



Directors' Report

To,

The Members of Gammon India Limited,

Your Directors have pleasure in presenting their 98th Annual Report together with the Audited Financial Statements of the Company for the Financial Year ended March 31, 2020, together with the Statutory Auditors Report thereon.

1. Review of Financial and Operational Performance:

(₹ in crores)

Particulars	Standalone		Consolidated	
	For the Financial Year ended March 31, 2020	For the Financial Year ended March 31, 2019	For the Financial Year ended March 31, 2020	For the Financial Year ended March 31, 2019
Profit before Other Income, Depreciation and Interest	(576.75)	(1293.89)	(62.06)	(668.64)
Add:				
Other Income	51.49	112.75	136.40	78.30
Less:				
Depreciation	9.74	10.56	11.03	13.46
Interest	586.55	562.42	693.87	683.71
Profit/(Loss) before Tax	(1121.55)	(1754.12)	(630.56)	(1287.50)
Less:				
Provision for Taxation	1.01	0.93	0.23	8.94
Profit/(Loss) after Tax	(1122.56)	(1755.05)	(630.79)	(1296.44)
Transferred to Minority Interest	-	-	(0.97)	(86.55)
Profit/(Loss) for the year	(1122.56)	(1755.05)	(629.82)	(1209.89)
Add:				
Profit brought forward from the previous year	(5065.40)	(3310.22)	(5673.09)	(4797.90)
Available for Appropriation	(6187.96)	(5065.27)	(6302.91)	(6007.79)
Appropriations:				
On Divestment of Subsidiary				1.25
Dividend (Proposed) Equity Shares				
Tax on Dividend				
Other Adjustments	0.25	0.12	0.32	333.46
Balance carried to Balance Sheet	(6188.19)	(5065.40)	(6303.23)	(5673.09)

- The Financial Statements for the year ended 31st March, 2020 have been restated in accordance with Ind-AS for comparative information.
- The Financial Statements are in compliance with Ind-AS, notified by the Ministry of Corporate Affairs under Section 133 of the Companies Act, 2013, read with the relevant rules issued thereunder and other accounting principles generally accepted in India.

The year under review is a period of 12 (twelve) months commencing from 1st April, 2019 and ending on 31st March, 2020. During the FY under review the Turnover of the Company on a Standalone basis stood at ₹ 71.71 crores, as compared to ₹ 197.40 crores during the previous F.Y. ended 31st March, 2019. The Company posted a Net Loss after Tax of ₹ 1122.56 crores during the year ended 31st March, 2020, as against a Net Loss after Tax of ₹ 1755.05 crores during the previous FY ended 31st March, 2019.

On a Consolidated basis, the Turnover of Gammon Group during the year under review stood at ₹ 86.38 crores as compared to ₹ 984.38 crores for the previous F.Y. ended 31st March, 2019. The Group posted a Net Loss after Tax of ₹ 630.79 crores during the F.Y. ended 31st March 2020, as against a Net Loss after Tax of ₹ 1296.44 crores during the previous F.Y. ended 31st March, 2019. Interest and finance costs continue to be high. The turnover/income is from the residual EPC business, post carve out of the operating business. During the year under review the finance cost which includes the interest costs was ₹ 586.55 crores. The loss was primarily due to the provisions made for the Company's funded and non-funded exposure of loans and investments, the details of which is provided in note no. 31 of the standalone financial statements.

During the year under review the Company's operation were limited to execution of the ongoing projects. As the company is currently an NPA with the Banks, it is not in a position to bid for new projects. The Company also focused on receiving monies against arbitration awards however the recovery was negligible. The amount was used for operations and to repay part of

lenders dues. The Company is actively pursuing arbitration pending in various stages and hopes to receive favourable awards in its favour. The Company continues to focus on recovering its monies and resolving the lenders dues.

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. 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 Secured lenders dues.

The Reserve Bank of India had vide its circular no. RBI/2018-19/ 203 DBR.No.BP.BC.45/ 21.04.048/2018-19 dated 7th June, 2019 issued directions for 'Prudential Framework for Resolution of Stressed Assets'. These directions were called the Reserve Bank of India (Prudential Framework for Resolution of Stressed Assets) Directions 2019 and which came into immediate effect i.e. 7th June, 2019

These directions were issued by RBI with a view to providing a framework for early recognition, reporting and time bound resolution of stressed assets.

To take into consideration the above mentioned circular issued by RBI, ICICI Bank Limited being the erstwhile lead monitoring institution of the Secured Lenders, invited all the lenders for a consortium meeting held on 4th July, 2019 to discuss the execution of the Intercreditor Agreement (ICA) wherein the ground rules for finalisation and implementation of the resolution plan in respect of borrowers with credit facilities from more than one lender will be provided. Based on the discussions at the aforementioned consortium meeting the execution of the ICA was scheduled on 5th July, 2019. The ICA was executed by all the lenders.

Pursuant to the execution of the ICA the lenders appointed M/s Deloitte Touche Tohmatsu India LLP as Process Advisory (PA) in the resolution process of the Company. Subsequent to the above mentioned appointment the representatives of Deloitte attended one of the Joint Lenders Meeting held on 13th January, 2020, wherein the plans regarding the way forward on the resolution process were presented. Pursuant to the quotes sought by Deloitte from various valuers and legal consultants to carry out the valuation of the Company and estimation on the recoverability of arbitration claims of the Company, the quote received from Duff and Phelps (D&P) was found to be lower as compared to others. IDBI Bank the current lead monitoring institution or the bank vide an appointment letter dated 27th January, 2020 appointed Duff and Phelps (D&P) on behalf of the consortium of lenders for carrying out valuation of the Company. The scope of work of D&P included the following:

- Fair, realisable and distress value of Gammon House;
- Liquidation value of assets of the Company;
- Recoverable value of various awarded and arbitration claims of the Company.

Everstone Group Proposal

Everstone Group has proposed to infuse ₹ 50 crores in the Company. The following are the key points in the proposed investor plans:

- Everstone to infuse funds as additional or preferential capital in the Company;
- Everstone will like to revive GIL as an EPC company.

This arrangement will also ensure INR 50 crores of working capital in the company. The proceeds of the capital raising exercise shall be utilized for the operations of the Company.

OVERSEAS SUBSIDIARIES

Group Sofinter, Italy

Established in 1979, Group Sofinter, Italy comprises four principal Companies viz. Sofinter S.p.A., A.C. Boilers S.p.A (formerly AnsaldoCaldaie S.p.A), Europower SpA, ITEA SpA. The Group is engaged in the manufacture/EPC of packaged industrial boilers/utility/ power generation boilers respectively, catering to the oil and gas industry, industrial manufacturing and power utility plants worldwide. The Group has modern manufacturing facilities in Italy, Romania and India and a dedicated R&D facility in Italy.

Sofinter SpA

Sofinter SpA, the holding company of the Group, also has Macchi as the main manufacturing division. Macchi is a world leader and original equipment manufacturer of packaged industrial boilers and Heat Recovery Steam Generators with applications in Oil and Gas refineries, petro chemical plants, industrial manufacturing units and co-generation plants. Till date Macchi has over 1,000 units installed world-wide to its credit which is backed by a strong after sales service unit to cater to their needs.

**GAMMON INDIA LIMITED****AC Boilers S.p.A.**

AC Boilers S.p.A. is the market leader in design, supply, manufacturing and installation of utility power boilers and original equipment manufacturer of HRSGs upto 260 MWe for CCP plants. With 150 years of experience in steam generation and burner technology field, the company has an installed base of over 80,000 MWe and 1,000 units. It also provides rehabilitation, fuel conversion and after-sales services for existing boilers, with a strong foothold in Egypt (ACBE – 98%) and India (Ansaldo Caldaie Boilers, India – 26%). The Advance Combustion Research Centre of the company offers specialized services to customers, even as its products are qualified for Super Critical Applications.

Europower S.p.A

Europower SpA is active in EPC of waste-to-energy turnkey plants, including CHP for refinery, petrochemical and chemical industry, CCPP for power plants, district heating and cooling plants. It is also engaged in operations and maintenance of power and industrial plants.

ITEA S.p.A

Established in 2002, ITEA is the R&D division dedicated to development and patenting of zero-emission Isotherm PWR Flameless Oxy- combustion technology (Isotherm PWR*) to be used in industrial and utility Power Plants. The flameless pressured oxy-combustion technology uses high temperatures, oxygen-enriched air and pressurization in an innovative manner to meet future environmental challenges in energy and waste segments. Industrial waste treatment, municipal solid urban waste and low-grade coal are other applications of the cost-effective clean technology.

ITEA S.p.A is set to commercially roll out this technology in select applications in the coming years.

Group Sofinter's Consolidated Financial Statements include the financial statements of Sofinter S.p.A (the parent company) and those of the companies over which it exercises control directly or indirectly, from the date on which control was acquired upto the date on which it ceases.

During the Financial Year ended on 31st December 2019, the group clocked a turnover of Euro 227 million, EBITDA of Euro 16.8 million and Profit after tax of Euro 3.6 million. Despite a decline in revenues due to the late booking of new orders in Sofinter and AC Boilers, the profitability of the Group has shown improvement due to the improved execution of Projects and better overall controls driven largely by the SAP system which became fully operational during the year under review.

As reported in the previous Annual Report, in November 2018, after a lapse of nearly four years since the expiry of the previous Bank Agreement, Group Sofinter signed the Long Term Agreement with the Italian Banks for Bonding Lines and Cash Lines valid up to December 2022. The final signature of this Agreement was facilitated as a result of the Shareholders having irrevocably mandated the Board to search for a partner to infuse Capital into the Group within the fourth quarter of 2020 in order to strengthen its capital base commensurate with the risks and opportunities for the Group going forward. However, for various reasons including the Covid pandemic raging globally since early 2020, the process, run by KPMG, Milan concluded unsuccessfully in July 2020 with only one bidder placing a binding offer which was outside the perimeter of the Rules framed by the Board who therefore had to reject the same.

As a consequence of the pandemic, the Italian State has enacted decrees under which Italian companies in stress may approach them for infusion of funds towards equity or quasi-equity instruments. The Rules governing this assistance are under finalisation by the State after which the Board of Sofinter will approach the concerned authorities with a request for capital infusion in lieu of the failed process and every effort will be made to conclude this within 2020.

The 10% equity participation for strategic reasons by Ansaldo Energia in A.C. Boilers reported in the previous year continues yielding good results and AC Boilers is now able to jointly participate in markets where significant demand for Gas based cogeneration plants exist and where Ansaldo Energia S.p.A has a significant presence. The move also helps A.C. Boilers S.p.A and Ansaldo Energia S.p.A to qualify as one of the four consortiums i.e. General Electrics, Mitsubishi and Siemens for complete Power Island utility Power plants. The Company is also active in the waste-to-energy Plants as well as Solar Power Plants using the molten salts technology.

ITEA S.p.A a research and development company engaged in flameless pressurized oxycombustion technology is currently executing a Contract in Bari signed in 2017 and will shortly be signing a Contract for the second phase of the Project. Furthermore, efforts to divest the Group's stake in ITEA S.p.A continue, although at a slow pace due to the on-going pandemic.

Europower S.p.A which is engaged in EPC of waste to energy plants including the operation & maintenance continued to clock satisfactory revenues and profitability as always.

The current order backlog of Group Sofinter is approximately Euro 500 million.

Franco Tosi Meccanica S.p.A. (In Extraordinary Administration)

As pointed out in the previous year with the transfer of the operational assets in all respects having been completed to Bruno Presezzi S.p.A, the Commissioner has started the second phase of disposing the non-core assets of the Company. These primarily comprise of approx 60 acres of land in Legnano, Milan, buildings and some equipments within. However in view of the present market situation for disposal of property in Italy, further compounded by the pandemic, there has been hardly any progress in disposing off the same. Meanwhile creditors in order of ranking and their dues continue to be negotiated and will be paid off to the extent of amounts received from the disposal of the assets as and when these materialize.

Campo Puma Oriente S.A.(Puma Oil Block)

The Puma Oil Block is located in Ecuador's Oriente Basin in the Orellana Province east of Quito with an area of 162 square Kms. The Block was part of the second international marginal field bidding round and the contract was signed in March 2008 for a 20 year term with Consorcio Pegaso comprising two Companies, namely Campo Puma Oriente S.A. (CPO) with 90% share and Joshi Technologies Inc. with the balance 10%. Gammon India Limited has a 73.80% share in CPO corresponding to 66.40% share in Consorcio Pegaso. Initially, the contract was production sharing, but in February, 2011, it was changed to a service contract for an 18 year term. The remaining oil recovery after considering production till date from the existing Puma field is approximately 14.3 million barrels, excluding probable and possible reserves.

There are 11 operational wells in the Puma Block. However, as reported in the previous year, all wells have been capped for better part of the financial year 2019 awaiting interventions including water injections, artificial lift etc. as also additional CAPEX. In the absence of undertaking these procedures due to the stringent conditions for funding under SDR on Gammon there has been no progress in this direction prompting the Ministry of Hydrocarbons, Ecuador to invoke various stringent provisions under the Contract citing breaches. Had these interventions taken place, these wells would have flowed approx 2000 barrels apart from an upward revision in service fees to approx USD 29 per barrel. Our attempts to identify a strategic partner to remedy the situation including complete divestment of the asset is continuing but in the absence of production and compounded by the COVID impact in Ecuador, this is proving to be a significant challenge.

2. Dividend

In view of the losses the Board of Directors do not recommend any dividend on the Equity Shares of the Company for the Financial Year ended March 31, 2020.

3. Reserves

No amount was transferred to Reserves for the Financial Year ended March 31, 2020.

4. Finance

During the year under review the Company did not raise any capital from the capital markets either by way of issue of equity shares, ADR/ GDR or any debt by way of Debentures.

The standalone residual CDR Principal debt of ₹ 4863.90 crores (amount as on 31st March 2020) (including an amount of ₹ 1133.46 crores pertaining to recalled facility of the SPV's) has become a Non Performing Asset with the lenders as on 30th June, 2017.

5. Debentures

As on March 31, 2020 the Company had an outstanding principal balance of NCD's amounting to ₹ 2,883,686,297.92. Also the FITL outstanding on the NCD's was ₹ 4,536,063 which makes the total principal outstanding to ₹ 2,888,222,361. The said debentures and interest thereon continue to remain unpaid for more than a year. Repayment of debentures is also part of the settlement proposal as mentioned above, subject to the approval of the lenders to the proposal.

6. Public Deposits

The Company has no fixed deposits under Chapter V of the Companies Act, 2013, and did not accept any further deposits during the Financial Year 2019-20.

7. Transfer of Unclaimed Dividend and Unclaimed Equity Shares to Investor Education and Protection Fund

The Company did not pay any amount as dividend since the financial year 2012-13 onwards. Hence there is no pending dividend which is outstanding to be transferred to IEPF authorities pursuant to the provisions of Section 124 of the Companies Act, 2013. However the Company has transferred unclaimed interim dividend for the Financial Year 2011 - 12 which remained unclaimed and unpaid for a period exceeding seven years from its due date aggregating to ₹ 1,60,720/- (Rupees One Lakh Sixty Thousand Seven Hundred and Twenty only) to the Investor Education and Protection Fund (IEPF) on 16th November, 2019.

Pursuant to the provisions of Section 124 of the Companies Act, 2013 read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, as amended ('IEPF Rules'), all the shares in respect of interim dividend 2010-11, final dividend 2009-10 and 2010-11 are transferred to the demat account of the IEPF Authority as notified by the Ministry of Corporate Affairs. The details of such dividends/shares transferred to IEPF are uploaded on the website of the Company at www.gammonindia.com under the 'Investors' section.

8. Material Changes and Commitments, if any, affecting the Financial Position of the Company which have occurred between the end of the Financial Year of the Company to which the Financial Statements relate and the date of the Report.

There has been no material changes and commitments, affecting the financial position of the Company which have occurred between the end of the Financial Year of the Company to which the Financial Statements relate and the date of the Report.

9. Change in Nature of Business

There has been no change in the nature of business as the Company continues to carry on its retained Civil EPC business.



10. Details Of Significant And Material Orders Passed By The Regulators Or Courts Or Tribunals Impacting The Going Concern Status And Company's Operations In Future

As on date of this report no significant and material orders have been passed by the regulators or courts or Tribunals which will impact the going concern status and company's operations in future. However there are winding up petitions filed by creditors including Union Bank of India under the Insolvency and Bankruptcy Code which are in various stages of hearing. Also suits for recovery have been filed in the Debt Recovery Tribunals. To that extent the Company faces the risk of winding up.

11. Directors' Responsibility Statement

Pursuant to Section 134 (5) of the Companies Act, 2013 ("the Act"), we hereby state that:

- i) in the preparation of the Annual Accounts, the applicable Accounting Standards have been followed along with proper explanation relating to material departures, if any;
- ii) The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2020 and its loss for the year ended on that date;
- iii) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities
- iv) The Directors have prepared the Annual Accounts for the year ended March 31, 2020 on a going concern basis;
- v) The Directors have laid down internal financial controls which are followed by the Company and that such internal financial controls are adequate and are operating effectively;
- vi) The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

12. Annual Return

The Annual Return as per the provisions of Section 92(3) and Section 134 of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014, is available on the Company's website i.e. www.gammonindia.com.

13. Subsidiary / Associates and Joint Venture Companies

The Company had 24 subsidiaries including step-down subsidiaries, 4 Associates and 4 Joint venture companies as on 31st March, 2020.

Gammon Engineers and Contractors Private Limited ("GECPL") and Transrail Lighting Limited (TLL) ceased to be the associates of the Company pursuant to the invocation of pledge by the lenders of the Company in each of the two companies.

14. Consolidated Financial Statements/Subsidiary Companies

The Company, its Subsidiaries, Associates and Joint Ventures have adopted Ind-AS pursuant to the Ministry of Corporate Affairs notification, notifying the Companies (Indian Accounting Standard) Rules, 2015 under Section 133 of the Companies Act, 2013. Your Company has published Ind AS Financials for the year ended March 31, 2020 along with comparable as on March 31, 2019 on a Standalone and Consolidated basis, which form part of this Annual Report.

As required under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Consolidated Financial Statements of the Company, its subsidiaries and associates form part of this Annual Report. A Statement containing the salient features of the financial statements of the subsidiary companies and its associates is attached to the said Financial Statements in Form AOC-1 (**Annexure A**).

The said Financial Statements and detailed information of the subsidiary and associate companies shall be made available by the Company to the shareholders on request. These Financial Statements will also be kept open for inspection by any member at the Registered Office of the Company and the subsidiary and associate companies.

Pursuant to Section 136 of the Companies Act, 2013, the Financial Statements of the Company, Consolidated Financial Statements alongwith all relevant documents and separate audited accounts in respect of the subsidiaries and associates are available on the Company's website viz. www.gammonindia.com.

15. Directors/Key Managerial Personnel

During the year under review the following changes took place in the Board composition;

- Mr. Abhijit Rajan was a Non-Executive and Non-Independent Director designated by the Board as Non-Executive Chairman effective from 7th June, 2018. He further vacated office as a Director w.e.f. 7th June, 2019 and was subsequently designated as President of the Company.
- Mr. Anurag Choudhry was appointed as Chief Financial Officer of the Company w.e.f. 30th April, 2019. He was further appointed as Whole - Time Director designated as Executive Director w.e.f. 17th August, 2019.

- Mr. Jaysingh L. Ashar was appointed as a Whole - Time Director designated as Executive Director of the Company w.e.f. 19th February, 2019. He resigned from his post w.e.f. 17th August, 2019.
- Mr. Soumendra Nath Sanyal was appointed as Non-Executive Independent Director of the Company w.e.f. 1st April, 2019
- Mr. Ulhas Dharmadhikari was appointed as Non-Executive Independent Director of the Company w.e.f. 17th April, 2019.
- Ms. Vinath Hegde was appointed as Non-Executive Independent Director of the Company w.e.f. 25th December, 2019
- Mr. Sugato Ghosh was appointed as a 'Nominee Director', duly nominated by Axis Trustee Services Limited, the Debenture Trustee, w.e.f. 7th February, 2019. He resigned from the Company's Board w.e.f. 4th June, 2019.
- Ms. Niki Shingade was appointed as the Company Secretary w.e.f. 30th April, 2019. As on the date of this Report,

All the directors except for Ms. Vinath Hegde suffer disqualification as on 31st March, 2020 pursuant to the provisions of Section 164(2) of the Companies Act, 2013.

16. Auditors

(A) Statutory Auditors

In compliance with the provisions of Section 139 of the Companies Act, 2013, the shareholders at the 95th AGM held on 21st March, 2018 approved the appointment of M/s Nayan Parikh & Co., Chartered Accountants (Firm Registration No. 107023W) as the Statutory Auditors of the Company in place of the retiring auditors, for a period of 5(Five) years i.e. from the conclusion of the 95th AGM, till the conclusion of the 100th AGM.

Vide Notification dated 7th May, 2018 issued by the Ministry of Corporate Affairs, the requirement of seeking ratification of appointment of statutory auditors by members at each Annual General Meeting has been done away with. Accordingly, no such item has been considered in the Notice of the 98th Annual General Meeting.

(B) Cost Auditor

The Company maintains adequate cost records as required under the provisions of Section 148 of the Companies Act, 2013.

In accordance with the provisions of Section 148 of the Companies Act, 2013 the Board in its meeting held on 14th August, 2020 has appointed Mr. R. Srinivasarghavan as the Cost Auditor of the Company for the financial year 2020 - 21 on a remuneration of ₹ 70,000 excluding out of pocket expenses and tax. In terms of the provisions of Section 148(3) of the Companies Act, 2013 read with Rule 14(a)(ii) of the Companies (Audit and Auditors) Rules, 2014, the remuneration of the Cost Auditor for the aforementioned Financial Year 2020-21 is sought to be ratified by the members at the ensuing 98th Annual General Meeting.

(C) Secretarial Auditor and Audit Observations and Board's comments thereon;

M/s. Pramod Shah & Associates, Practicing Company Secretaries were appointed as the Secretarial Auditors of the Company, to conduct the Secretarial Audit of the Company for the Financial Year ended 31st March, 2020 pursuant to the provisions of Section 204 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 as amended from time to time. The Secretarial Auditor's Report is annexed to this report as "**Annexure B**".

The auditors have qualified the report with the following observations:

1. As per Regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 The listed entity shall submit quarterly and yearly standalone financial results to the stock exchange within forty-five days of end of each quarter, (other than last quarter) along with Limited Review Report or Audit Report as applicable. The Company had delayed the submission of the financial statement for quarter ended March, 2020 and year ended March, 2020
Board's explanation: The state of the Infrastructure sector is deteriorating since the last couple of years, our Company is no exception. To safeguard the interests of the clients and lenders, the Company has hived off part of its business under a Court approved scheme. Pursuant to the same, majority of the operating staff was transferred to the new Company and Gammon continues to operate with skeletal staff. The present financial situation of the Company makes it unable to attract and retain new staff. This has delayed the preparation and finalization of accounts and hence publication of the financial results for the quarter and year ended 31st March, 2020 has also been delayed. Further the situation of the country wide Pandemic due to the COVID 19 worsened the situation. However the Company endeavored to publish the same on 14th August, 2020 with a minimal delay of 14 days.
2. As per FEMA Circular of RBI - A.P. (DIR Series) Circular No. 133 dated June 20, 2012 which stipulates all Indian Companies who have received FDI and/ or have made FDI abroad (i.e. overseas investment) in the previous year(s) including the current year, should file the annual return on Foreign Liabilities and Assets (FLA) in the soft form which can be duly filled-in, validated and sent by e-mail to the Reserve Bank by July 15 of every year. The Company has not filed annual return on Foreign Liabilities and Assets (FLA) within the stipulated time because the Financial Statements of the Company was not ready. However, the Management has informed that they are in the process of filing the same.



GAMMON INDIA LIMITED

Board's explanation: Due to delay in approving and publishing of financial results the Company filed its annual return on Foreign Liabilities and Assets (FLA) for the year ended 31st March 2019 after the prescribed time limits.

3. As per Regulation 46 (1) of SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015; the listed entity shall maintain a functional website containing the basic information about the listed entity. The Website of the Company is not maintained up-to-date to a certain extent for example: The Company has not given the composition of various committees of board of directors on the Website. However, the Management informed us that they are in process of doing the needful.

Board's explanation: The Management is in the process of doing the needful.

4. Secretarial Standards (SS – 1, SS – 2, SS – 3 and SS – 4) issued by the Institute of the Company Secretaries of India (ICSI) was complied to the extent possible.

Board's explanation: The management has complied with SS-2 and SS-4. Since the Company is under CDR SS-3 which pertains to dividend is not applicable. Further the management will comply with SS-1 upto the extent possible.

5. As per Regulation 98 (1) of SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015; the listed entity or any other person thereof who contravenes any of the provisions of these regulations, shall, in addition to liability for action in terms of the securities laws, be liable for the following actions by the respective stock exchange(s), in the manner specified in circulars or guidelines issued by the Board: (a) holding of designated securities, as may be applicable, in coordination with depositories. The Company's trading has been suspended due to penal reasons.

Board's explanation: The Company is endeavoring and continuously striving to publish its periodic results on time. Further the Company has also made representations before the BSE and NSE where the shares of the Company are listed to waive off the penalties levied on the Company post which the application for revocation of suspension will be filed.

6. As per Regulation 14 of SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015; the listed entity shall pay all such fees or charges, as applicable, to the recognised stock exchange(s), in the manner specified by the Board on the recognised stock exchange(s). The Company has not paid Annual listing fees of Bombay Stock Exchange (BSE).

Board's explanation: The Company faced severe financial crisis during the financial year under review. However, the Company strives to clear the pending listing fees at the earliest.

17. Corporate Governance Report and Management Discussion & Analysis

A Report on Corporate Governance and Management Discussion and Analysis for the year ended 31st March, 2020, together with certificate from M/s. V. V. Chakradeo and Co., Practising Company Secretary regarding compliance of conditions of Corporate Governance as stipulated under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 forms part of the Annual Report.

18. Boards' Explanation On Statutory Auditors' Qualification on Financial Statements

The Board's explanation on the Statutory Auditor's qualifications and remarks in their Auditor's Report both on the Standalone and Consolidated Financial Statements is annexed to this report as "**Annexure C**".

Members' attention is drawn to "Emphasis of Matter" stated in the Auditor's Report dated 14th August, 2020 on the Standalone Financial Statements and in the Auditor's Report dated 14th August, 2020 on the Consolidated Financial Statements of the Company for the year ended 31st March, 2020. The Directors would like to state that the said matters are for the attention of members only and have been explained in detail in the relevant notes to accounts as stated therein and hence require no separate clarification.

19. Declaration by Independent Directors

The Independent Directors have furnished declaration in accordance with the provisions of Section 149(7) of the Companies Act, 2013 that they meet the criteria of independence as provided under Section 149(6) and the same has been taken on record by the Board.

20. Nomination and Remuneration Policy

The Nomination and Remuneration Committee of the Company formulated a Nomination and Remuneration Policy in terms of Section 178(3) of the Companies Act, 2013 and Regulation 19 of the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015 laying down inter-alia, the criteria for appointment and payment of remuneration to Directors, Key Managerial Personnel and Senior Employees of the Company the same was adopted by the Board and is annexed to this Report as "**Annexure – D**".

21. Committees of the Board

The Board has appointed mandatory as well as non-mandatory Committees with specific powers in specific areas with delegated authority. The following Committees of the Board have been formed which function in accordance with the powers delegated to them:

1. Audit Committee
2. Stakeholders Relationship Committee
3. Nomination and Remuneration Committee

The aforementioned committees have been reconstituted. Details of the composition of each of the committees, number of meetings held and all other relevant details, has been given in the Corporate Governance Report, which forms a part of this Annual Report.

22. Familiarization Programme for Independent Directors

The Company has in place a system to familiarize its Independent Directors with the operations of the Company, their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, business model of the Company, etc. All the Independent Directors were updated about the ongoing events and developments relating to the Company from time to time either through presentations at board or committee meetings. The Independent Directors also have access to any information relating to the Company, whenever they so request. In addition presentations are made to the Board and its committees where Independent Directors get an opportunity to interact with members of the senior management. The Independent Directors also have interaction with the Statutory Auditors, Internal Auditors, and External Advisors, if any, appointed by the Company at the meetings.

23. Meetings of the Board

During the Financial Year under review, the Board of Directors of your Company met 5 (Five) times, i.e. on 30th April, 2019, 3rd June, 2019, 30th September, 2019, 7th November, 2019 and 5th March, 2020.

24. Audit Committee

The Audit Committee has been formed in compliance with the provisions of Section 177 of the Companies Act, 2013 and Regulation 18 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015. During the financial year under review the Audit Committee met 5 (Five) times, i.e. on 30th April, 2019, 3rd June, 2019, 30th September, 2019, 7th November, 2019 and 5th March, 2020.

The Audit Committee consists of the following members viz., (1) Mr. Anurag Choudhry – Executive Director and CFO, Mr. Soumendra Nath Sanyal and Mr. Ulhas Dharmadhikari – Independent Directors. Mr. Sanyal is the Chairman of the Committee.

25. Vigil Mechanism / Whistle Blower Policy

A vigil mechanism as per the provisions of Section 177 of the Act and Regulation 22 of SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015 has been established by adoption of “Whistle Blower Policy” for Directors and Employees to report to the management about suspected or actual frauds, unethical behaviour or violation of the Company’s code. The Whistle Blower Policy is uploaded on the company’s website at www.gammonindia.com under the Investors Section.

26. Particulars of Loans, Guarantees or Investments

Details of loans, guarantees and investments are given in the Notes to the Standalone Financial Statements, forming a part of this Annual Report.

27. Particulars of Contracts/Arrangements with Related Parties

All contracts/arrangements/transactions entered into by the Company during the Financial Year ended 31st March, 2020 with the Related Parties were in the ordinary course of business and at arm’s length basis. All such Related Party Transactions, if required were placed before the Audit Committee and also the Board for its approval, wherever required. No omnibus approvals were taken during the period under review.

The Company has framed a policy on Related Party Transactions for the purpose of identification and monitoring of such transactions. Details of Related Party Transactions entered into by the Company are more particularly given in the Notes to the Standalone Financial Statements.

The policy on the Related Party Transactions as approved by the Board is hosted on the Company’s website i.e. www.gammonindia.com.

During the Financial Year, there were no Related Party Transactions of the Company with its Directors and Key Managerial Personnel or their relatives, its holding, subsidiary or associate companies as prescribed under Section 188 of the Companies Act, 2013 and the SEBI Listing Regulations and therefore the Company is not required to report any transaction under the prescribed Form AOC-2 and the same does not form a part of this report.

None of the Directors/ KMPs or their relatives has any pecuniary relationships or transactions vis-à-vis the Company, other than their shareholding, if any, in the Company.

28. Board Evaluation

Pursuant to the provisions of Section 149 of the Companies Act, 2013 read with Schedule IV and Regulation 17 and 25 of the SEBI Listing Regulations, the Independent Directors evaluated the performance of the Non-Independent Director. Independent Directors were also evaluated by Board members on the functioning, participation and contribution made by



each Independent Director to the Board and Committee processes. A Report of the evaluation has been forwarded to the Nomination and Remuneration Committee to maintain confidentiality of the Report and to improve the Board dynamics, and enhancing Board's overall performance in the challenging environment.

29. Risk Management Policy

The Company is exposed to inherent uncertainties owing to the sector in which it operates. A key factor in determining a Company's capacity to create sustainable value is the ability and willingness of the Company to take risks and manage them effectively and efficiently. In order to evaluate, identify and mitigate these business risks, the Company's risk management framework embodies the management's approach and the initiatives taken to mitigate business and industry risks and redefining processes to create transparency, and thereby minimize the adverse impact on the business objectives and enhance the Company's competitive advantage. Further details of the same are set out in the MDA which forms a part of this Annual Report.

30. Internal Financial Controls

The Company has devised and implemented internal control systems as are required in its business processes. The internal controls have been designed to provide assurance with regard to recording and providing reliable financial and operational information, complying with the applicable statutes, safeguarding assets, executing transactions with proper authorization and ensuring compliance with corporate policies.

During the year, the internal controls across the Company's business processes were reviewed for adequacy and were found to be adequate.

31. Particulars of Frauds, if any reported under Sub-Section (12) of Section 143 other than those which are reportable to the Central Government

No frauds have been reported under sub-section (12) of Section 143 of the Companies Act, 2013.

32. Particulars of Employees -

Information required pursuant to Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 for the year under review is enclosed as "**Annexure E**" to this Report.

33. Conservation of Energy, Technology Absorption and Foreign Exchange Earnings & Outgo

Pursuant to the provisions of Section 134(3)(m) of the Companies Act, 2013 read with Companies (Accounts) Rules, 2014 the information on conservation of energy, technology absorption and foreign exchange earnings and outgo is enclosed as "**Annexure F**" to this report.

34. Prevention of Sexual Harassment of Women at Workplace

During the year under review, no complaints were received with regard to Sexual Harassment under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

35. Reasons for suspension of trading of equity shares

The shares of the Company are listed on BSE Limited and the National Stock Exchange of India Limited. The trading of the equity shares are suspended from 23rd February, 2018 onwards due to non-compliance of Regulation 33 of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015.

Post the demerger of the two operating businesses in the financial year 2016-17 and 2017-18 most of the employees pertaining to the two business were transferred to the demerged entities and the Company continues with skeletal staff. Also the Company is facing challenging financial times and as a result its difficult to retain/hire employees. This has delayed the preparation and finalization of accounts commencing from the quarter ended June 2017. Further the exchanges had also levied heavy penalties on the Company which considering the financial crises the Company was unable to pay. The Company has made several applications to the Stock Exchanges to consider the matter of the Company as a special case and waive off the penalties so that the Company could apply to resume trading of its shares on the exchanges portal. Further to inform the members that the Company has succeeded in publishing its financial results upto September 2020 within the prescribed time limit.

36. Acknowledgement

The Board thanks all its valued customers and various Central and State Governments as well as other Stakeholders connected with the business of the Company including Contractors and Consultants and also Banks, Financial Institutions, Debenture Trustees, Shareholders, Debenture- Holders and Employees of the Company for their continued support and encouragement.

**For and on behalf of the Board of Directors
Gammon India Limited**

Anurag Choudhry
Director
DIN: 00955456

Soumendra Nath Sanyal
Director
DIN: 06485683

Place: Mumbai
Date: November 12, 2020