21st September, 2017

The National Stock Exchange of India Ltd.,
Exchange Plaza, 5th Floor,
Plot No. C/1, G Block,
Bandra - Kurla Complex,
Bandra (East),
Mumbai - 400 051

NSE CODE: GAMMONIND

BSE Limited
1st Floor, New Trading Ring,
Rotunda Building,
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai - 400 001

BSE CODE:509550

Dear Sir/Madam,

Sub: Revised audit report dated 20th September, 2017 for the quarter and financial year ended 31st March, 2017

This is in continuation to our letter dated 20th September, 2017 wherein the Company submitted the Standalone Audited Financial Results for the quarter and financial year ended 31st March, 2017 along with the audit report. We wish to inform you that the Statutory Auditors have provided to the Company a revised audit report wherein paragraph No. 7 of the audit report stands modified.

The revised audit report is attached for your records. Apart from the above changes there are no other changes in the audit report.

You are requested to take the above information on record.

Thanking you,

For Gammon India Limited

Niki Shingade
Compliance Officer

Encl: As above

Natvarlal Vepari & Co.
CHARTERED ACCOUNTANTS
Oricon House, 4th Floor, 12, K. Dubash Marg, Mumbai-400 023. • Tel : 6752 7100 • Fax : 6752 7101 • E-Mail : nvc@nvc.in

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

To
The Board of Directors
Gammon India Limited,
Mumbai.

1. We have audited the quarterly standalone financial results of Gammon India Limited ("the Company") for the quarter ended March 31, 2017, and the standalone financial results for the year ended March 31, 2017, attached herewith ("Statement"), being submitted by the company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with Circular No. CIR/CFD/FAC/62/2016 dated July 5, 2016. The quarterly standalone financial results are the derived figures between the audited figures in respect of the year ended March 31, 2017 and the year-to-date figures up to December 31, 2016, being the date of the end of the third quarter of the current financial year, which were subjected to limited review as adjusted for the effects of the scheme detailed in note 3 of the statements. The standalone financial results for the quarter ended March 31, 2017 have been prepared on the basis of the financial results for the nine-month period ended December 31, 2016, the audited annual financial statements as at and for the year ended March 31, 2017, and the relevant requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and are the responsibility of Company's management and have been approved by the Board of Directors of the Company. Our responsibility is to express an opinion on these financial results based on our review of the financial results for the nine-month period ended December 31, 2016 which was prepared in accordance with the recognition and measurement principles laid down in Companies (Indian Accounting Standards) Regulation, 2015 specified under Section 133 of the Companies Act, 2013 and other accounting principles generally accepted in India; our audit of the annual financial statements as at and for the year ended March 31, 2017; and the relevant requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

3. **Basis of Qualified Opinion**

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a. *We invite attention to note no 6 relating to one of the subsidiaries M/s Franco Tosi Meccanica S.p.A (FTM). As described in the note, the control of the operating/core asset of the said FTM has been transferred to the successful bidder and the Company is entitled only to the surplus arising out of disposal of non-core assets of FTM after paying off all other creditors/liabilities of FTM. The funded and non-funded exposure of the Company to FTM is Rs. 919.56.crores (net of provisions made) as at March 31 2017 including towards the corporate guarantees issued towards the bank guarantees issued in favour of the said FTM. The management as detailed in the said note is awaiting the details of the surplus arising out of the disposal of the non-core assets and the recovery of the liabilities therefrom. The management expects that the surplus will be adequate to cover the exposure. However in the absence of any indication of the value of the non-core assets or the surplus we are unable to quantify the possible provision towards the exposure of the Company and therefore also the effect on the loss/profit of the Company for the quarter and the year ended March 31 2017.*

b. *We invite attention to note no 11, detailing the recognition of claims during the previous year ended March 31, 2016 in respect of on-going, completed and/or terminated contracts. The aggregate amount of claims outstanding as at March 31, 2017 is Rs. 871.01 crores after the transfer of claims under slump exchange scheme and BTA as detailed in aforesaid note. These claims are recognised only on the basis of opinion of an expert in the field of claims and arbitration as part of the requirement of the Strategic Debt Restructuring scheme with the lenders. 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 results of the quarter and year ended March 31, 2017.*

c. *We invite attention to note no 8 relating to the Company's exposure to Sofinter Group of Rs. 1000.33 crores. As detailed in the note the Company despite holding 67.50% does not have control over the operations of the Company as the same is in the control of the lenders. The financials statements of the said Sofinter group are not audited and are pending issuance of the Audit Report by their Statutory Auditors on account of issues related to the lending limits that the Group has access to. Gammon India Limited has not carried out impairment test of its exposure to Group Sofinter and the available independent valuations are more than 24 months old. We are therefore unable to state whether the said exposure needs to be impaired or not.*

d. *We also invite attention to note no 9 relating to the Company's Exposure to Campo Puma Oriente S.A. of Rs. 291.97 crores. In the light of the on-going dispute with the partners resulting in the financial statements not being finalised and in view of the impairment testing of the said exposure not being carried out by Gammon India Limited and the available independent valuations are more than 24 months old. The internal estimates of realisability are not backed by independent valuation and therefore we are therefore unable to state whether the said impairment carried out is adequate or not.*

e. *We invite attention to Note 7 of the Statement wherein the Company's Application for managerial remuneration aggregating to Rs. 30.54 crores for the Chairman and*

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Managing Director has been rejected by the shareholders in their meeting held on June 29, 2017 The Board of Directors considering the efforts made by Chairman and Managing Director in steering the Company through the challenging times and the contribution made by him in the CDR package ,on the recommendation of the Nomination and Remuneration Committee has decided to seek shareholders approval afresh for waiver of remuneration paid to Chairman and Managing Director Therefore no adjustments have been made for the amount of Rs. 30.54 crores. Similarly for one of executive director the MCA has rejected the excess remuneration of Rs. 0.59 crores for which the Company is making a fresh representation. In the absence of the fresh approval of the shareholders ,as aforesaid we are unable to ascertain the impact on profits on this account for the quarter and year ended March 31, 2017.

f. *Trade receivables and loans and advances includes an amount of Rs. 438.65 crores in respect of disputes in seven 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 (refer Note 10).*

g. *We invite attention to note no 18 relating to the exposure of the Company to a subsidiary engaged in real estate development in Bhopal. In the absence of any indicators of value arising out of the project we are unable to state whether any provision is required towards the exposure of Rs. 314.50 crores.*

h. *The discontinuing operations disclosure for the quarters ended March 31, 2017, December 31, 2016 and March 31, 2016 as required under INDAS 105 – "Non-Current Assets Held for Sale and Discontinued Operations" have not been made on account of the information not being extracted during the relevant periods ended December 31, 2016 and December 31, 2015.*

4. Qualified Opinion

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

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

(ii) Give a true and fair view of the net profit, total comprehensive income and other financial information for the quarter ended March 31, 2017 and for the year ended March 31, 2017.

5. Emphasis of Matter

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

a) *We invite attention to the note no 14 of the statement. There are continuing losses being incurred by the Company primarily on account of finance cost and the liability-asset mismatch of the Company where the current liabilities including interest and principal defaults exceed the current assets by Rs. 2397.79 crores. Further In view of the transfer of two of its business and the plans of the Company to transfer further businesses to subsidiaries to invite investors to run the business, the cash flows of the Company to meet its obligations is dependent upon these business declaring dividends or other cash flow to the Company or the Company being able to monetise its stake in the businesses transferred and to be transferred as detailed in the aforesaid note. These conditions as detailed in note no 14 indicate existence of material uncertainties relating to the timing and realisation of the cash flows that may cast significant doubt about the going concern assumptions.*

b) We draw attention to Note no 12 of the financial results relating to recoverability of an amount of *Rs.*60.99 *crores* as at March 31, 2017 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.

c) We draw attention to Note 13 relating to the projects of real estate sector where the exposure is Rs. 62.47 crores. The management is confident of ultimate recovery of the amounts and we have relied on the management assertions of recoverability.

d) Attention is invited to note no 19 - The Branch Auditors' have made a matter of emphasis relating to the outstanding net exposure of Rs. 27.65 crores by way of Trade Receivables from SAE Powerlines, S.r.l. ("SAE"), Italy, the Company's step-down subsidiary, as at 31st March, 2017. The Management has received a non-binding offer from a prospective Investor, under which the Company expects to realize the said dues from SAE. The Management is confident of recovery of the said outstanding receivables from SAE and hence, no provision is required in connection therewith.

6. We did not audit the financial statements of Gammon India Limited – Nagpur Branch, whose financial statements includes total assets of Rs. 70.96 crores , revenues of Rs. 7.88 crores for the year ended March 31, 2017. The financial statements of the aforesaid branch have been audited by the Branch Auditors whose report has been received by us. Our opinion so far as transactions of the said Branch is concerned, is based solely on the Audit Report of the Branch Auditors

7. Further, read with paragraph 1 above, we report that the figures for the quarter ended March 31, 2017 represent the derived figures between the audited figures in respect of the financial year ended March 31, 2017 and the published year to date figures upto

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December 31 2016, which were subjected to limited review by us as adjusted for the effects of the scheme and BTA in respect of EPC and the Scheme in respect of Transmission and Distribution division which have been given effect to w.e.f July 1, 2016 and January 1, 2016 respectively. This adjustment was necessary to reflect the correct quarterly figures for the quarter ended March 31, 2017. The figures for the quarter ended December 31, 2016 are also adjusted for the effects of scheme and BTA.

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

NATVARLAL VEPARI & CO. Mumbai CHARTERED ACCOUNTANTS

N Jayendran
Partner
M. No. 40441
Mumbai, Dated : September 20, 2017.