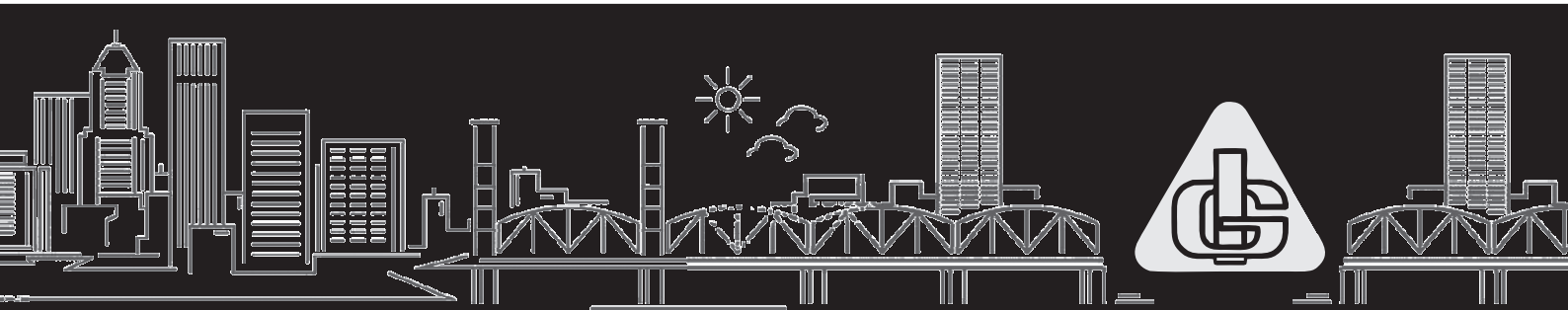


96TH

ANNUAL REPORT 2017-2018



GAMMON INDIA LIMITED



CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. Abhijit Rajan

Chairman

Mr. Jaysingh Ashar

Executive Director

Mr. Soumendra Nath Sanyal

Independent Director

Mr. Ulhas Prabhakar Dharmadhikari

Independent Director

Mr. Sugato Prosanno Ghosh

Nominee Director

Mr. Ajit B. Desai

Chief Executive Officer

Mr. Anurag Choudhry

Chief Financial Officer

Ms. Niki Shingade

Company Secretary

AUDITORS

M/s. Nayan Parikh & Co.

REGISTERED OFFICE

Floor 3rd, Plot No - 3/8, Hamilton House,
J.N. Heredia Marg, Ballard Estate,
Mumbai 400038, Maharashtra, India.

Telephone: +91-22-22705562

E-mail Id: investors@gammonindia.com

Website: www.gammonindia.com

REGISTRAR & SHARE TRANSFER AGENT

M/s. Link Intime India Private Limited
C 101, 247 Park, L B S Marg, Vikhroli West,
Mumbai 400 083

Tel No: +91 22 49186000

Fax: +91 22 49186060

E-mail Id: mumbai@linkintime.co.in

BANKERS/FINANCIAL INSTITUTIONS

ICICI Bank Limited

Canara Bank

IDBI Bank Limited

Punjab National Bank

Syndicate Bank

Bank of Baroda

United Bank of India

Union Bank of India

Allahabad Bank

Bank of Maharashtra

Oriental Bank of Commerce

UCO Bank

United India Insurance

Central Bank of India

Karnataka Bank

Indian Bank

DBS Bank

Life Insurance Corporation of India

General Insurance Corporation of India

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ABOUT GAMMON GROUP

Gammon India Limited (“GIL” or “the Company”) incorporated in 1922, is an Engineering, Procurement and Construction Company. It has been amongst the largest physical infrastructure construction companies in India with a prominent presence across all sectors of Civil Engineering, Design and Construction.

GIL has a track record of building iconic landmark structures. This includes “The Gateway of India”, the piling and civil foundation work of which was successfully executed by GIL as its maiden project in 1919. GIL is also active through its operations in the realty project segment. Examples include residential complexes such as Pebble Bay and Godrej Woods Man Estate in Bangalore, Godrej Kalyan in Mumbai, Runwal greens in Mumbai, Nathani Heights in Mumbai and hotel complexes such as Hotel Leela Palace, Chennai and G Staad, Bangalore besides commercial complexes such as Galleria Mall (INXS) in Bangalore.

GIL's Overseas Presence

Our overseas presence includes a strategic holding in Italy- based Sofinter Group, with state-of-the art manufacturing facilities in Italy, Romania and India. The Group is engaged in the Engineering, Procurement and Construction of steam and power generation boilers, water and waste treatment and flameless combustion technology with application in oil & gas, power generation and industrial sectors. Sofinter S.p.A., A.C.Boilers S.p.A (formerly Ansaldo Caldaie S.p.A)., ITEA and Europower are some companies under the Group. The Company has a substantial stake in Puma Oil Block in the Oriente basin in Ecuador.

Area of Operations:

Civil Engineering, Procurement and Construction - Civil

- Transportation (highways, railways, ports, bridges & flyovers),
- Power Generation (thermal, industrial and cogeneration plants, nuclear and hydro energy, cooling towers and chimneys)
- Environmental engineering (water treatment)
- High-rise buildings

Oil Exploration and Production

Real Estate Development



CHAIRMAN'S STATEMENT

Dear Shareholders,

It is my pleasure to present to you our Company's performance for the fiscal year 2017 –18

The year 2017-18 continued to remain challenging for the Indian construction sector. Even as of Dec 2018 11.8 trillion (almost 11% of projects under implementation) of projects had status 'Implementation Stalled' as per CMIE. As you know, the policy paralysis and issues in land acquisition stalled key projects across all sectors of infrastructure over last several years. Stalled and severely delayed projects led to delay in payments, payments being withheld for no fault of contractors. Further clients did not honor arbitration awards awarded in favour of your Company and litigation went on for years. Contractors who had borrowed from banks to mobilize resources faced high interest costs, declining profitability due to massive cost overruns and extreme liquidity stress due to unavailability of credit. This has impacted all major construction and infrastructure companies including yours. The market conditions have not improved significantly.

Gammon India Limited is the first and few companies to successfully implement and exit SDR under which we have managed to resolve approx. 70% of lenders exposure. We continue to strive vigorously to meet our debt obligations and to resolve the remaining 30% of the debt. We are exploring various strategic and tactical options to reduce the debt burden and improve financial viability of the business.

However, with the release of RBI circular of February 2018, all available mechanisms and schemes for resolution of stressed assets such as SDR, S4A were withdrawn. The resulting impact of tightening of credit, following resolution mechanism enforced by RBI to reduce NPAs across sectors in banks, slowdown in decision making process and lack of collaboration among lender consortium and recent negativity surrounding a couple of highly publicized cases of bank fraud have adversely impacted resolution of stressed assets, especially in infrastructure.

However, Government at Central and State levels have undertaken various positive steps including revival of stalled projects and some sectors like road have seen large number of project awards where capital expenditure of ₹ 1.22 lakh crore has been earmarked for expansion of National Highways. Some of the measures taken by Government include:

- Increased spending in all areas of infrastructure: In Union Budget FY18-19, the total infrastructure outlay was increased by almost 21% to ₹ 5.97 lakh crore with all time high allocations made to roads, bridges and railways (₹ 148,528 crore).
- We have started seeing the effects of implementation of Arbitration and Conciliation (Amendment) Act, 2015, which facilitates faster and time bound decision making in the arbitration process. We have diligently followed up on our claims under the aegis of amended Arbitration Act and consequently GIL won awards worth ₹ 60 crores in FY2018 and ₹ 175 crores so far in 2019. We were also able to collect almost ₹ 75 crores in last 2 years against arbitration awards. We expect to receive a significant amount of funds in coming years against existing awards and pending arbitration cases.



PERFORMANCE REVIEW

During the year under review the Turnover of the Company on a standalone basis stood at ₹ 233.43 crores, as compared to ₹ 712.02 crores during the previous 12 month period ended 31st March, 2017. The Company posted a Net Loss after Tax of ₹ 1981.30 crores during the period ended 31st March, 2018, as against a Net loss after Tax of ₹ 1,659.92 crores during the previous period ended 31st March, 2017.

On a Consolidated basis, the Turnover of Gammon Group during the period under review stood at ₹ 645.41 crores as compared to ₹ 1483.92 crores for the previous 12 month period ended 31st March, 2017. The Group posted a Net Loss after Tax of ₹ 1,621.45 crores during the period ended 31st March 2018, as against a Net Loss after Tax of ₹ 1,153.77 crores during the previous 12 month period ended 31st March, 2017.

In its overseas operations the Company has posted a turnaround in Group Sofinter in Italy with Sofinter Group reporting a revenue of ₹ 2,681 crores and a profit after tax of ₹ 16.23 crores. However, the operation in its marginal oil-field in Ecuador continues to be under extreme stress due to lack of financial support needed to fund capex interventions due to delays in decision making by the lenders.

We shall continue to focus on monetization of non-core assets and increase liquidity of the company. During the year the Company sold land in Dombivali held by its subsidiary Metropolitan Infrahousing Pvt. Ltd. to repay ₹ 286 crores debt to lenders who held first charge on the land.

Gammon is actively working with lenders to design another resolution mechanism under the 'Sashakt' plan for resolution of stressed assets. We are in discussions with a financial investor who has submitted a proposal to lenders to resolve a significant portion of outstanding debt by reviving Gammon India's EPC operations via equity infusion, and monetization of company's claims on real estate holdings. The Company has over ₹ 3000 crores of outstanding arbitration claims which the new investor will take to conclusion to recover atleast ₹ 800 crores with possibility to collect 75% against a bank guarantee in case further the award is appealed in higher courts. The Company is actively engaging the lender consortium to obtain a buy-in for the proposal to initiate the steps required for debt resolution. We hope to obtain the required approvals from lender consortium this year and begin the journey for revival of company's EPC business wherein we shall once again aspire to assume leadership position.

ACKNOWLEDGEMENTS

I would like to extend my heartfelt gratitude to all our stakeholders, our lenders and bankers, suppliers, employees, and shareholders for their continued support and the faith reposed in us.

We look forward to better times ahead and will continue to focus on achieving our stated goals with sincerity and dedication.

With best wishes

Abhijit Rajan,
Chairman



KEY PROJECTS – KYC

(A) Jobs Under Progress

Sr. No.	Job Code	Name of Project / Work	Client Name	Location	Contract Value
1	9012	Package ANV2: Construction of Viaduct Including Related Works for 5.27Km length, Kolkata Metro	Rail Vikas Nigam Limited	Kolkata Project Implementation Unit, Kalighat Metro Railway Station Building (North East Corner), Third Floor, 41A, Rash Behari Avenue, Kolkata – 700026, West Bengal	₹ 309 crores
2	9218	Supply of Cement & Reinforcement Steel At NPCIL Kota-Rajasthan for Design, Engg & Const of IDCT	Nuclear Power Corporation of India Ltd. (NPCIL)	Rawatbhata Rajasthan Site, Anushakti-323303.	₹ 13.89 crores
3	8727	Kaleshwaram Project, Package Number 19, Investigation, Design and execution of water conveyor system with a capacity of 84.21 Cumecs from Tipparam Reservoir main canal – Reach - III with all associated works such as lined gravity canal, CM & CD works including distributor system. Of 25000 acres from Muhannabad (V) to Cheriya (V) from Km 70.00 to Km 96.00.	I & CAD Department, Govt. of Telangana	Office of the Superintending Engineer, I & CADD, Kaleshwaram Project, Construction Circle No 2, Yadadri- Bhongir Dist, Telangana, 508116.	₹ 766 crores
4	9602	Balance work of Regional Water supply scheme of 199 villages and their habitation of P.S. Jawaja, Tehsil Beawar, District Ajmer on Flouride Control Project on single responsibility turnkey Basis, i.e. Design ,Build, and 1 year defect liability and 9 years Operation & Maintenance	Additional Chief Engineer (Project) Public Health Engineering Department, Ajmer (Rajasthan)	Qtr. No. II/2, PHED Colony, Vaishali Nagar, near RIICO Watch Factory, Ajmer	₹ 174.45 crores

MANAGEMENT DISCUSSION AND ANALYSIS

Indian Economy in the Financial Year 2017-18

Growth of Indian economy slowed down in 2017-18 recording 6.4% growth in real gross value added (GVA). Despite this slowdown, the economy continues to remain amongst one of the fastest growing major global economies. Indian economy is expected to grow 7.3 per cent in 2018-19. India has emerged as the fastest growing major economy in the world as per the Central Statistics Organisation (CSO) and International Monetary Fund (IMF) and it is expected to be one of the top three economic powers of the world over the next 10-15 years. Further initiatives include: lower income tax for companies with annual turnover up to ₹ 500 million; allowing carry-forward of MAT credit up to a period of 15 years instead of 10 years at present; new measures to improve the ease of doing business; and major push to the digital economy. India also saw a marked increase in global ease of Doing Business Rankings with introduction of landmark reforms like GST and is now in the Top 100. Most hurdles relating to implementation of GST have been removed which should benefit both consumers and industry

INFRASTRUCTURE AND CONSTRUCTION SECTOR

Infrastructure industry is the 2nd largest industry in India after agriculture, accounting for about 8% of the GDP. Construction sector in India has grown by 4.3% in 2017-18. While it has still underperformed the broader economy, the growth has seen an uptick in last couple of years as compared to the lows hit between FY11-14. The Indian construction sector is expected to grow at 5.6% during 2016-20, compared to 2.9% during 2011-15. Some of the measures taken by Government of India include:

- In the Union Budget for FY18-19, the total infrastructure outlay was increased by almost 21% to ₹ 5.97 lakh crore with all time high allocations made to roads, bridges and railways (Rs 148,528 crore);
- Around 35,000 km of road construction has been approved under the Phase-1 of the Bharatmala Pariyojana at an estimated cost of Rs 5.35 lakh crore;
- Around 9,900 km of National Highways were completed in 2017-18 with pace of highway construction hitting a record of almost 27 kms per day. NHAI will consider organizing its road assets into Special Purpose Vehicles and use innovative monetizing structures like Toll, Operate and Transfer (TOT) and InvITs;
- The government also announced a programme to focus on water supply to all households in 500 cities translating to for 494 projects worth Rs 19,428 crore that will be awarded; and
- Government targets "Housing for all" by 2022 with almost 1 cr houses to be built under Pradhan Mantri Awas Yojana in rural areas.

However, private investment in Indian infrastructure and construction sector is still lacking. The need is to fill the infrastructure investment gap by bringing back investor confidence in the sector and promoting financing from private investment.

REVIEW OF FINANCIAL PERFORMANCE

The year under review is a twelve (12) months period commencing from 1st April, 2017 and ending on 31st March, 2018.

During the year under review the turnover of the Company on a standalone basis stood at ₹ 233.43 crores, as compared to ₹ 712.02 crores during the previous year ended 31st March, 2017. The Company posted a Net Loss after Tax of ₹ 1,981.30 crores during the year ended 31st March, 2018, as against a Net Loss after Tax of Rs.1659.92 crores during the previous year ended 31st March, 2017.

On a Consolidated basis, the turnover of Gammon Group during the period under review stood at ₹ 645.41 crores as compared to ₹ 1,483.92 crores for the previous year ended 31st March, 2017. The Group posted a Net Loss after Tax of ₹ 1,621.45 crores during the year ended 31st March 2018, as against a Net Loss after Tax of ₹ 1,153.78 crores during the previous year ended 31st March, 2017.

The turnover of the Company was impacted due to the carve-out and transfer of the T&D business to Transrail Lighting Limited effective 1st January, 2016 and Civil EPC business to Gammon Engineers and Contractors Private Limited during the year that became effective from 1st July, 2016. Hence the results of the Company from 1st July, 2016 onwards primarily reflect the business performance from residual business.

The major reasons for the losses are primarily due to delay in restructuring and monetization, which led to a high interest burden that has eroded the profits.

SEGMENT WISE PERFORMANCE

After hiving off of the Transmission and Distribution business and major part of the Civil EPC business the Company's focus remains on resolving the outstanding debt, pursuing arbitration, receiving claims, awards and other compliance related issues. At present GIL has ongoing project each in Metro Rail, Water supply, Power sector and Irrigation sector.

The Company continues to carry on its retained Civil EPC business in cooling towers, chimneys, industrial and residential buildings, tunnels, dams etc., post the demerger of its two operating businesses. The Company currently has four major projects viz., Kolkata Metro, Supply of cement and reinforcement steel at NPCIL Kota-Rajasthan, Irrigation project at Rajasthan and Telangana.

Though the Company has requisite pre-qualification for bidding for new projects it is not able to bid for any new projects due to lack of banking support. The Company has been successful in recovering arbitration claims aggregating to ₹ 392.83 crores. The Company continues to focus on recovery of these claims. However delays in Arbitration process and appeals against awards by clients further adds to the Company's liquidity problems.



GAMMON INDIA LIMITED

In case of Arbitration awards and the insolvency procedures are still getting dragged which is the biggest hurdle for revival of this segment. With streamlining of Arbitration awards and realization of cash flow along with expediting insolvency process, this sector will foster health growth.

It may be seen from the list of Company's on-going Arbitrations that most of the Arbitrations were started before the Amended Act 2015 came into force. The time limit of giving Award within 12 months/18 months is applicable to Arbitrations that have commenced after the Amended Arbitration Act 2015 came into force, leaving many Arbitrations which were started as early as August 2007, still pending due to administrative reasons.

In view of the long pending arbitration claims lot of claims are awarded and the Company's working capital is stuck in these claims thereby adding to the liquidity crunch.

We continue to focus remained on resolving the outstanding debt and following up with the on-going arbitrations and claims. We are hopeful that during the current financial year, we would resolve many of those past issues and should be able to revive the construction capabilities and start bidding projects especially in Water Environment, Real Estate, Power Sector and Irrigation Dept.

FUTURE OUTLOOK

The Company is making every effort to repay the debt due to lenders and to this end has submitted a restructuring proposal to the lenders, which is under consideration. The Company has received a proposal from an Investor who has evinced interest in acquiring major stake in the Company which includes debt resolution plan and infusion of funds in the company.

Details of the same have been disclosed in the Board's report.

The Company has been focusing on restructuring and carve-out of the Civil EPC business. The Company has also been successful in recovering certain arbitration claims. The Company is evaluating and exploring various courses of action for raising funds for Company's operations, including options for future restructuring. The Company is also taking efforts for disposing of its non-core assets to ensure liquidity in the Company & repayment of balance debt.

MANAGING RISK

Some of the key risks the Company manages proactively and takes steps to mitigate are as under:

- 1) The Construction Industry in general have risk of delayed collection, meeting payment obligations, timely completion of projects, long working capital cycle, settlement of claims, contractual disputes with clients etc, liquidity mismatch, thereby resulting in litigations against the Company and winding up actions.
- 2) By subletting the projects and monitoring it periodically, the risk of execution and collection are addressed to a great extent.
- 3) With respect to delayed payments from the clients, Company initiates as per the contract provision. Further legal action is taken wherever necessary.
- 4) The Company continues to review the various projects on an ongoing basis. So as to identify challenges and take steps to mitigate losses.

HUMAN RESOURCES

Post the demerger of the two business, the Company's operations have reduced substantially. The Company continues to operate with very few employees, after majority of the employees were transferred to the demerged entities, however the Company has retained senior project level employees with experience and expertise who presently manage the residual EPC business.

Due to challenges being faced by the Company, it is not able to attribute and retain employees.

INTERNAL CONTROLS

The Company remains committed to ensuring an internal control environment that provides assurance on the operations and safe guarding of its assets. The internal control have been designed to provide assurance with regards to recording and providing reliable financial and operational information, complying with the applicable statutes, safeguarding assets, executing transactions with proper authorisation and ensuring compliance with corporate policies. Management periodically assesses the effectiveness of its internal controls with a view to obviating material weaknesses.

The use of IT and ERP still continues to be the main focus point for the traceability and retrieval of the information. The Company's Audit Committee consists of Independent Director and is headed by experienced professionals. The Committee meets periodically to review the auditors' reports and their observations and make recommendations for adequacy, effectiveness of internal controls and required remedial actions if any to the Board of Directors.

CAUTIONARY STATEMENT

Statements made in the Management Discussions and Analysis describing the Company's objectives, projections, estimates, expectations may be 'forward looking statements' within the meaning of applicable securities laws and regulations. Actual results could differ from those expressed or implied.

Important factors that could make a difference to the Company's operation include economic conditions affecting demand-supply and price conditions in the domestic and overseas markets in which the Company operates, changes in the government regulations, tax law and other statutes and other incidental factors.

Directors' Report

To,

The Members of Gammon India Limited,

Your Directors have pleasure in presenting their 96th Annual Report together with the Audited Financial Statements of the Company for the Financial Year ended March 31, 2018, 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, 2018	For the Financial year ended March 31, 2017	For the Financial Year ended March 31, 2018	For the Financial year ended March 31, 2017
Profit before Other Income, Depreciation and Interest	(1538.59)	(1419.34)	(1128.22)	(292.70)
Add:				
Other Income	112.42	308.17	329.66	121.20
Less:				
Depreciation	11.77	32.65	46.39	90.44
Interest	575.91	518.90	782.81	874.97
Profit/(Loss) before Tax	(2013.85)	(1662.72)	(1627.76)	(1136.91)
Less:				
Provision for Taxation	(32.55)	(2.80)	(6.31)	16.87
Profit/(Loss) after Tax	(1981.30)	(1659.92)	(1621.45)	(1153.78)
Transferred to Minority Interest	-	-	(47.60)	(67.32)
Profit/(Loss) for the year	(1981.30)	(1659.92)	(1573.85)	(1086.46)
Add:				
Profit brought forward from the previous year	(1351.62)	315.41	(3248.59)	(2158.85)
Available for Appropriation	(3332.92)	(1344.51)	(4822.44)	(3245.31)
Appropriations:				
On Divestment of Subsidiary	-	-	(0.33)	-
Dividend (Proposed) Equity Shares	-	-	-	-
Tax on Dividend	-	-	-	-
Other Adjustments	0.20	(7.11)	2.37	(3.28)
Balance carried to Balance Sheet	(3332.71)	(1351.62)	(4820.41)	(3248.59)

- The Financial Statements for the year ended 31st March, 2018 have been restated in accordance with Ind-AS for comparative information.
- The Financial Statements are in compliance with the 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, 2017 and ending on 31st March, 2018.

During the year under review the Turnover of the Company on a Standalone basis stood at ₹ 233.43 crores, as compared to ₹ 712.02 crores during the previous F.Y. ended 31st March, 2017. The Company posted a Net Loss after Tax of ₹ 1981.30 crores during the period ended 31st March, 2018, as against a Net Loss after Tax of ₹ 1,659.92 crores during the previous FY ended 31st March, 2017.

On a Consolidated basis, the Turnover of Gammon Group during the period under review stood at ₹ 645.41 crores as compared to ₹ 1,483.92 crores for the previous F.Y. ended 31st March, 2017. The Group posted a Net Loss after Tax of ₹ 1,621.45 crores during the F.Y. ended 31st March 2018, as against a Net Loss after Tax of ₹ 1,153.77 crores during the previous F.Y. ended 31st March, 2017. The income generated during the year is from the residual EPC. Interest and finance costs continue to be high.

During the year under review the process of demerger of the two operating businesses was completed. The Transmission and Distribution business was demerged through a Scheme of Arrangement to Transrail Lighting Limited ("TLL") (duly approved by the National Company Law Tribunal on 30th March, 2017) and TLL discharged the consideration by allotting 725,000 equity



GAMMON INDIA LIMITED

shares to the Company. A part of the Civil EPC business was demerged to Gammon Engineers and Contractors Private Limited ("GECPL") (duly approved by the National Company Law Tribunal on 22nd March, 2017) and GECPL discharged the consideration by allotting 1,18,85,714 equity shares to the Company. The Company thereafter pledged its shareholding in each of the two demerged entities to the CDR lenders as security for repayment of its dues. The Company has also been successful in recovering certain arbitration claims aggregating to ₹ 392.83 crores as on 31st March, 2019.

The Company has been making every effort in settling the outstanding CDR dues. As part of the carve out of the transmission and distribution business and part of the Civil EPC business in the previous years there was a reduction in the CDR lenders exposure by ₹ 10,362 crores including funded and non-funded exposures.

After the carve out of businesses the total exposure of the lenders in the Company is ₹ 4263 crores (Fund based - ₹ 3872 crores (excluding interest) and Non-Fund Based - ₹ 391 crores).

An Investor has evinced interest in acquiring major stake in the Company and the draft proposal from the Investor also includes a debt resolution plan. The broad terms of the proposal are

- Gammon India would be revived as a construction company primarily in the EPC business.
- The investor will invest ₹ 50 crore as primary investment into Gammon for a minimum of 60% stake and management control
- Claims in EPC Projects will remain in the Company
- Total Debt to be assumed of ₹ 500 Crore
- The assumed debt would be restructured with a new maturity and repayment profile having an IRR of 8%
- Gammon House will be developed and sold by entering into a development agreement with leading developers. As per the estimates provided by the developers, funds to the tune of ₹ 630 crores are estimated to be available for the lenders.
- The aforementioned proposal is subject to further negotiations between the Company, its lenders and the Investor.

The said proposal has been forwarded to the lenders and is awaiting their acceptance.

CARVE OUT OF RETAINED CIVIL EPC BUSINESS

As part of further restructuring the Board in its meeting held on 11th April, 2017 approved carve out of the retained Civil EPC business viz. Civil EPC business carried on by the Company in cooling towers, chimneys, industrial and residential buildings, tunnels, dams etc., in relation to the execution capabilities pertaining to identified contracts along with all assets, properties, rights, and all debts, liabilities etc to its wholly owned subsidiary Gammon Transmission Limited ("GTL") in two phases viz. through a slump sale and part transfer through a Scheme of Arrangement between the Company and GTL and its respective shareholders and creditors.

The Shareholders approved the slump sale on 15th May, 2017 for transfer of the retained residual EPC undertaking for a cash consideration of ₹ 10 lakhs. The Company also executed another Business Transfer Agreement for transfer of two identified civil EPC projects along with all assets, properties rights, obligations to GTL for a consideration of ₹ 6,00,00,000/- (Rupees Six crores) to be discharged by GTL by way of issue of 60,00,000 (Sixty Lakhs) equity shares of ₹ 10 each to the Company. On approval of the Scheme of Arrangement between the Company and GTL by the National Company Law Tribunal, GTL will issue 7,40,000 (Seven lakhs forty thousand) fully paid up equity shares of face value of ₹ 10/- each to GIL towards transfer of the retained Civil EPC Undertaking. The said Scheme has also received approval from the stock exchanges viz., BSE Limited and the National Stock Exchange of India Limited vide its letters dated 27th June, 2018 and 25th June, 2018. The said Scheme is filed with the Hon'ble National Company Law Tribunal, Mumbai Bench for directions for summoning meeting of shareholders and creditors. The hearing of the same is awaited.

The Board has also approved the sale of 90% of its equity stake in GTL to Transrail Lighting Limited and Ajanma Holdings Private Limited ("Investors") for a consideration of ₹ 5,00,00,000/- (Rupees Five crores only). The Board has also accepted the proposal from Transrail Lighting Limited and Ajanma Holdings Private Limited ("Investors") for investment of ₹10,00,00,000/- (Rupees Ten crores only) into GTL post the completion of the Scheme as aforementioned. Post the investment, the Investors will hold 90% and the Company will hold 10% equity stake in GTL. The demerger of the retained Civil EPC business to GTL and the proposed investment by Investor in GTL as proposed is subject to the approval of Lenders, shareholders and all other regulatory authorities.

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. Based on the valuation carried out by an independent valuer, there is a diminution in the equity value of Sofinter group as compared to the total exposure of the Company. The management is of the view that this diminution in the equity