects of the Company as stated in note 8 below and note nos. 3 and 6 above 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 3, 6 and 8 there are material uncertainties which cast significant doubt on the ability of the Company to continue as a going concern.

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 / SPVs 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 issues.

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- a. Bridge project at Cochin - the Greater Cochin Development Authority has sought to end the toll collection by unilaterally sealing the toll booth. Cochin Bridge Infrastructure Company Limited (SPV) has initiated arbitration / settlement process. The Company has also in parallel filed a writ in the matter before the Hon'ble Kerala High Court for specific performance. However, the 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 filed amended plaint. The said SPV pursuant to the 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 in the Debt Recovery Tribunal (DRT) against which the Company is taking necessary legal steps. The SPV has filed for keeping the DRT proceedings on hold till the disposal of the matter before the Hon'ble Kerala High Court. The Company has made payment of Rs 6.31 crores on 16th January 2019 against the One-Time Settlement (OTS) of dues to the Lender and is pending for approval of their competent authority for implementation. The exposure of the Company in the SPV is Rs. 2,862.69 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 the State Government of Himachal Pradesh (GoHP) is under active negotiation to restart the Project or reimburse the costs incurred. Youngthang Power Ventures Limited (SPV) has received letter from GoHP, to discuss the matter mutually towards amicable resolution. The Company has invoked arbitration on 19th February 2018, the SPV has received a letter from GoHP dated 4th September 2018 intimating that their office has begun the process for finalisation of the panel of Arbitrators and the nomination in this regard shall be intimated to the SPV shortly. 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. 7,124.43 lacs.
- c. In respect of an Annuity Road project: The Project has achieved Provisional Commercial Operations Date (PCOD) on 01st September 2016. In respect of the Project on annuity basis, Patna Highway Projects Limited (SPV) has accounted the Project in accordance with the requirement of Appendix A to Ind AS 11, titled "Service Concession Arrangement" retrospectively in accordance with the requirements of Ind AS 101 - First Time Adoption. Accordingly, the SPV has recognized "Trade Receivables" being financial asset. The SPV will have cost overrun on account of issue beyond the scope of the SPV and attributable to the Concession 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 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. However, this amount has been treated separately as receivable from the Grantor. The SPV has submitted a One-Time Settlement (OTS) proposal on 29th November 2018 to the consortium of Lenders and the same is under consideration of the Lenders. The exposure of the Company to the SPV is Rs 1,30,021.36 lacs (funded and non-funded).

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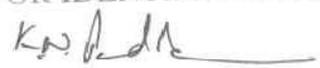
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- d. The Company has incorporated a SPV for developing Rangit-II Hydroelectric Power Project in Sikkim on Build, Own, Operate and Transfer (BOOT) basis. The Project involves the development of a 66 MW run-of-the-river Hydroelectric Power Project on Rimbi river, a tributary of river Rangit. The 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 the Ministry of Environment & Forests (MoEF) and all major contracts for the Project have been awarded, Power Purchase Agreement (PPA) is yet to be signed. Over a period of time, the scenario in power sector has changed substantially and in the 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 SPV is hopeful that PPA would be signed under the new policy which will also enable to achieve the financial closure for the Project. The 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. 9,583.91 lacs.
- e. One of the SPV of the company had signed a Concession Agreement (CA) with Madhya Pradesh Road Development Corporation Limited (MPRDC) for up-gradation of existing Highway from Km 83/4 to Km 195/8 to four lane dual configurations in the state of Madhya Pradesh (the Project) on Design, Build, Finance, Operate and Transfer (DBFOT) basis. The Concession granted was for a period of 30 years including construction period of 2 years.

The Project was scheduled to commence operations from September 19, 2015. However, delays on account of MPRDC in providing the required clearances and the Right of Way (ROW), has resulted in the extension of the Commercial Operations Date (COD). These delays have also resulted in increase in project cost, primarily due to increase in interest during construction period resulting from the time overruns. As per the CA, the Project shall be awarded a Provisional COD Certificate on completion of 75% of the total length of the Project which will enable it to commence commercial operations.

In view of the discussions with MPRDC regarding extension of COD, the SPV had submitted a restructuring proposal to the Lenders. As per the restructuring proposal, no further loans were to be availed from the Lenders to meet the increase in project costs. The original repayment schedule of the senior debt has been revised with the repayment instalments to commence from September 2019. The Company has received the revised sanctions for senior debt from the Lenders and the documentation for the same has been executed.

However, Payment for Construction activities in the last quarter have been severely impacted due to delay in loan disbursements by the Lenders and Grant from the Government, delay in processing of payments against Insurance Claims / Change of scope work. The Progress of work has hence been slower than projected.

SIGNED FOR IDENTIFICATION
BY

NAYAN PARIKH & CO
MUMBAI 400 025, INDIA

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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



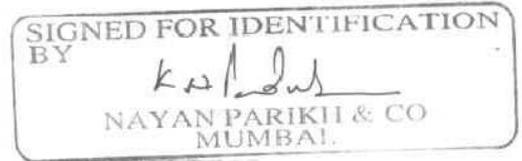
GAMMON INFRASTRUCTURE PROJECTS LIMITED

The SPV has envisaged that the Provisional COD Certificate will be received by 30th September 2019 (revised).

9. Other Financial Assets includes Rs 1,514.01 lacs due from Western Coalfields Limited (WCL) on account of wrongful encashment of bank guarantee against which the Company has filed a suit for Recovery of damages. During the quarter ended 30th September 2017, WCL had encashed bank guarantee amounting Rs 1,514.01 lacs given in favour of Aparna Infraenergy India Private Limited (one of the SPVs sold to BIF India Holding Pte Ltd on 29th February 2016) towards the coal linkages to be granted by WCL. Subsequent to the encashment, the 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 for recovery of the amount. 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 bank guarantee encashment amount as receivable from WCL and not debited the same to the Statement of Profit & Loss Account for the year ended 31st March 2018.
10. The Company has adopted Ind AS 115 w.e.f. 01st April 2018 by using cumulative catch up transition method and accordingly comparatives for the quarter and nine months ended 31st December 2018 will not be retrospectively adjusted. The adoption of Ind AS 115 does not have any material effect on the above financial results.
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 period have been regrouped / reclassified wherever necessary to conform to the current period's presentation.

For Gammon Infrastructure Projects Limited

km
Kishor Kumar Mohanty
Managing Director
DIN: 00080498
Place: Mumbai.
Date: February 14, 2019



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(REGISTERED)

CHARTERED ACCOUNTANTS

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Review Report

To

The Board of Directors

Gammon Infrastructure Projects Limited,
Mumbai.

1. We have reviewed the accompanying statement of unaudited standalone financial results ("Statement") of Gammon Infrastructure Projects Limited ("the Company") for the quarter and nine months ended December 31, 2018, attached herewith, being submitted by the Company pursuant to Regulation 33 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulation, 2015, as modified by Circular No. CIR / CFD / FAC / 62 / 2016 dated July 5, 2016. This Statement is the responsibility of the Company's Management and has been approved by the Board of Directors at their meeting held on February 14, 2019. This Statement has been prepared in accordance with the recognition and measurement principles laid down in the Indian Accounting Standard (Ind AS 34) "Interim Financial Reporting" (Ind AS 34) prescribed under section 133 of the Companies Act, 2013 read with the relevant rules issued thereunder and other accounting principles generally accepted in India. Our responsibility is to issue a report on the Statement based on our review.
2. We conducted our review in accordance with the Standard on Review Engagement (SRE) 2410, "Review of Interim Financial Information performed by the Independent Auditor of the Entity" issued by the Institute of Chartered Accountants of India. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatements. A review is limited primarily to inquiries of Company personnel and analytical procedures applied to financial data and thus provide less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

3. Basis of Qualified Conclusion

- (a) Attention is invited to Note 3 of the Statement in respect of tolling bridge project in Andhra Pradesh where the SPV had served a notice of termination of the concession to Andhra Pradesh Road Development Corporation (APRDC) and followed up with a subsequent communication for correcting technical breach in the notice of termination. The management has elaborated the sequence and its action relating to the project in the said note and has asserted that in the event of termination, the termination payments would be adequate to recover the exposure to the project by the Group. The management has made a claim of Rs 1,12,337 lacs as termination payments from APRDC. One of the lenders has filed for Corporate Insolvency resolution proceeding against the SPV before the Hon'ble National Company Law Tribunal (NCLT). The Security Trustee has served a notice exercising its rights as available under the Pledge Agreement with respect to the Secured Obligations and



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have notified and instructed the Company and GIL vide their letter dated 20th October, 2018 (the Notice) to transfer the Pledged Shares as pledged by the Company and GIL constituting 51.21% of the issued, paid-up and voting equity share capital of the SPV immediately to the DP account of the Security Trustee. The Security Trustee has transferred 51% of equity shares of the SPV from the Company into their DP account on 30th October 2018 on behalf of the Lenders. However, value at which the pledge of shares invoked has not been assessed and therefore no effect of invocation of such shares has been passed by the Company. The lenders have also issued letter to the company enforcing the corporate guarantee and demanding the repayment. The company has shown the amount recalled as current liability and the corresponding amount is shown as receivable from the SPV. Total Exposure of the Company is Rs 1,08,693.31 lacs. In the absence of any confirmation of the termination amount from APRDC, the NCLT hearing and the value of invoked pledge of shares we are unable to comment on the possible impairment required against the exposure of the Company and recognition of profit/loss on invocation of the pledge shares.

- (b) Attention is invited to Note 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. 4,595.60 lacs in its 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 is Rs 431.06 lacs. This matter was qualified in our Auditors' Report dated June 13, 2018 on the financial statements for the year ended March 31, 2018 and our limited review report dated August 10, 2018 and October 31, 2018 on the financial results for the quarter ended June 30, 2018 and September 30, 2018.
- (c) Attention is invited to Note 6 of the Statement, relating to the project in the SPV Indira Containers Terminal Pvt Ltd. There exists material uncertainty relating to the future of the project where the exposure of the company in the SPV/project is Rs 13,757.39 lacs (funded and non-funded). The Company has also received notice to invoke pledged shares against which the Company is in active discussions with bank. Pending conclusion of matters of material uncertainty, the notice to invoke pledge of shares being in preliminary stage we are unable to comment whether any provision is required towards possible impairment towards the said exposure.



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4. Qualified Conclusion

Except for the possible effects arising out of the matters mentioned in our basis for qualified conclusion mentioned hereinabove, nothing has come to our attention that causes us to believe that the accompanying Statement prepared in accordance with applicable Indian Accounting Standards as specified under section 133 of the Companies Act, 2013, read with rule 7 of the Companies (Accounts) Rules, 2014 and other recognized accounting practices and policies has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with SEBI circular bearing nos. Circular No. CIR / CFD / CMD / 15 / 2015 dated November 30, 2015 and CIR / CFD / FAC / 62 / 2016 dated July 5, 2016 including the manner in which it is to be disclosed, or that it contains any material misstatement.

5. Material Uncertainty relating to Going Concern.

Attention is invited to Note 7 of the Statement, wherein the Company has stated that as of that date the Company's current liabilities exceeded current assets by Rs 1,14,823.48 lacs resulting in continued mismatch. There is a continuing mismatch including defaults in payment of its financial obligations. The management states it 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 3, 6 and 8 of the Statement and the fact of the Auditors' Report of some of the SPV of March 2018 carrying a separate paragraph on Material Uncertainty related to Going Concern 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 conclusion is not qualified on this matter.

6. 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.2,862.69 lacs. Pending conclusion on these legal matters, no adjustments have been made in the financial results.



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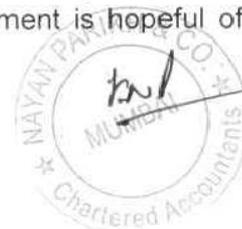
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- b) We invite attention to Note 8(b) of the Statement, in relation to intention to exit one of the hydro power projects at Himachal Pradesh and seeking a claim of an amount against the amount spent on the project. The Company's subsidiary has cited 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 SPV has received a letter from GoHP dated September 4, 2018 intimating that their office has begun the process for finalisation of the panel of Arbitrators and the nomination in this regard shall be intimated to the SPV shortly. The Company's exposure towards the said project includes investment and loans and advances of Rs. 7,124.43 lacs. Pending conclusion between the parties, no adjustments have been made in the financial results.
- c) We invite attention to Note 8(c) 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 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.1,30,021.36 lacs including non-fund exposure. Pending conclusions no adjustments have been made in the financial results.
- d) We invite attention to Note no 8(d) 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. 9,583.91 lacs.
- e) We invite attention to Note no 8(e) relating to slow progress of work for one of the road project at Madhya Pradesh, for which management envisaged that the Provisional COD will be received by September 30, 2019 (revised). We have relied on the management assertions.
- f) We invite attention to Note 9 of the Statement, wherein during the previous 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



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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.

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



K N Padmanabhan
Partner

M. No. 36410

Mumbai, Dated: - February 14, 2019

