

**Date:** 20<sup>th</sup> February, 2024

To,

**National Stock Exchange of India Ltd.**

Exchange Plaza, 5<sup>th</sup> Floor,

Plot No. C/1, G Block,

Bandra - Kurla Complex,

Bandra (East),

Mumbai - 400 051

**NSE Code:** GAMMONIND

**BSE Limited**

1<sup>st</sup> Floor, New Trading Ring,

Rotunda Building,

Phiroze Jeejeebhoy Towers,

Dalal Street,

Mumbai - 400 001

**BSE Code:** 509550

Dear Sir / Madam,

**Sub: Outcome of Board Meeting held on 20<sup>th</sup> February, 2024 pursuant to Regulation 33 of the SEBI (Listing Obligations And Disclosure Requirements) Regulations, 2015**

Pursuant to Regulation 33 of SEBI (Listing Obligations And Disclosure Requirements) Regulations, 2015, you are hereby informed that the Board of Directors (“**Board**”) of the Company at its meeting held on 20<sup>th</sup> February, 2024 which commenced at 5:00 p.m. and concluded at 7.00 p.m. *inter – alia* approved of the Un-Audited Standalone and Consolidated Financial Statements of the Company for the quarter and half year ended 30<sup>th</sup> September, 2023;

The aforesaid Financial Results duly reviewed by the Audit Committee, have been approved and taken on record by the Board of Directors together with the Limited Review Report of the Statutory Auditors and the same are placed on the website of the Company at <http://www.gammonindia.com/investors/financial-results.htm>.

You are requested to take the above information on record.

Thanking you,

For **Gammon India Limited**



Nirav Shah

Company Secretary & Compliance Officer

Encl: As above

**GAMMON INDIA LIMITED**

**Registered Office :** Floor 3rd, Plot - 3/8, Hamilton House, J. N. Heredia Marg, Ballard Estate, Mumbai - 400 038. Maharashtra, India; **Telephone :** +91-22-2270 5562

**E-mail :** gammon@gammonindia.com | **Website :** www.gammonindia.com

**CIN :** L74999MH1922PLC000997

# *Natvarlal Vepari & Co.*

## CHARTERED ACCOUNTANTS

903-904, 9th Floor, Raheja Chambers, 213, Nariman Point, Mumbai-400 021. Tel : 67527100 Fax : 6752 7101 E-Mail : nvc@nvc.in

### **Independent Auditor's Limited Review Report on unaudited standalone financial results for the quarter and six months period ended September 30, 2023 of Gammon India Limited pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015**

To  
The Board of Directors  
Gammon India Limited,  
Mumbai.

1. We have reviewed the accompanying statement of unaudited standalone financial results ("Statement") of Gammon India Limited ("the Company") for the quarter and six months period ended September 30, 2023. This statement is 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 amended (The Listing Regulations).
  2. 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 this Statement based on our review.
  3. 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 financial statement is free of material misstatements. A review of interim financial information consists of making inquiries, primarily of persons responsible for accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards of Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.
- 4. Basis of Qualified Conclusion**
- a) We invite attention to note no. 4(a) of the statement, detailing the recognition of claims during the earlier years in respect of on-going, completed and/or terminated contracts. The aggregate amount of claims outstanding as at September 30, 2023 is Rs. 151.39 crores. These claims were recognised only on the basis of opinion of an expert in the field of claims and arbitration. There are no further current updates from the expert, on the recovery of the claims, In view of the above-mentioned circumstances and facts we are unable to comment upon the amounts

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recognised, its realisation and the consequent effect on the financial results for the year ended September 30, 2023.

- b) We invite attention to note no. 4(b) of the statement relating to the claim of CMRL project wherein the Company has accounted the award at an amount of Rs 532.00 Crores. This amount includes an amount of Rs 123.08 Crores which is subject matter of appeal arising from the award. The company has given an unfunded exposure of Rs. 51.25 Crores in form of Bank Guarantee. The Company has accounted for the entire award to its account although the award is in the name of joint venture as detailed in the note. In view of the final fructification of the award amount and the settlement of the JV proceeds as detailed in the aforesaid note pending to be concluded , we are unable to opine whether the entire amount will be to the account of the Company.
- c) We invite attention to note no. 4(c) of the statement relating to Trade receivables, inventories and loans and advances which includes an amount of Rs. 182.37 crores in respect of disputes in five projects of the Company and/or its SPVs. The Company is pursuing legal recourse/ negotiations for addressing the disputes in favour of the Company. Pending the conclusion of the matters we are unable to state whether any provisions would be required against the Company's exposure.
- d) We invite attention to note no 4(d) of the statement relating to penal interest and charges of Rs 53.88 crores during the year charged by the lenders on its facilities. Total amount of penal interest amount to Rs. 469.64 Crores up to September 30, 2023. The same has not been debited to profit and loss account as management is disputing the same and is in discussion with the lenders for reversal of the said penal interest and charges. In the absence of conclusion of the aforesaid discussion, we are unable to state whether any provision is required to be made against such penal interest and charges which will impact the loss for the quarter and the balance in retained earnings by the aforesaid amounts.

### **5. Qualified Conclusion**

Except for the possible effects arising out of the matters mentioned in para 4(a) to 4(d) of 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 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 as amended including the manner in which it is to be disclosed, or that it contains any material misstatement.

# *Natvarlal Vepari & Co.*

CHARTERED ACCOUNTANTS

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

We invite attention to note no. 7 of the financials statement relating to the present financial situation of the Company detailing the Material Uncertainties Relating to Going Concern and the Going Concern assumptions. The lenders had in the previous years recalled all the loans and facilities and also the Company's Current Liabilities exceeds Current Assets by Rs 9,946.00 Crore as at September 30, 2023. The Company is finding it difficult to meet its financial obligations and the resolution plan is under consideration by lenders. The liquidity crunch is affecting the Company's operation with increasing severity. The trading in equity shares of the Company is presently suspended. Some of the creditors have filed for winding up petitions against the Company. The company has severe manpower issues and is defaulting on its statutory and regulatory obligations. The Company's resolution plan is under consideration by the lenders as detailed in the aforesaid note but the final approval of all lenders and the execution of the plan and its success involves material uncertainties that may cast significant doubt about the Going Concern Assumption. Our report is not qualified on this account.

## **7. Emphasis of Matter**

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

- a) We draw attention to Note no 5 of the Statement relating to recoverability of an amount of Rs.291.42 crores as at September 30, 2023 under trade receivables in respect of contract revenue where the Company has received arbitration awards in its favour in respect of which the client has preferred an appeal for setting aside the said arbitration awards, recognition of claims while evaluating the jobs of Rs.7.56 crores where the Company is confident of recovery. The recoverability is dependent upon the final outcome of the appeals & negotiations getting resolved in favour of the company.
- b) We draw attention to Note no 6 of the Statement relating to the projects of real estate sector where the exposure is Rs. 23.33 crores. The management is confident of ultimate recovery of the amounts, and we have relied on the management assertions of recoverability.

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

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Partner

M. No. 124960

Mumbai Dated: February 20, 2024

UDIN: 24124960BKCZMQ8054

GAMMON INDIA LIMITED CIN:L74999MH1922PLC000997		
Statement of Standalone Assets and Liabilities as at September 30, 2023		
(₹ in Crore)		
Particulars	As at September 30, 2023	As at March 31, 2023
	Reviewed	Audited
<b>ASSETS</b>		
<b>NON-CURRENT ASSETS</b>		
(a) Property, plant and equipment	404.28	405.17
(b) Capital work-in-progress	-	-
(c) Financial assets	-	-
(i) Investments	44.67	44.67
(ii) Trade receivable	360.77	360.75
(iii) Loans	82.40	196.54
(iv) Others	23.91	23.91
(d) Deferred tax assets (net)	-	-
(e) Other non-current assets	1,115.54	1,117.26
<b>TOTAL NON-CURRENT ASSETS</b>	<b>2,031.57</b>	<b>2,148.30</b>
<b>CURRENT ASSETS</b>		
(a) Inventories	10.82	10.97
(b) Financial assets	-	-
(i) Investments	0.03	0.03
(ii) Trade receivables	7.37	5.83
(iii) Cash and cash equivalents	0.00	0.00
(iv) Bank balances	1.19	1.56
(v) Loans	0.11	0.11
(vi) Others	31.97	32.07
(c) Current tax assets (net)	-	-
(d) Other current assets	66.71	65.65
<b>TOTAL CURRENT ASSETS</b>	<b>118.20</b>	<b>116.22</b>
<b>TOTAL ASSETS</b>	<b>2,149.77</b>	<b>2,264.52</b>
<b>EQUITY AND LIABILITIES</b>		
<b>EQUITY</b>		
(a) Equity share capital	74.11	74.11
(b) Other equity	(8,173.85)	(7,607.31)
<b>TOTAL EQUITY</b>	<b>(8,099.74)</b>	<b>(7,533.20)</b>
<b>LIABILITIES</b>		
<b>NON-CURRENT LIABILITIES</b>		
(a) Financial liabilities	-	-
(i) Borrowings	-	-
(ii) Trade payables	-	-
- Total outstanding dues to Micro and Small Enterprises	-	-
- Total outstanding dues to other than Micro and Small Enterprises	11.83	11.70
(iii) Other financial liabilities	12.00	12.00
(b) Provisions	0.85	0.75
(c) Deferred tax liabilities (net)	93.20	92.79
(d) Other non-current liabilities	67.42	67.32
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>185.30</b>	<b>184.56</b>
<b>CURRENT LIABILITIES</b>		
(a) Financial liabilities	-	-
(i) Borrowings	-	-
(ii) Trade payables	-	-
- Total outstanding dues to Micro and Small Enterprises	0.29	0.29
- Total outstanding dues to other than Micro and Small Enterprises	94.36	92.51
(iii) Other financial liabilities	9,449.91	8,999.09
(b) Other current liabilities	33.59	32.81
(c) Provisions	486.06	488.46
(d) Current tax liabilities (net)	-	-
<b>TOTAL CURRENT LIABILITIES</b>	<b>10,064.21</b>	<b>9,613.16</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>2,149.77</b>	<b>2,264.52</b>

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## GAMMON INDIA LIMITED

**Registered Office : Floor 3rd, Plot - 3/8, Hamilton House, J. N. Heredia Marg, Ballard Estate,**

**Mumbai - 400 038. Maharashtra, India; Telephone : +91-22-2270 5562**

**E-mail : gammon@gammonindia.com | Website : www.gammonindia.com**

**CIN : L74999MH1922PLC000997**



Statement of Unaudited Standalone Results for the Quarter and Half Year Ended September 30, 2023

(₹ in Crore)

Sr. No.	Particulars	Quarter ended			Half year ended		Year ended
		30-Sep-23	30-Jun-23	30-Sep-22	30-Sep-23	30-Sep-22	31-Mar-23
		Reviewed	Reviewed	Reviewed	Reviewed	Reviewed	Audited
I	<b>Income</b>						
	a) Revenue from Operations :	5.71	9.01	11.43	14.72	21.40	101.48
	b) Other Income	(2.01)	4.01	10.98	2.00	16.37	21.96
	<b>Total Income (a+b)</b>	<b>3.70</b>	<b>13.02</b>	<b>22.41</b>	<b>16.72</b>	<b>37.77</b>	<b>123.44</b>
II	<b>Expenses</b>						
	a) Cost of material consumed	2.09	3.97	5.12	6.05	9.53	16.41
	b) Changes in WIP & FG	-	-	-	-	-	21.95
	c) Subcontracting Expenses	1.35	3.04	2.83	4.39	5.57	8.99
	d) Employee benefits expense	1.88	2.00	1.81	3.88	3.96	8.87
	e) Finance Costs	226.01	218.49	200.81	444.50	394.80	813.29
	f) Depreciation & amortization	0.44	0.43	0.61	0.87	1.25	2.14
	g) Other expenses	6.94	2.12	8.48	9.06	22.20	150.97
	<b>Total Expenses</b>	<b>238.71</b>	<b>230.05</b>	<b>219.66</b>	<b>468.75</b>	<b>437.31</b>	<b>1,022.62</b>
III	<b>Profit/(Loss) before exceptional items and tax</b>	<b>(235.01)</b>	<b>(217.03)</b>	<b>(197.25)</b>	<b>(452.03)</b>	<b>(399.54)</b>	<b>(899.18)</b>
IV	<b>Exceptional items (Income) / Expense</b>	-	114.01	-	114.01	-	652.46
V	<b>Profit / (Loss) before tax</b>	<b>(235.01)</b>	<b>(331.04)</b>	<b>(197.25)</b>	<b>(566.04)</b>	<b>(399.54)</b>	<b>(1,551.63)</b>
VI	<b>Tax expenses</b>						
	Current Tax	-	-	-	-	-	-
	Excess / Short Provision of Earlier years	-	-	-	-	-	-
	Deferred Tax Liability / (asset)	0.21	0.21	1.41	0.41	2.05	(11.55)
	<b>Total tax expenses</b>	<b>0.21</b>	<b>0.21</b>	<b>1.41</b>	<b>0.41</b>	<b>2.05</b>	<b>(11.55)</b>
VII	<b>Profit/ (Loss) after tax for the period</b>	<b>(235.22)</b>	<b>(331.25)</b>	<b>(198.66)</b>	<b>(566.45)</b>	<b>(401.59)</b>	<b>(1,540.08)</b>
VIII	<b>Other Comprehensive Income:</b>						
	<b>Items that will not be reclassified to profit or loss ( net of Tax )</b>						
	- Remeasurement gain/ (loss) on defined benefit plans [net of tax]	(0.10)	0.02	-	(0.08)	0.01	(0.02)
	- Net gain/ (loss) on fair value of equity instruments through OCI	-	-	-	-	-	-
	<b>Other Comprehensive Income:</b>	<b>(0.10)</b>	<b>0.02</b>	<b>-</b>	<b>(0.08)</b>	<b>0.01</b>	<b>(0.02)</b>
IX	<b>Total Comprehensive Income / (Loss) For The Period / Year</b>	<b>(235.32)</b>	<b>(331.23)</b>	<b>(198.66)</b>	<b>(566.53)</b>	<b>(401.58)</b>	<b>(1,540.10)</b>
X	<b>Paid up Equity Share Capital ( Face Value ₹ 2 per Equity share )</b>	74.11	74.11	74.11	74.11	74.11	74.11
XI	<b>Other Equity</b>						(7,607.31)
XII	<b>Earnings per equity share</b>						
	Basic (Rs per share)	(6.38)	(8.98)	(5.39)	(15.36)	(10.89)	(41.75)
	Diluted (Rs per share)	(6.38)	(8.98)	(5.39)	(15.36)	(10.89)	(41.75)

See accompanying notes to the financial results

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**GAMMON INDIA LIMITED**

**Registered Office :** Floor 3rd, Plot - 3/8, Hamilton House, J. N. Heredia Marg, Ballard Estate, Mumbai - 400 038. Maharashtra, India; **Telephone :** +91-22-2270 5562

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Unaudited Standalone Cash Flow Statement for the year ended 30 September, 2023		
(₹ in Crore )		
Particulars	April to September 2023	April to September 2022
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit Before Tax and Extraordinary Items	(452.03)	(399.53)
Adjustments for :		
Depreciation	0.87	1.25
(Profit) / Loss on Sale of Assets	-	(5.61)
Interest Expenses	444.50	394.80
Foreign Exchange Loss / (Gain)	4.99	12.87
Interest Income	(0.05)	(6.18)
Sundry Balances Written Back	-	(2.34)
<b>Operating Profit Before Working Capital Changes</b>	<b>(1.72)</b>	<b>(4.72)</b>
Trade and Other Financial Receivables	(1.56)	8.19
Inventories	0.15	(0.65)
Trade Payables and Provision	(0.40)	(1.87)
Other Financials and Non Financial Assets	(1.26)	(6.20)
Other financial liabilities	1.49	(6.89)
Other non-financial liabilities	0.87	2.98
<b>CASH GENERATED FROM THE OPERATIONS</b>	<b>(2.43)</b>	<b>(9.17)</b>
Direct Taxes Paid / (Refund)	(2.01)	-
<b>Net Cash from Operating Activities</b>	<b>(0.42)</b>	<b>(9.17)</b>
<b>B CASH FLOW FROM INVESTMENT ACTIVITIES</b>		
Proceeds from Sales PPE	-	10.40
Other Bank Balance	0.37	1.74
Interest Received	0.05	-
<b>Net Cash from Investment Activities</b>	<b>0.42</b>	<b>12.14</b>
<b>C CASH FLOW FROM FINANCING ACTIVITIES</b>		
Interest paid	-	(0.38)
Net proceeds from Short term Borrowings	-	(2.60)
<b>Net Cash from Financing Activities</b>	<b>-</b>	<b>(2.98)</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>0.00</b>	<b>(0.00)</b>
Opening Balance	0.00	0.01
Closing Balance	0.00	0.01
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>0.00</b>	<b>-</b>
<b>Components of Cash and Cash Equivalents</b>		
Cash on Hand	0.00	0.01
Balances with Bank	-	-
<b>Total Balance</b>	<b>0.00</b>	<b>0.01</b>

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## GAMMON INDIA LIMITED

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Mumbai - 400 038. Maharashtra, India; **Telephone :** +91-22-2270 5562  
**E-mail :** gammon@gammonindia.com | **Website :** www.gammonindia.com  
**CIN :** L74999MH1922PLC000997

**Notes:**

1. The above unaudited standalone Financial Results for the quarter and half year ended September 30, 2023 were reviewed by the Audit Committee and approved by the Board of Directors of the Company at its meeting held on February 20, 2024
2. The Statutory Auditors of the Company have carried out limited review of the unaudited standalone financial results and have issued their modified conclusion thereon.
3. Results for the quarter and half year ended September 30, 2023 have been 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.
4. The auditors have qualified their report in respect of the following matters -
  - a) The Company had evaluated its claims in respect of on-going, completed and/or terminated contracts in the earlier periods which amounts to Rs. 151.39 crore as at September 30, 2023 with the help of an independent expert in the field of claims and arbitration who had assessed the likely amount of claims being settled in favour of the Company. The management contends that there is no change in position during the quarter and the same are due to them and they have a very good chance of realisation.
  - b) The Company has accounted the award at the amount of Rs 532.00 Crores. This amount includes an amount of Rs 123.08 Crores which is subject matter of appeal arising from the award. The company has given an unfunded exposure of Rs. 51.25 Crores in form of Bank Guarantee. The Company has accounted for the entire award to its account although the award is in the name of joint venture as detailed in the note. The Company contends that its tenable counter claim on the JV partner arising from their abandoning the project is far in excess of their share of claim awarded.
  - c) There are disputes in six projects of the Company. The total exposure against these projects is Rs. 182.37 Crore consisting of receivable of Rs. 60.70 crores, inventory and contract asset Rs. 43.96 crore and other receivables Rs. 77.71 crores. The Company is pursuing legal recourse / negotiations for settling the disputes in favour of the Company and is of the opinion that it has a good case in the matter hence does not require any provision considering the claims of the Company against the Clients.
  - d) During the quarter ended September 30, 2023 two lenders have levied penal interest and charges of Rs 53.88 Crores. Total amount of penal interest and charges amounts to Rs. 469.64 Crores up to September 30, 2023. The management is disputing the same and has not accepted the debit of excess penal interest and charges in its books. They have also requested the lenders to reverse the



same. In the resolution plan which is submitted to the lenders, this amount is sought to be reversed and the resolution plan does not consider the Company liability to pay this.

5. The Company in evaluating its jobs has considered an amount of Rs. 7.56 Crore relating to the likelihood of the claim materializing in favour of the Company, arising out of claims for work done, cost overruns arising due to client delays, changes of scope, escalation claims, variation orders, deviation in design and other charges recoverable from the client which are pending acceptance or certification by the client or referred the matter to the dispute resolution board / arbitration panel.

In furtherance to the recommendation of the Dispute Resolution Board (DRB) and Arbitration Awards in the Company's favour, the Company has recognized income to the extent of Rs.291.42 Crore in the previous years, which is part of Long-Term Trade Receivable. The Company contends that such awards have reached finality for the determination of the amounts of such claims and are reasonably confident of recovery of such claims although the client has moved the court to set aside the awards. Considering the fact that the Company has received favorable awards from the DRB and the Arbitration Tribunal, the management is reasonably certain that the claims will get favorable verdict from the courts.

6. The Company has receivable including retention amounting to Rs. 23.33 Crore receivables in various jobs relating to the Real Estate Projects due to the problems faced by the Real Estate Sector. The management is confident of ultimate recovery considering its contractual position and therefore no adjustments are required to be made in respect of such contracts.

7. **Material Uncertainty Relating to Going Concern**

The Company's operations have been affected in the last few years by various factors including liquidity crunch, unavailability of resources on timely basis, delays in execution of projects, delays in land acquisition, operational issues etc. The Company's overseas operations are characterized due to weak order booking, paucity of working capital and uncertain business environment. Also the Company's current liabilities exceed the current assets by Rs 9,946.00 Crore as at September 30, 2023. It only increased further in the quarter. The facilities of the Company with the Secured lenders are presently marked as NPA since June 2017. The liquidity crunch has resulted in several winding up petitions being filed against the Company by various stakeholders for recovery of the debts which the Company has been settling as per the mutually agreed repayment terms. The liquidity crunch is affecting the Company's operation with increasing severity. The Secured lenders have recalled the various facilities, initiated recovery suits in the Debt Recovery Tribunals as well as filing a winding up petition with the National Company Law Tribunal, Mumbai bench under the Insolvency and Bankruptcy code.

The Company has been making every effort in settling the outstanding Lenders dues.

The Companies Proposal for restructuring have undergone multiple iterations with many of the lenders approving while others not according their approval.

The Company presently has submitted a revised proposal to the lead bankers on the strength of a prospective investor, whose restructuring proposal is under consideration by the lenders.

The Management is hopeful for a resolution in the matter for which a joint lender meeting is planned in the near future. Therefore, the management continues to believe that going concern assumption is intact albeit with uncertainty in the area of acceptance by the lenders.

The Company had received various notices from Union Bank of India under the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act 2002, taking over the possession of the Gammon House property including the land appurtenant to it. The company has been restrained from parting with the rights over the said property. The total demand raised by this notice is Rs. 1136.71 Crores (including share of Punjab National Bank). The Union Bank has issued various e-auction notices, however as information is available with the company no successful bids have been received.

8. The Company is engaged mainly in "Construction and Engineering" segment. The Company also has "Real Estate Development" as other segments. Revenue from such activities is not significant and accounts for less than 10% of the total revenue and total assets of the Company. Therefore no disclosure of separate segment reporting as required in terms of Indian Accounting Standard INDAS - 108 is done in respect of this segment.
9. On account of the company being marked as non-performing assets by the lenders no interest has been debited by majority of the lenders. The company has made provision for interest on the basis of the last sanction and last revision of terms. Therefore, the loan balances and finance cost are subject to confirmation and consequent reconciliation, if any.
10. During the quarter ended June 30, 2023, the Company has entered into Shareholders Agreement (SHA) between subsidiaries of the Company i.e., Gammon International BV (GIBV), Gammon Holdings (Mauritius) Ltd (GHML) and the new investor, where the investor has committed to subscribe and pay the share capital of Sofinter for a total amount of Euro 12 Million.

With this infusion, the new investor will acquire 90% stake in Sofinter at an aggregate value of Euro 12 million. Post infusion of money, the subsidiary companies, GIBV and GHML will hold a balance 10% stake in Sofinter. Gammon India Ltd (GIL) is the corporate guarantor for due performance of the subsidiaries i.e., of Gammon Holdings (Mauritius) Limited and Gammon International BV. The execution of the SHA is underway along with fulfilment of Condition Precedent. The SHA also provides for a waterfall mechanism agreed between the Parties, with a maximum exit for the Gammon Group equal to Euro 34 million at an exit at Euro 135 million.

Thus, the stake of Gammon Group in Investment in Sofinter will reduce to 10% as against total 67.5% through Gammon International BV @ 32.5% and Gammon Holdings (Mauritius) Limited @ 35%.

Considering the value at which the new investor has acquired the 90% stake in Sofinter, the carrying value of the stake of Gammon group which is carried at fair value through Other Comprehensive Income (FVTOCI), has been fair valued at the proportionate fair value for their 10% stake in Sofinter.

Therefore, the Company on a prudence basis without considering the effect of waterfall mechanism, has given effect of to the excess exposure in the standalone financials statements towards loans given to SPVs for an amount of Rs 114.01 crores during the quarter ended June 30, 2023. The Company had already provided for an amount of Rs 400.00 crores in the quarter and the year ended March 31, 2023.

11. The Exceptional Income /(Expenses) include the following

*Rs. In Crore*

Particulars	Quarter Ended			Half Year ended		Year ended
	September 30, 2023	June 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022	March 31, 2023
Provision for Exposure of Deepmala Infrastructure Private Limited (DIPL) Refer note (a) below	-	-	-	-	-	(252.46)
Provision for Impairment of Exposure to Sofinter Group (Refer Note no 10 above)	-	(114.01)	-	(114.01)	-	(400.00)
<b>Total</b>		<b>(114.01)</b>		<b>(114.01)</b>		<b>(652.46)</b>

a) During the year ended March 31, 2023 one of the subsidiary Company i.e., Deepmala Infrastructure Private Limited (DIPL) has entered into OTS Settlement with its primary lender Axis Bank. Due to the OTS settlement, DIPL has Written off the Loan and interest amount of the Bank for the balancing amount. Pursuant to the OTS and the terms documented through tripartite agreement between the Company, its Shareholder and Financial Investor, amounts receivable (including interest) from related parties of the majority shareholder has been written off with the consent to each of such parties.

12. Other Income is negative for the quarter ended September 30, 2023 on account of changes in foreign exchange gain/loss vis a vis earlier period.

13. Corresponding figures for the previous period have been regrouped / rearranged wherever necessary.

For Gammon India Limited

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Sandeep Sheth  
Executive Director  
DIN No. 00955456  
Mumbai 20<sup>th</sup> February 2024

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STAMPED FOR IDENTIFICATION

# *Natvarlal Vepari & Co.*

## CHARTERED ACCOUNTANTS

903-904, 9th Floor, Raheja Chambers, 213, Nariman Point, Mumbai-400 021. Tel : 67527100 Fax : 6752 7101 E-Mail : nvc@nvc.in

**Independent Auditor's Limited Review Report on unaudited Consolidated financial results for the quarter and half year ended September 30, 2023 of Gammon India Limited pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015**

To

The Board of Directors  
Gammon India Limited,  
Mumbai.

1. We have reviewed the accompanying statement of unaudited Consolidated Financial Results ("Statement") of Gammon India Limited ("the Company") and its subsidiaries (the Company and its subsidiaries together referred to as "the Group"), its joint ventures and associates for the quarter and half year ended September 30, 2023, 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 amended ("the Listing Regulations").
2. This Statement, which is the responsibility of the Parent's Management and approved by the Parent's Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in the Indian Accounting Standard (Ind AS 34) "Interim Financial Reporting" prescribed under section 133 of the Companies Act, 2013 and other accounting principles generally accepted in India and is in compliance with the presentation and disclosure requirements of Regulation 33 of the Listing Regulations. Our responsibility is to issue a report on the Statement based on our review.
3. 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 of interim financial information consists of making inquiries primarily of persons responsible for financial and accounting matters and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.
4. We also performed procedures in accordance with the circular issued by the SEBI under Regulation 33(8) of the Listing Regulations, to the extent applicable.
5. The consolidated financial results of the Group includes the results for the quarter and half year ended September 30, 2023 of the companies listed in Annexure A to this report which are consolidated in accordance with the requirements of the Companies (Indian Accounting Standards)

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Rules 2015 specified under Section 133 of the Companies Act 2013 and the relevant rules thereon.

### **6. Basis of Qualified Conclusion**

- a) We invite attention to note no. 4 (a) of the Financial Result, detailing the recognition of claims during the earlier years in respect of on-going, completed and/or terminated contracts. The aggregate amount of claims outstanding as at September 30, 2023 is Rs. 151.39 crores. These claims were recognised only on the basis of opinion of an expert in the field of claims and arbitration. There are no further updates from the expert, on the recovery of the claims, In view of the above-mentioned circumstances and facts we are unable to comment upon the amounts recognised, its realisation and the consequent effect on the financial statements for the half year ended September 30, 2023.
- b) We invite attention to note no. 4 (b) of the Financial Result relating to the claim of CMRL project wherein the Company has accounted the award at an amount of Rs 532.00 Crores. This amount includes an amount of Rs 123.08 Crores which is subject matter of appeal arising from the award. The company has given an unfunded exposure of Rs. 51.25 Crores in form of Bank Guarantee. The Company has accounted for the entire award to its account although the award is in the name of joint venture as detailed in the note. In view of the final fructification of the award amount and the settlement of the JV proceeds as detailed in the aforesaid note pending to be concluded, we are unable to opine whether the entire amount will be to the account of the Company.
- c) We invite attention to note no. 4(c) of the Financial Result relating to Trade receivables, inventories and loans and advances which includes an amount of Rs. 97.95 crores in respect of disputes in four projects of the Company and/or its SPVs. The Company is pursuing legal recourse/ negotiations for addressing the disputes in favour of the Company. Pending the conclusion of the matters we are unable to state whether any provisions would be required against the Company's exposure.
- d) We invite attention to note no 4(d) of the Financial Result relating to penal interest and charges of Rs 53.88 crores during the half year ended September 30, 2023 by the lenders on its facilities. Total amount of penal interest amount to Rs. 469.64 Crores up to September 30, 2023. The same has not been debited to profit and loss account as management is disputing the same and in discussion with the lenders for reversal of the said penal interest and charges. In the absence of conclusion of the aforesaid discussion, we are unable to state whether any provision is required to be made against such penal interest and charges which will impact the loss for the quarter and the balance in retained earnings by the aforesaid amounts.
- e) We invite attention to note no 6 of Financial Result, following material Joint Ventures is not consolidated in these consolidated financial statements.

M/s Campo Puma Oriente S.A, Panama, a Joint Venture of the Company whose financials statement post December 31, 2019 is not available for consolidation, and the last audited

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financial statements was available till December 31, 2012, and the management accounts was available till December 31, 2019. The Company however has provided for entire exposure towards Campo Puma Oriente S.A, Panama.

Since the Joint Ventures mentioned above is material, the Assets, Revenue and Cash Flow represented in those Financial Result are subject to audit and consequent effect, if any.

- f) The auditors of the subsidiaries of the Company have made qualification in their Review Report as follows:

**In case of Ansaldo Caldaie Boilers India Pvt Ltd**

- a) The Company has received Share Application Money of Rs.16.64 Crores from M/s. Ansaldo Caldaie S.P.A for further allotment of shares which were to be issued on terms and conditions decided by the Board. However, the Company has neither made the allotment of shares nor refunded the money as per the regulations and provisions of The Companies Act, 2013 and Reserve Bank of India. The RBI vide its letter dated August 16, 2018 has asked the Company to refund the money. The Company has replied to RBI asking them to reconsider their directive due to various operational issues. RBI has not responded on the matter till date. The Company has not given any effects to the RBI directive and has disclosed the same as Current Liabilities.
- b) The Company is facing financial difficulties and material uncertainty relating to operations and cash flow which is significantly impairing its ability to continue as a going concern. These conditions indicate the existence of significant uncertainty over the cash flow expected and the company's ability to continue as a going concern.

### **7. Qualified Conclusion**

Except for the possible effects arising out of the matters mentioned in para 6(a) to 6(f) 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 as amended including the manner in which it is to be disclosed, or that it contains any material misstatement.

### **8. Material Uncertainty relating to Going Concern.**

We draw attention to the following material uncertainty related to going concern included in the reports of the auditors of the Parent and subsidiary company which are relevant to our conclusion on the consolidated financial statements of the Group;

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### **a) In respect of Holding Company**

We invite attention to note no. 7 of the Financial Results relating to the present financial situation of the Company detailing the Material Uncertainties Relating to Going Concern and the Going Concern assumptions. The lenders had in the previous years recalled all the loans and facilities and also the Company's Current Liabilities exceeds Current Assets by Rs 10,534.13 Crore as at September 30, 2023. The Company is finding it difficult to meet its financial obligations and the resolution plan is under consideration by lenders. The liquidity crunch is affecting the Company's operation with increasing severity. The trading in equity shares of the Company is presently suspended. Some of the creditors have filed for winding up petitions against the Company. The company has severe manpower issues and is defaulting on its statutory and regulatory obligations. The Company's resolution plan is under consideration by the lenders as detailed in aforesaid note but the final approval of all lenders and the execution of the plan and its success involves material uncertainties that may cast significant doubt about the Going Concern Assumption. Our report is not qualified on this account.

### **b) In respect of Subsidiary Companies**

In respect of Gammon Holdings B.V, Gammon International B.V, Pvan EERD Beheersmaatschappij B.V, ATSL Holdings B.V, Gammon International FZE and Gammon Holding Mauritius Limited (GHML) the financial statements carry material uncertainty related to going concern references arising out of current liabilities in excess of current assets, substantial erosion of net worth and the parent company restructuring plan which are pending approval.

## **9. Emphasis of Matter**

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

- a) We draw attention to Note no 8 of the Financial Results relating to recoverability of an amount of Rs.291.42 crores as at September 30, 2023 under trade receivables in respect of contract revenue where the Company has received arbitration awards in its favour in respect of which the client has preferred an appeal for setting aside the said arbitration awards, recognition of claims while evaluating the jobs of Rs.7.56 crores where the Company is confident of recovery. The recoverability is dependent upon the final outcome of the appeals & negotiations getting resolved in favour of the company.
- b) We draw attention to Note no 9 of the Financial Results relating to the projects of real estate sector where the exposure is Rs. 23.33 crores. The management is confident of ultimate recovery of the amounts, and we have relied on the management assertions of recoverability.

## **10. Other Matter**

- a) The statement includes the standalone financial results of 7 subsidiaries, which have been reviewed by their Auditors, whose standalone financial results reflect total assets of Rs.808.64 Crores, total revenues of Rs. 17.30 Crores and total net loss after tax of Rs. 66.72 Crores for the quarter and half year ended September 30, 2023. The other Auditors' reports have been

# *Natvarlal Vepari & Co.*

## CHARTERED ACCOUNTANTS

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furnished to us by the Management and our conclusion on the Statement, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries is solely based on the reports of the other auditor and the procedures performed by us as stated in para 3 above.

- b) The statement also includes the standalone financial results of 7 subsidiaries, which have not been reviewed by their auditors or us, whose standalone financial results reflect total assets of Rs. 35.47 Crores, total revenues of Rs. Nil and total net loss after tax of Rs. 0.01 Crores for the quarter and half year ended September 30, 2023, as considered in the statement. These financial statements are as prepared by the management of the holding company. Our conclusion is not qualified on this account.

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

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Nuzhat Khan

Partner

M. No. 124960

Mumbai Dated: February 20, 2024

UDIN: 24124960BKCZMT4975



# *Natvarlal Vepari & Co.*

## CHARTERED ACCOUNTANTS

903-904, 9th Floor, Raheja Chambers, 213, Nariman Point, Mumbai-400 021. Tel : 67527100 Fax : 6752 7101 E-Mail : nvc@nvc.in

### Annexure A

Sr no.	Name of Entity	Nature of Relationship
1.	Gammon India Limited	Parent
2.	Metropolitan Infrahousing Private Limited ('MIPL')	Subsidiary
3.	ATSL Infrastructure Projects Limited	Subsidiary
4.	Gactel Turnkey Projects Limited. ('GACTEL')	Subsidiary
5.	Gammon International FZE ('GIFZE')	Subsidiary
6.	P.Van Eerd Beheersmaatschappaji B.V. Netherlands ('PVAN')	Subsidiary
7.	Deepmala Infrastructure Private Limited ('DIPL')	Subsidiary
8.	Gammon Retail Infrastructure Private Limited ('GRIPL')	Subsidiary
9.	Gammon Power Limited. ('GPL')	Subsidiary
10.	ATSL Holding B.V. Netherlands	Subsidiary
11.	Gammon Realty Limited. ('GRL')	Subsidiary
12.	Gammon Holdings B.V., Netherlands ('GHBV')	Subsidiary
13.	Gammon International B.V., Netherlands ('GIBV')	Subsidiary
14.	Gammon Transmission Limited ('GTL')	Subsidiary
15.	Gammon Real estate developers private limited (GRDL)	Subsidiary
16.	Ansaldocaldaie Boilers India Private Limited ('ACB')	Subsidiary
17.	Gammon Holdings (Mauritius) Limited ('GHM')	Subsidiary
18.	Patna Water Supply Distribution Network Private Limited ('PWS')	Subsidiary
19.	Associated Transrail Structures Limited., Nigeria	Subsidiary
20.	Gammon Italy S.r.L	Subsidiary
21.	Gammon SEW('GSEW')	Joint Venture

CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES		
(₹ in Crore)		
Particulars	As at September 30, 2023	As at March 31, 2023
	Reviewed	Audited
<b>ASSETS</b>		
<b>NON-CURRENT ASSETS</b>		
(a) Property, plant and equipment	404.59	405.51
(b) Capital work-in-progress	-	-
(c) Intangible Asset	-	-
(d) Goodwill on Consolidation	-	-
(e) Financial assets		
(i) Investments	19.20	133.68
(ii) Trade receivable	369.93	369.89
(iii) Loans	89.74	89.74
(iv) Others financial assets	4.69	4.69
(f) Deferred tax assets (net)	-	-
(g) Other non-current assets	1,139.11	1,153.67
<b>TOTAL NON-CURRENT ASSETS</b>	<b>2,027.27</b>	<b>2,157.18</b>
<b>CURRENT ASSETS</b>		
(a) Inventories	494.02	503.00
(b) Financial assets		
(i) Investments	0.04	0.04
(ii) Trade receivables	34.64	31.05
(iii) Cash and cash equivalents	0.01	2.30
(iv) Bank balances	3.67	4.26
(v) Loans	8.51	8.37
(vi) Others	35.50	35.59
(c) Other current assets	86.97	85.68
<b>TOTAL CURRENT ASSETS</b>	<b>663.36</b>	<b>670.29</b>
<b>TOTAL ASSETS</b>	<b>2,690.62</b>	<b>2,827.47</b>
<b>EQUITY AND LIABILITIES</b>		
<b>EQUITY</b>		
(a) Equity share capital	74.11	74.11
(b) Other equity	(8,933.97)	(8,241.95)
Equity attributable to owners of the parent	(8,859.86)	(8,167.84)
(c) Non-controlling interests	(128.29)	(117.15)
<b>TOTAL EQUITY</b>	<b>(8,988.15)</b>	<b>(8,284.99)</b>
<b>LIABILITIES</b>		
<b>NON-CURRENT LIABILITIES</b>		
(a) Financial liabilities		
(i) Borrowings	155.00	103.00
(ii) Trade payables		
- Total outstanding dues to Micro and Small Enterprises	-	-
- Total outstanding dues to other than Micro and Small Enterprises	23.19	22.85
(b) Provisions	3.30	3.19
(c) Deferred tax liabilities (net)	92.97	92.63
(d) Other non-current liabilities	206.82	211.13
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>481.28</b>	<b>432.81</b>
<b>CURRENT LIABILITIES</b>		
(a) Financial liabilities		
(i) Borrowings	100.69	153.35
(ii) Trade payables		
- Total outstanding dues to Micro and Small Enterprises	0.29	0.29
- Total outstanding dues to other than Micro and Small Enterprises	152.28	151.69
(iii) Other financial liabilities	10,505.59	9,937.69
(b) Other current liabilities	81.93	82.48
(c) Provisions	356.72	354.16
(d) Current tax liabilities (net)	0.00	0.00
<b>TOTAL CURRENT LIABILITIES</b>	<b>11,197.49</b>	<b>10,679.65</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>2,690.62</b>	<b>2,827.47</b>
See accompanying notes to the financial results		

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**GAMMON INDIA LIMITED**

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Mumbai - 400 038, Maharashtra, India; Telephone : +91-22-2270 5562  
E-mail : gammon@gammonindia.com | Website : www.gammonindia.com  
CIN : L74999MH1922PLC000997**



## STATEMENTS OF CONSOLIDATED UNAUDITED RESULTS FOR THE QUARTER AND HALF YEAR ENDED SEPTEMBER 30, 2023

(₹ in Crore)

Sr No	Particulars	Quarter Ended			Half Year Ended		Year Ended
		30-Sep-23	30-Jun-23	30-Sep-22	30-Sep-23	30-Sep-22	31-Mar-23
		Reviewed	Reviewed	Reviewed	Reviewed	Reviewed	Audited
1	<b>Income</b>						
	(a) Revenue from Operations	17.00	14.83	11.69	31.83	22.40	115.05
	(b) Other Income	0.60	1.36	7.91	1.96	10.43	123.26
	<b>Total Income</b>	<b>17.60</b>	<b>16.19</b>	<b>19.60</b>	<b>33.79</b>	<b>32.83</b>	<b>238.31</b>
2	<b>Expenses</b>						
	(a) Cost of Sales	14.73	6.76	5.09	21.48	10.10	29.84
	(b) Changes in inventories of finished goods, work-in progress and stock-in-trade	-	-	-	-	-	21.95
	(c) Subcontracting Expenses	1.35	3.04	2.83	4.39	5.57	8.99
	(d) Employee benefits expense	2.08	2.19	1.98	4.27	4.28	9.57
	(e) Finance Costs	286.01	275.64	246.02	561.65	481.02	965.35
	(f) Depreciation & amortization	0.45	0.47	0.63	0.92	1.29	2.22
	(g) Other expenses	55.69	19.93	104.13	75.62	199.02	147.34
	<b>Total Expenses</b>	<b>360.31</b>	<b>308.03</b>	<b>360.68</b>	<b>668.33</b>	<b>701.28</b>	<b>1,185.26</b>
3	<b>Profit/(Loss) before exceptional items and tax</b>	<b>(342.71)</b>	<b>(291.84)</b>	<b>(341.08)</b>	<b>(634.54)</b>	<b>(668.45)</b>	<b>(946.94)</b>
4	Exceptional items Income / (Expense)	-	(15.00)	-	(15.00)	-	39.60
5	<b>Profit / (loss) before share of (profit)/loss of associates and joint ventures and tax</b>	<b>(342.71)</b>	<b>(306.84)</b>	<b>(341.08)</b>	<b>(649.54)</b>	<b>(668.45)</b>	<b>(907.35)</b>
6	Share of profit / (loss) of associates and joint ventures	-	-	-	-	-	(0.30)
7	<b>Profit / (Loss) before tax</b>	<b>(342.71)</b>	<b>(306.84)</b>	<b>(341.08)</b>	<b>(649.54)</b>	<b>(668.45)</b>	<b>(907.65)</b>
8	<b>Tax expenses</b>						
	Current Tax	-	-	-	-	-	-
	Excess / Short Provision of Earlier years	-	-	-	-	-	1.06
	Deferred Tax Liability / (asset)	0.09	0.24	1.41	0.32	2.06	(11.53)
	<b>Total tax expenses</b>	<b>0.09</b>	<b>0.24</b>	<b>1.41</b>	<b>0.32</b>	<b>2.06</b>	<b>(10.47)</b>
9	<b>Profit/ (Loss) after tax for the period</b>	<b>(342.80)</b>	<b>(307.08)</b>	<b>(342.49)</b>	<b>(649.86)</b>	<b>(670.51)</b>	<b>(897.18)</b>
10	<b>Other Comprehensive Income:</b>						
	Items that will not be reclassified to profit or loss:						
	- Remeasurements of the defined benefit plans [net of tax]	(0.10)	0.02	-	(0.08)	0.04	-
	Items that will be reclassified to profit or loss:						
	- Exchange differences through OCI	40.02	21.26	68.10	61.28	120.09	(46.84)
	- Net gain/ (loss) on fair value of equity instruments through OCI	-	(114.50)	-	(114.50)	-	(698.00)
	<b>Other Comprehensive Income for the year</b>	<b>39.92</b>	<b>(93.22)</b>	<b>68.10</b>	<b>(53.30)</b>	<b>120.13</b>	<b>(744.84)</b>
11	<b>Total Comprehensive Income / (Loss) For The Period</b>	<b>(302.88)</b>	<b>(400.30)</b>	<b>(274.39)</b>	<b>(703.16)</b>	<b>(550.38)</b>	<b>(1,642.02)</b>
	Profit for the year attributable to:						
	- Owners of the Company	(338.63)	(300.10)	(339.31)	(638.72)	(664.09)	(926.49)
	- Non- Controlling interest	(4.17)	(6.98)	(3.18)	(11.14)	(6.42)	29.31
12	<b>Other Comprehensive Income attributable to:</b>						
	- Owners of the Company	39.92	(93.22)	68.10	(53.30)	120.13	(744.84)
	- Non- Controlling interest	-	-	-	-	-	-
13	<b>Total Comprehensive Income attributable to:</b>						
	- Owners of the Company	(298.72)	(393.32)	(271.21)	(692.02)	(543.96)	(1,671.33)
	- Non- Controlling interest	(4.17)	(6.98)	(3.18)	(11.14)	(6.42)	29.31
14	<b>Earnings per equity share</b>						
	Basic	(9.18)	(8.14)	(9.20)	(17.32)	(18.00)	(25.12)
	Diluted	(9.18)	(8.14)	(9.20)	(17.32)	(18.00)	(25.12)

See accompanying notes to the financial results

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**GAMMON INDIA LIMITED**

**Registered Office : Floor 3rd, Plot - 3/8, Hamilton House, J. N. Heredia Marg, Ballard Estate,  
Mumbai - 400 038. Maharashtra, India; Telephone : +91-22-2270 5562**

**E-mail : gammon@gammonindia.com | Website : www.gammonindia.com**

**CIN : L74999MH1922PLC000997**

Consolidated Cash Flow Statement For the half year ended September 30, 2023		
(₹ in Crore)		
Particulars	April 2023- September 23	April 2022- September 22
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit / (loss) before share of (profit)/loss of associates and joint ventures and tax	(649.53)	(568.45)
Adjustments for :		
Depreciation	0.92	1.29
Interest Expenses and Other Finance Cost	561.65	481.02
(Profit) / Loss on Sale of Assets	-	(5.61)
Foreign Exchange Loss / (Gain)	69.46	189.01
Interest Income	(0.05)	(0.12)
Write off of Contract Assets	15.00	-
Sundry Balances Written off	-	0.01
Asset written off	-	0.00
Sundry Balances Written Back	-	(2.34)
<b>Operating Profit Before Working Capital Changes</b>	<b>(2.55)</b>	<b>(5.18)</b>
Trade Receivables	(3.62)	8.31
Inventories	8.98	(1.32)
Other financial and non financial Asset	(1.56)	(5.80)
Trade Payables and Provision	0.83	(1.83)
Other financial and non financial liabilities	(3.44)	(3.98)
<b>CASH GENERATED FROM THE OPERATIONS</b>	<b>(1.36)</b>	<b>(9.80)</b>
Direct Taxes Paid / (Refund)	0.29	0.23
<b>Net Cash from Operating Activities</b>	<b>(1.65)</b>	<b>(10.03)</b>
<b>B CASH FLOW FROM INVESTMENT ACTIVITIES</b>		
Purchase of Fixed Assets	(0.00)	10.41
Other Bank Balance	0.59	(0.08)
Interest Received	0.05	0.12
<b>Net Cash from Investment Activities</b>	<b>0.64</b>	<b>10.45</b>
<b>C CASH FLOW FROM FINANCING ACTIVITIES</b>		
Interest paid	(0.88)	(2.84)
Repayment of Long term Borrowing	(58.71)	-
Proceeds from Long term Borrowing	58.31	0.00
(Repayment)/ Proceeds from Short term Borrowings	-	0.63
<b>Net Cash from Financing Activities</b>	<b>(1.28)</b>	<b>(2.21)</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(2.29)</b>	<b>(1.79)</b>
Opening Balance	2.30	2.13
Closing Balance	0.01	0.34
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(2.29)</b>	<b>(1.79)</b>
<b>Components of Cash and Cash Equivalents</b>		
Cash on Hand	0.01	0.04
Balances with Bank	-	0.30
<b>Total Balance</b>	<b>0.01</b>	<b>0.34</b>

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## GAMMON INDIA LIMITED

**Registered Office : Floor 3rd, Plot - 3/8, Hamilton House, J. N. Heredia Marg, Ballard Estate, Mumbai - 400 038. Maharashtra, India; Telephone : +91-22-2270 5562**  
**E-mail : gammon@gammonindia.com | Website : www.gammonindia.com**  
**CIN : L74999MH1922PLC000997**

**Notes:**

1. The above unaudited Consolidated Financial Results for the quarter and half year ended September 30, 2023, were reviewed by the Audit Committee and approved by the Board of Directors of the Company at its meeting held on February 20, 2024.
2. The Statutory Auditors of the Company have carried out limited review of the unaudited standalone financial results and have issued their modified conclusion thereon.
3. Results for the quarter and half year ended September 30, 2023, have been 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.
4. The auditors have qualified their report in respect of the following matters -
  - a) The Company had evaluated its claims in respect of on-going, completed and/or terminated contracts in the earlier periods which amounts to Rs. 151.39 crore as at June 30, 2023 with the help of an independent expert in the field of claims and arbitration who had assessed the likely amount of claims being settled in favour of the Company. The management contends that there is no change in position during the quarter and the same are due to them and they have a very good chance of realisation.
  - b) During the year ended March 31, 2023 the Holding Company accounted for the award received in respect of its joint venture relating the Chennai Metro Rail project (CMRL) at a value of Rs. 532.00 crores. This includes an amount of Rs 123.08 Cr which is subject matter of appeal being the claim of the Company, which is not accepted, for which the Company is of the opinion that it has a strong case. Company has also filed appeal against certain items of the award. The aforesaid award is received in the name of the Joint Venture, but the Holding company has accounted for the entire share to its accounts. The Company contends that its tenable counter claim on the JV partner arising from their abandoning the project is far in excess of their share of claim awarded.
  - c) There are disputes in four projects of the Company. The total exposure against these projects is Rs. 97.95 Crore consisting of receivable of Rs. 60.70 crores, inventory and contract asset of Rs. 43.96 crore and Other Payable Rs. 6.71 crores. The Company is pursuing legal recourse / negotiations for settling the disputes in favour of the Company and is of the opinion that it has a good case in the matter hence does not require any provision considering the claims of the Company against the Clients.
  - d) During the period ended September 30, 2023 two lenders have levied penal interest and

charges of Rs 53.88 Crores. Total amount of penal interest and charges amounts to Rs. 469.64 Crores up to September 30, 2023. The management is disputing the same and has not accepted the debit of excess penal interest and charges in its books. The revised resolution plan submitted does not consider these penal interests as due and payable and the same is requested to be waived.

5. Following material Joint Ventures is not consolidated in these consolidated financial statements.

i. M/s Campo Puma Oriente S.A, Panama, a Joint Venture of the Company whose financials statement post December 31, 2019 are not available for consolidation, and the last audited financial statements was available till December 31, 2012, and the management accounts was available till December 31, 2019. The Company has made full provision towards its exposure to Campo Puma Oriente S.A in its accounts.

6. The auditors of one subsidiary Ansaldo Caldaie Boilers India Limited (ACBI) of the Company have qualified their audit report which is being replicated by the Group auditor as follows:

a) The Company has received Share Application Money of Rs.16.64 Crores from M/s. Ansaldo Caldaie S.P.A for further allotment of shares which were to be issued on terms and conditions decided by the Board. However, the Company has neither made the allotment of shares nor refunded the money as per the regulations and provisions of The Companies Act, 2013 and Reserve Bank of India. The RBI vide its letter dated August 16, 2018 has asked the Company to refund the money. The Company has replied to RBI asking them to reconsider their directive due to various operational issues. RBI has not responded on the matter till date. The Company has not given any effects to the RBI directive and has disclosed the same as Current Liabilities.

b) The Company is facing financial difficulties and material uncertainty relating to operations and cash flow which is significantly impairing its ability to continue as a going concern. These conditions indicate the existence of significant uncertainty over the cash flow expected and the company's ability to continue as a going concern.

**7. Material Uncertainty Relating to Going Concern**

**a) Holding Company**

The Company's operations have been affected in the last few years by various factors including liquidity crunch, unavailability of resources on timely basis, delays in execution of projects, delays in land acquisition, operational issues etc. The Company's overseas operations are characterized due to weak order booking, paucity of working capital and uncertain business environment. Also the Company's current liabilities exceed the current

assets by Rs. 10,534.13 Crore as at September 30, 2023. It only increased further in the quarter. The facilities of the Company with the Secured lenders are presently marked as NPA since June 2017. The liquidity crunch has resulted in several winding up petitions being filed against the Company by various stakeholders for recovery of the debts which the Company has been settling as per the mutually agreed repayment terms. The liquidity crunch is affecting the Company's operation with increasing severity. The Secured lenders have recalled the various facilities, initiated recovery suits in the Debt Recovery Tribunals as well as filing a winding up petition with the National Company Law Tribunal, Mumbai bench under the Insolvency and Bankruptcy code

The Company has been making every effort in settling the outstanding Lenders dues.

The Companies Proposal for restructuring have undergone multiple iterations with the many of the lenders approving while others not according to their approval.

The Company presently has submitted a proposal to the lead bankers on the strength of prospective investor, whose restructuring proposal is under consideration by the lenders.

The Management is hopeful for the a resolution in the matter for which a joint lender meeting is planned in the near future. Therefore, the management continues to believe that going concern assumption is intact albeit with uncertainty in the area of acceptance by the lenders.

The Company had received various notices from Union Bank of India under the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act 2002, taking over the possession of the Gammon House property including the land appurtenant to it. The company has been restrained from parting with the rights over the said property. The total demand raised by this notice is Rs. 1136.71 Crores (including share of Punjab National Bank). The Union Bank has issued various e-auction notices, however as information is available with the company no successful bids have been received.

#### **b) Subsidiary Companies**

The Auditors of Gammon Holdings B.V, Gammon International B.V, Pvan EERD Beheersmaatschappij B.V, ATSL Holdings B.V, Gammon International FZE and Gammon Holding Mauritius Limited (GHML) in the financial statements have carried material uncertainty related to going concern references arising out of current liabilities in excess of current assets, substantial erosion of net worth and the parent company restructuring plan which are pending approval.

8. The Holding Company, in evaluating its jobs has considered an amount of Rs. 7.56 Crore

relating to the likelihood of the claim materializing in favour of the Company, arising out of claims for work done, cost overruns arising due to client delays, changes of scope, escalation claims, variation orders, deviation in design and other charges recoverable from the client which are pending acceptance or certification by the client or referred the matter to the dispute resolution board / arbitration panel.

In furtherance to the recommendation of the Dispute Resolution Board (DRB) and Arbitration Awards in the Company's favour, the Company has recognized income to the extent of Rs. 291.42 Crore, which is part of Long Term Trade Receivable. The Company contends that such awards have reached finality for the determination of the amounts of such claims and are reasonably confident of recovery of such claims although the client has moved the court to set aside the awards. Considering the fact that the Company has received favorable awards from the DRB and the Arbitration Tribunal, the management is reasonably certain that the claims will get favorable verdict from the courts.

9. The Company has receivable including retention aggregating to Rs. 23.32 Crore in various jobs relating to the Real Estate Projects due to the problems faced by the Real Estate Sector. The management is confident of ultimate recovery considering its contractual position and therefore no adjustments are required to be made in respect of such contracts.
10. The Company is a party to an agreement in connection with issue of Optionally convertible debentures (OCD) in the case of Deepmala Infrastructure Private Limited (DIPL). As per the terms of OCD the investor to whom the OCD are issues has a right to control the board after by appointing his nominees. As on date, the investor has not exercised the right and therefore the company continues to control DIPL and accordingly continues to consolidate the same as a subsidiary. As an when the board changes and control diminishes the company will account for deconsolidation of the said subsidiary.
11. The Company's funded and non-funded exposure towards Franco Tosi Mecannica S.p.A (FTM) group is Rs. 818.59 crores (fully provided) including Investments and guarantees towards the acquisition loan taken by the SPV. The commissioner in charge of the Extraordinary Administration of Franco Tosi Meccanica S.p.A. had already concluded the sale of the operating business of FTM to the successful bidder and has commenced the disposal of the non-core assets (i.e. those assets which were not part of the sale of operating business), which includes 60 acres of land in Legnano, Italy. The commissioner has not started the actual disposal of the property. However the liabilities to be discharged against the surplus on disposal (net of tax) are not yet crystallised and firmed up as on date. The Commissioner of the said FTM has released summarized statement of affairs from July 2016 to December 2016 from which also the values of assets and liabilities to be discharged there against are unclear.



The management was expecting that the value of the non core assets would be sufficient to cover the exposure of the company. However there has been no progress in the matter either for the disposal of the non core assets or ascertainment of the value of the non core assets by the commissioner in charge of the Extraordinary Administration of Franco Tosi Meccanica S.p.A. Considering the elapse of time and uncertainties relating to the value of the non core assets and its disposal, the management on a prudent basis has provided for the entire exposure, notwithstanding its ongoing endeavor to recover the value of the non core assets.

On account of the above facts and the absence of financial statements of the said FTM, FTM functions under severe long term restrictions which impair its ability to transfer funds to its parent. Further the parent does not have any control whatsoever as the entire control lies with the commissioner and the parent does not have access to information also. The Management of the Company and the Board of FTM have no say in the matter and has no access to records which are with the Commissioner. Therefore, in accordance with INDAS 110 – Consolidated Financial Statements, in the absence of control, the said FTM is excluded from Consolidation.

The said Subsidiary has therefore been accounted as Financial Instrument accounted on Fair Value through Other Comprehensive Income. Since no information is available from the commissioner, the fair value changes cannot be identified, and the investment is carried without further fair value changes. However, the entire exposure has been provided.

12. On account of the company being marked as non-performing assets by the lenders no interest has been debited by majority of the lenders. The company has made provision for interest on the basis of the last sanction and last revision of terms. Therefore, the loan balances and finance cost are subject to confirmation and consequent reconciliation, if any.
13. The quarter ended June 30, 2023, the Group has entered into Shareholders Agreement (SHA) between subsidiaries of the Company i.e., Gammon International BV (GIBV), Gammon Holdings (Mauritius) Ltd (GHML) and the new investor, where the investor has committed to subscribe and pay the share capital of Sofinter for a total amount of Euro 12 Million.

With the proposed infusion, the new investor will acquire 90% stake in Sofinter at an aggregate value of Euro 12 million. Post infusion of money, the subsidiary companies, GIBV and GHML will hold a balance 10% stake in Sofinter. Gammon India Ltd (GIL) is the corporate guarantor for due performance of the subsidiaries i.e., of Gammon Holdings (Mauritius) Limited and Gammon International BV. The execution of the SHA is underway along with fulfilment of Condition Precedent. The SHA also provides for a waterfall mechanism agreed between the Parties, with a maximum exit for the Gammon Group equal to Euro 34 million at an exit at Euro 135 million.

Thus, the stake of Gammon Group in Investment in Sofinter will reduce to 10% as against total 67.5% through Gammon International BV @ 32.5% and Gammon Holdings (Mauritius) Limited@ 35%.

Considering the value at which the new investor proposes to acquire the 90% stake in Sofinter, the carrying value of the stake of Gammon group which is carried at fair value through Other Comprehensive Income (FVTOCI), has been fair valued at the proportionate fair value for their 10% stake in Sofinter.

Therefore, the Company on a prudence basis without considering the effect of waterfall mechanism, has given effect of to the excess exposure in the carrying value of investment in Sofinter (which as carried at FVTOCI) for an amount of Rs 114.01 crores during the quarter ended June 30, 2023 which is debited to Other Comprehensive Income. The group had already provided for an amount of Rs 698.00 crores in the quarter and the year ended March 31, 2023 under Other Comprehensive Income.

14. The Group is engaged in “Construction and Engineering” and “Real Estate Development” segment. Disclosure of segments is given in Annexure 1.
15. The Exceptional Income /(Expenses) include the following

(Rs. In Crore)

Particulars	Quarter Ended			Half Year ended		Year ended
	September 30, 2023	June 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022	Mar 31, 2023
Impairment of Inventory	-	-	-	-	-	(255.76)
Waiver of Loan and Interest	-	-	-	-	-	300.80
Net Balance (write off)/written back	-	(15.00)	-	(15.00)	-	(5.44)
<b>Total</b>	-	<b>(15.00)</b>	-	<b>(15.00)</b>	-	<b>39.60</b>

- a) During the quarter and year ended March 31, 2023, one of the subsidiary Company (DIPL) has entered into OTS Settlement with its primary lender Axis Bank. Due to the OTS settlement Subsidiary company has Written off the Loan and interest amount of the Bank for the balancing amount (shown under exceptional item). Pursuant to the OTS and the terms documented through tripartite agreement between the Company, its Shareholder and Financial Investor, amounts receivable (including interest) from related parties of the majority shareholder has been written off with the consent to each of such parties.

- b) The subsidiary Company (DIPL) has obtained a valuation report in March 2023 for realizability from its project which is valued at Rs 450 crores. The carrying value of inventory in the books of the Company has been written down to its Net Realisable Value, which is also adjusted in exceptional items.
- c) During the quarter ended June 30, 2023, one of the subsidiary (Ansaldocaldaie Boilers India Private Limited) (ACBI) of the Group has written off the advance given amounting to Rs 15.00 crores.

For Gammon India Limited

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Sandeep Sheth  
Executive Director  
DIN No. 00955456

Mumbai,

Dated: February 20, 2024

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**Annexure 1**  
**Segment Reporting**

Particulars	Quarter Ended			Half Year Ended		Year Ended
	30-Sep-23	30-Jun-23	30-Sep-22	30-Sep-23	30-Sep-22	31-Mar-23
	Reviewed	Reviewed	Reviewed	Reviewed	Reviewed	Audited
<b>Segment Revenue</b>						
<b>External Turnover</b>						
Real Estate Business	7.89	1.47	-	9.36	-	12.28
Construction & Engineering	9.11	13.36	11.69	22.47	22.40	102.77
			-			-
<b>Interest Expenses</b>						-
Real Estate Business	12.14	11.48	10.78	23.62	21.56	0.83
Construction & Engineering	273.87	264.16	235.24	538.03	459.46	964.52
						-
<b>Interest Income</b>						-
Real Estate Business	0.00	0.00	0.00	0.00	0.01	0.01
Construction & Engineering	0.05	0.00	0.06	0.05	0.11	1.02
						-
<b>Segment Results - Profit Before Tax</b>						-
Real Estate Business	(13.56)	(11.56)	(10.89)	(25.12)	(21.74)	14.47
Construction & Engineering	(329.15)	(295.28)	(330.19)	(624.42)	(646.71)	(922.12)
<b>Profit Before Tax</b>	(342.71)	(306.84)	(341.08)	(649.54)	(668.45)	(907.65)
<b>Taxes</b>	(0.09)	(0.24)	(1.41)	(0.32)	(2.06)	10.47
<b>Profit after Tax</b>	(342.80)	(307.08)	(342.49)	(649.86)	(670.51)	(897.18)
						-
<b>Other Information</b>						-
<b>Depreciation</b>						-
Real Estate Business	0.00	0.00	0.00	0.00	0.00	0.01
Construction & Engineering	0.45	0.47	0.63	0.92	1.29	2.21
						-
<b>Segment Assets</b>						-
Real Estate Business	581.96	589.16	981.23	581.96	981.23	590.11
Construction & Engineering	2,106.40	2,107.09	2,756.23	2,106.40	2,756.23	2,935.38
<b>Segment Liabilities</b>			-	-		-
Real Estate Business	553.69	547.33	995.35	553.69	995.35	536.71
Construction & Engineering	11,122.82	10,834.21	9,935.49	11,122.82	9,935.49	10,575.76