GAMMON INFRASTRUCTURE PROJECTS LIMITED

August 10, 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 the Unaudited Standalone Financial Results for the quarter ended on June 30, 2018 along-with the Auditors' Limited Review Report, as approved by the Board of Directors of the Company at its meeting held today and concluded at 5:30 p.m.

You are requested to please take note of the above.

Yours truly,

For **Gammon Infrastructure Projects Limited**

KShah

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 ended 30th June, 2018

(Rs in lacs)

Sr No.	Particulars	Quarter ended			Year ended
		30-Jun-18	31-Mar-18	30-Jun-17	31-Mar-18
		Unaudited	(Audited)	Unaudited	(Audited)
	Revenue from Operations	920.84	3,240.64	2,371.55	15,078.88
	Other Income	411.18	682.35	650.08	2,590.50
1	**Total Income**	**1,332.02**	**3,922.99**	**3,021.63**	**17,669.38**
2	**Expenses**				
	a) Construction Expenses	785.39	2,686.34	1,881.90	11,983.94
	b) Employee Benefit Expenses	224.27	221.71	192.67	829.66
	c) Finance Cost	519.55	507.04	620.37	2,239.88
	d) Depreciation and Amortization Expenses	18.32	16.77	7.05	60.85
	e) Other Expenses	107.07	774.88	200.53	1,163.25
	Total Expenses	**1,654.60**	**4,206.74**	**2,902.52**	**16,277.58**
3	**Profit/(Loss) Before Exceptional Item & Tax (1-2)**	**(322.58)**	**(283.75)**	**119.11**	**1,391.80**
4	Exceptional Items - Income / (Expense)	-		-	-
5	Profit/(Loss) Before Tax (3+4)	**(322.58)**	**(283.75)**	**119.11**	**1,391.80**
6	**Tax Expense**	**(46.01)**	**(312.74)**	**41.54**	**247.33**
	Current Tax	-	78.98	55.00	520.00
	Taxation for earlier years	-	176.75	-	176.75
	Deferred Tax Liability / (asset)	(46.01)	(568.47)	(13.46)	(449.42)
7	**Profit/(Loss) for the period from continuing operations**	**(276.57)**	**28.99**	**77.57**	**1,144.47**
8	**Other Comprehensive Income**				
	Items that will not be reclassified subsequently to profit or loss				
	Remeasurement of defined benefit plans	3.63	(7.56)	0.34	(15.68)
	Tax effect thereon	-	0.54	-	3.35
	Other Comprehensive Income for the period, net of tax	**3.63**	**(7.02)**	**0.34**	**(12.33)**
9	**Total Comprehensive Income for the period (7+8)**	**(272.94)**	**21.97**	**77.91**	**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
11	Other Equity				74,351.25
12	**Earnings per equity share [nominal value of share Rs. 2/-]**				
	Basic (Rs.)	(0.03)	0.00	0.01	0.12
	Diluted (Rs.)	(0.03)	0.00	0.01	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
Date: August 10, 2018

Gammon Infrastructure Projects Limited

NAYAN PARIKH & CO. MUMBAI Chartered Accountants

GAMMON INFRASTRUCTURE PROJECTS LIMITED

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 10th August 2018. 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. There was inadequacy of profits for the period upto 31st March 2017. Managerial remuneration amounting to Rs. 497.17 lacs for the said period 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, the Board of Directors and also by the Shareholders at the Annual General Meetings held on 30th September 2016 and 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 managerial remuneration of Rs. 388.45 lacs for the period upto 31st 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 MCA for approval of the same. Pending approval from MCA, no adjustments have been made to the financial statements for excess managerial remuneration paid.

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

   "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 ended June 30, 2018. Similarly for the 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 our Auditor's Report dated June 13, 2018 on the financial statements for the year ended March 31, 2018"

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4. 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 SPV had issued a cure period notice to Andhra Pradesh Road Development Corporation (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 in the Project, 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 CA, as the notice intimating intent to terminate should precede the notice for termination of the CA.

   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 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. 95,578.29 lacs (funded and non-funded)

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

   Pending disposal of the matter by APRDC and the application of the lender before NCLT, 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 March 31, 2018.

   The Auditors have qualified their conclusion in their Limited Review report as follows
   "Attention is invited to Note 4 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

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National Company Law Tribunal (NCLT). Total Exposure (funded and non-funded) by the Company is Rs 95,578.29 lacs. In the absence of any confirmation of the amount from APRDC and the proceedings being in a preliminary stage we are unable to comment on the possible impairment required against the exposure of the Company."

5. Vijayawada Gundugolanu Road Project Private Limited (SPV) had received termination notice from NHAI on 26th August 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 NHAI and MORTH, NHAI has agreed to revoke the termination notice vide letter dated 16th January, 2017 and also agreed to handover the Toll plazas subject to completing financial closure and fulfilling other commitments as specified in the letter within the stipulated timeframe. 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 had highlighted the going concern matter in the financial statement for the year ended 31st March 2018, 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. 7,232.48 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. 15,652.48 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 & Loss Account. No effects have been given in the financial statement of SPV for the year ended March 31, 2018 pending the decision of NHAI.

The Auditors have qualified their report on this matter as follows

"Attention is invited to Note 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.7,232.48 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. 15,652.48 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

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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 Financial Results. This matter was qualified in our Auditors' Report dated June 13, 2018 on the financial statements for the year ended March 31, 2018."

6. 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 and has not been able to get further extension for the payment of the outstanding amount, although it is actively engaged with IFCI for the extension of time for the payment of the outstanding liability. In terms of the original arrangement, the benefits received under the OTS of Rs. 4,037.65 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 the Balance Sheet date is Rs 248.44 lacs

   The Auditors have qualified their report on this matter as follows:
   "Attention is invited to Note 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. 4,037.65 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 248.44 lacs. This matter was qualified in our Auditors' Report dated June 13, 2018 on the financial statements for the year ended March 31, 2018"

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 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.

   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 proceedings on hold till the disposal of the matter before the Hon'ble Kerala High Court. The Company has in parallel applied for a One- Time Settlement (OTS) of dues to its lenders which is under consideration of their respective competent authorities for approval and implementation. The exposure of the Company in the SPV is Rs. 2,861.99 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. The Company has invoked arbitration on 19th February 2018 but is yet to receive the nomination of arbitrators from GOHP. Youngthang Power Ventures Limited (SPV) 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. 7,121.18 lacs.

   c. Container terminal at Mumbai – The Project was delayed due to non-fulfilment of certain conditions by the Mumbai Port Trust (MbPT). This has resulted in Indira Container Terminal Private Limited (SPV) incurring losses and defaulting in repayment of debt obligations. The matter with the MbPT was under 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 negotiations 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 the Board of Trustees of MbPT, SPV and the lenders. The Company has filed a writ in Hon'ble High Court, Delhi for seeking implementation of rebid decision taken in Niti Aayog meeting held on 20th March 2018. The Project is proposed for re-bid and the draft agreement provides for a mix of cargo of containers, steel and Roll-On Roll-Off (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 payable to Lenders. The Management has during the financial year ended 31st March 2018 acquired further stake from the Joint Venture (JV) partner and has obtained control over the JV. It currently holds 74% of the equity of the SPV. The RORO operation which was allowed by MbPT for 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 re-bid fructifying in favour of the SPV. The Auditors of the SPV have highlighted material uncertainty regarding going concern issue. In case the Management is unable to match the bid and win the contract, the cashflows would be sufficient to pay its debts as well as exposure of the Holding Company. However, the SPV 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. 13,767.44 lacs (funded and non-funded).

d. 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 exposure of the Company to the SPV is Rs 1,30,066.69 lacs (funded and non-funded).

e. 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

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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. 9,642.67 lacs.

f. One of the SPV of the company had signed a Concession Agreement (CA) with Madhya Pradesh Road Development Corporation Ltd (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 has 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.
The SPV has envisaged that the Provisional COD Certificate will be received by December 31, 2018 (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 February 29, 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.

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

Kishor Kumar Mohanty
Managing Director
DIN: 00080498
Place: Mumbai.
Date: August 10, 2018

Infrastructure Projects Limited * Gammon *

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

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 ended June 30, 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. This Statement has been prepared in accordance with the recognition and measurement principles laid down in the Indian Accounting Standard 34 "Interim Financial Reporting" (Ind AS 34) prescribed under section 133 of the Companies Act, 2013 read with the relevant rules issued thereunder and other accounting principles generally accepted in India. Our responsibility is to issue a report on 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 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 ended June 30, 2018. Similarly for the 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

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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 our auditors' report dated June 13, 2018 on the financial statements for the year ended March 31, 2018

(b) *Attention is invited to Note 4 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). Total Exposure (funded and non-funded) by the Company is Rs 95,578.29 lacs. In the absence of any confirmation of the amount from APRDC and the proceedings being in a preliminary stage we are unable to comment on the possible impairment required against the exposure of the Company.*

(c) *Attention is invited to Note 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.7,232.48 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. 15,652.48 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 Financial Results. This matter was qualified in our Auditors' Report dated June 13, 2018 on the financial statements for the year ended March 31, 2018.

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(d) *Attention is invited to Note 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. 4,037.65 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 248.44 lacs. This matter was qualified in our Auditors' Report dated June 13, 2018 on the financial statements for the year ended March 31, 2018.*

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.**

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 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 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 report is not qualified on this matter.

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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.2,861.99 lacs. Pending conclusion on these legal matters, no adjustments have been made in the financial results.

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. 7,121.18 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, in connection with an amount invested (including deposits and advances given) in the subsidiary of Rs. 13,767.44 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 previous 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 in the previous year. Pending execution of the supplementary agreement and the conclusion of the Re-bid, no adjustments have been made in the financial results.

d) We invite attention to Note 8(d) 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

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Rs.1,30,066.69 lacs including non-fund exposure. Pending conclusions no adjustments have been made in the financial results.

e) We invite attention to Note no 8(e) 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. 9,642.67 lacs.

f) We invite attention to Note no 8(f) 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 December 31, 2018 (revised). We have relied on the management assertions.

g) 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 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.

7. The Comparative financial results of the Company for the quarter ended June 30, 2017 was 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 July 27, 2017 expressed a modified opinion.

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

K N Padmanabhan
Partner
M. No. 36410
Mumbai, Dated: - August 10, 2018

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