



**GAMMON**

BUILDERS TO THE NATION

**ANNUAL REPORT**  
2008 - 2009



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Dear Shareholder

It is my pleasure to once again share my thoughts on the year gone by and our aspirations for the future. During the year 2008-09, the Global Economy witnessed a significant slowdown and liquidity crunch, triggering off fears of a prolonged recession. It was therefore no surprise that the capital markets across the world experienced a severe meltdown, significantly eroding the market capitalization of most companies. Thankfully, the worst appears to be now behind us and we are all looking forward to the years ahead, with renewed hope and commitment.

Even as the situation on the business front continued to be difficult, we used the year to consolidate ourselves and prepare for the opportunities that would arise in the future. As part of this strategy, we merged Associated Transrail Structures Limited (ATSL) with Gammon India Limited (GIL). We believe that with this merger, we will be able to better leverage and exploit the synergies of the two Companies. ATSL is amongst the top five companies in the business of Power Transmission & Erection. We believe that this merger will provide the much needed capital and strength to ATSL to expand its business, even as it fits in with our consolidation strategy to become an all-round infrastructure player.

Along the same lines and with a view to providing a fillip to our Power Sector ambitions, we acquired significant interest in International Companies, all based out of Europe. The Company has invested about Euro 100 million for these acquisitions, making them the largest investments

done by us in our history. It would require significant management, time and effort to integrate the operations of the new Companies and for us to commercially exploit their intrinsic values. I believe the Shareholders should start reaping the benefits from these investments in about 2 to 3 years' time. As a consequence of these acquisitions, the consolidated income of the Group crossed the Billion Dollar Mark and stood at Rs. 5220 crore, while the Net Asset Block amounted to Rs. 4000 crore.

I am also proud to inform you that Gammon Infrastructure Private Limited (GIPL), our Subsidiary Company incorporated in 2001, was successfully listed on NSE and BSE in April 2008. It is a matter of great satisfaction that even as the Parent Company is listed on the bourses and operates in the Engineering, Procurement and Construction space, its Subsidiary Company is also listed and operating as Infrastructure Developer.

We believe that while computing our share price, the Stock Markets have not fully factored in on the underlying value of our investments in GIPL. Given the huge investments planned in the infrastructure sector, especially in Power Sector and National Highways, we are uniquely positioned to exploit the opportunities. Moving forward in the next two years, the Company is well positioned for a rapid growth, considering that all its business verticals have a strong order book position. The contracting and power transmission business has orders worth Rs.12,000 crore, while power equipment business has orders close to Rs.6,000 crore. The committed growth outlay towards projects secured by our listed Subsidiary, GIPL, has another Rs.9,000 crore of business in hand.

I take this opportunity to re-dedicate ourselves to the task of designing and building world-class infrastructure facilities as 'Builders to the Nation'. In the process we are sure to add value to our shareholders, even as we seek to share the benefits amongst you and our employees. We are determined to make Gammon one of the Most Respected Companies in the Construction, Engineering and Infrastructure Development space.

Before concluding, I place on record my deep appreciation and gratitude to all the Shareholders, Banks, Financial Institutions, our various Partners in development and execution (whether it be Suppliers, Vendors, Service Providers or Subcontractors) and of course the families of our 'Gammon Knights', who have stood by us in our long journey and whose continuing support we seek for the march ahead. May the journey be mutually rewarding and enriching.

Abhijit Rajan  
Chairman & Managing Director



## BOARD OF DIRECTORS

### PETER GAMMON

Chairman Emeritus

### ABHIJIT RAJAN

Chairman & Managing Director

### ROHIT MODI

Dy. Managing Director

### HIMANSHU PARIKH

Executive Director

### RAJUL A. BHANSALI

Executive Director

International Operations

### DIGAMBAR C. BAGDE

Director & CEO - (T&D Business)

### CHANDRAHAS C. DAYAL

Non-Executive Director

### PARVEZ UMRIGAR

Non-Executive Director

### ATUL DAYAL

Non-Executive Director

### DR. NAUSHAD FORBES

Non-Executive Director

### JAGDISH C. SHETH

Non-Executive Director

### URVASHI SAXENA

Non-Executive Director

### ATUL KUMAR SHUKLA

Non- Executive Director

### NAVAL CHOUDHARY

Non- Executive Director





**CONSORTIUM BANKERS**

Canara Bank • Punjab National Bank • Allahabad Bank • Oriental Bank of Commerce • Syndicate Bank • Development Credit Bank • ING Vysya Bank • ICICI Bank • HDFC Bank • Bank of Baroda • IDBI Bank

**COMPANY SECRETARY**

Gita Bade

**AUDITORS**

Natvarlal Vepari & Co.

**REGISTERED OFFICE**

'Gammon House', Veer Savarkar Marg,  
Prabhadevi, Mumbai - 400 025

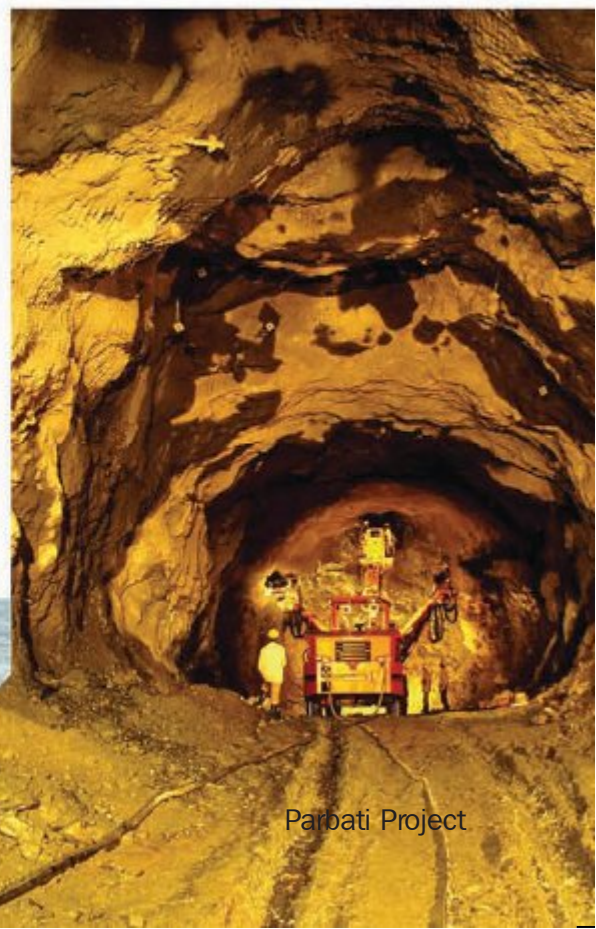
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**Fax:** +91 - 22- 6744 4105

**Email:** [gammon@gammonindia.com](mailto:gammon@gammonindia.com)



Kalpakkam Nuclear Project



Parbati Project



Dubai Wealhtcare Tower

## AN INDUSTRY LEADER

### BALANCE SHEET (Rs. in Crores)

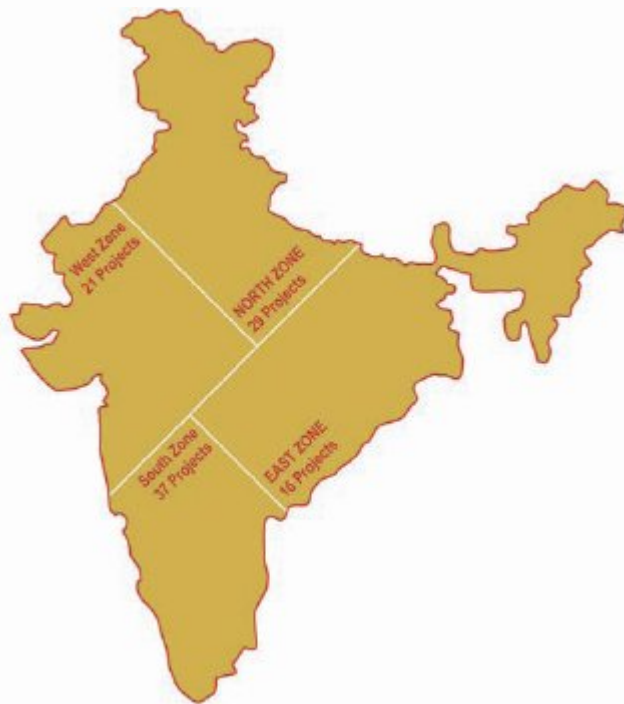
PARTICULARS	As at 31st March 2009	As at 31st March 1999	PARTICULARS	As at 31st March 2009	As at 31st March 1999
<b>SOURCE OF FUNDS</b>			<b>APPLICATION OF FUNDS</b>		
Own Funds	1580.64	143.36	Fixed Assets	983.41	137.51
Borrowed Funds	972.27	39.10	Investments	220.61	16.63
Deferred Tax Liability	54.36	NIL	Working Capital	1403.25	28.32

### PROFIT & LOSS ACCOUNT (Rs. in Crores)

PARTICULARS	2008-2009	2007-2008	2006-2007	Jan 05 to Mar 06 (15 mths)	Apr 04 to Dec 04 (9 mths)	2003-2004	2002-2003	2001-2002	2000-2001	1999-2000
<b>TURNOVER</b>	3681.96	2513.74	2084.33	1645.69	866.60	1119.72	726.65	513.99	503.76	451.67
<b>PROFIT BEFORE TAX</b>	208.69	139.34	143.06	111.16	51.59	54.46	35.28	31.58	20.16	18.20



Beas Bridge



**STRONG FINANCIAL RATINGS (Rs. in Crores)**

CARE has assigned the following ratings

	TENURE months	AMOUNT	RATINGS
Short Term	12	400	PR1+
Long Term	120	300	AA

CRISIL has assigned 'AA', stable rating for Non Convertible Debenture of Rs. 100 Crores.

**CURRENT PROJECTS**

as on March 31<sup>st</sup> 2009

AREAS OF SPECIALISATION	North	South	East	West	Total
Transport Engineering	15	12	8	3	38
Energy Projects/High-rise Structures/Industrial Structures	9	16	4	12	41
Hydro Power/Tunnel/Irrigation Projects	5	5	1	0	11
Building Works	0	4	0	2	6
Ground Engineering & Environment Protection	0	0	1	1	2
Pipeline and Marine Projects	0	0	2	3	5
<b>Total</b>	<b>29</b>	<b>37</b>	<b>16</b>	<b>21</b>	<b>103</b>



VASAI CREEK BRIDGE

2km long | 11.15 m wide | founded on 8.0 diameter steel caissons





## FINANCIAL HIGHLIGHTS OF THE DECADE

	1999-2000	2000-2001
<b>A. FINANCIAL POSITION</b>		
<b>LIABILITIES</b>		
Share Capital	6.31	6.57
Employee Stock Option Outstanding	0	0
Reserves & Surplus (Excluding Revaluation of Assets )	69.36	81.19
Revaluation reserves	76.75	74.99
<b>SHAREHOLDERS FUNDS :</b>		
Loan Funds	65.58	88.85
Deferred Tax Liability	0	0
<b>TOTAL CAPITAL EMPLOYED</b>		
	218	251.6
<b>ASSETS :</b>		
Fixed Assets (Net) [Excluding Revaluation of Assets ]	82.13	102.98
Amount of Revaluation	76.75	74.99
Total Net Fixed Assets (including Revaluation of Assets )	158.88	177.97
Current Assets (Net)	41.37	56.38
Investments	17.75	17.25
<b>TOTAL ASSETS</b>		
	218	251.6
<b>B. OPERATING RESULTS</b>		
<b>TURNOVER</b>		
Other Income	451.67	503.76
	5.09	7.01
<b>TOTAL INCOME</b>		
Net Profit after tax	456.76	510.77
Dividend Distributed	13.98	14.86
Tax on Dividend	1.17	2.53
Cash Profits	0.13	0.26
	20.69	23.85
<b>C. EQUITY SHARE DATA</b>		
Earning per Share (Rs)(on Base capital 1999-00) For all ten years	22.19	23.59
Earning per Share (Rs)(on Weighted Average Capital) For all ten years	22.00	23.26
<b>D. IMPORTANT RATIOS</b>		
Debt Equity ratio	0.87	1.01
Sales/Average of Net Fixed Assets (Number of Times)	6.4	5.44
Sales/Average of Net Fixed Working Capital Assets (Number of Times)	12.96	10.31
Book Value of Share (Without Revaluation Reserve)	0	0
Book Value of Share (With Revaluation Reserve)	0	0
Net Worth	75.67	87.76



2001-2002	2002-2003	2003-2004	Apr 04 to Dec 04 (9 mths)	Jan 05 to Mar 06 (15 mths)	2006-2007	2007-2008	2008-2009
12.84	12.84	12.84	15.58	17.69	17.69	17.69	126.71
0	0	0	0	0	0	0	1.81
98.31	113.55	139.25	309.62	840.79	879.78	961.31	1206.55
73.32	71.73	70.22	69.13	67.34	252.8	249.66	245.57
184.47	198.12	222.31	394.33	925.82	1150.27	1228.66	1580.64
149.17	188.26	218.18	303.1	170.59	371.49	377.06	972.27
17.46	26.61	31.98	36.59	34.53	37.92	37.17	54.36
351.1	412.99	472.47	734.02	1130.94	1559.68	1642.89	2607.27
167.87	215.17	225.09	253.33	309.7	448.68	541.79	737.84
73.32	71.73	70.22	69.13	67.34	252.8	249.66	245.57
241.19	286.9	295.31	322.47	377.04	701.48	791.45	983.41
94.21	49.19	96.66	321.92	637.71	707.76	690.66	1403.25
15.7	76.9	80.5	89.63	116.19	150.44	160.78	220.61
351.1	412.99	472.47	734.02	1130.94	1559.68	1642.89	2607.27
513.99	726.65	1119.72	866.6	1645.69	2084.33	2513.74	3681.96
6.61	9.62	9.97	16.03	33.2	55.15	24.38	103.20
520.6	736.27	1129.69	882.63	1678.89	2139.48	2340.84	3789.25
19.67	20.93	34.09	42.9	102.83	98.36	88.32	139
1.26	3.16	3.16	3.85	5.25	4.37	4.34	12.8
0	0.4	0.4	0.55	0.73	0.64	0.74	2.17
35.83	47	59.4	63.96	137.86	136.98	133.78	210.12
31.22	33.22	54.11	68.10	163.22	156.13	140.19	220.63
24.86	15.06	23.42	5.92	13.43	5.12	9.93	12.46
1.34	1.49	1.43	0.93	0.2	0.41	0.39	0.73
3.8	3.79	5.09	3.62	5.89	5.49	5.08	5.75
6.83	10.13	15.35	4.14	3.46	3.1	3.59	3.52
0	0	0	208.74	98.97	103.46	112.92	115.12
0	0	0	253.12	106.72	132.6	141.64	138.10
111.15	126.39	152.09	325.2	858.48	897.47	979	1335.07



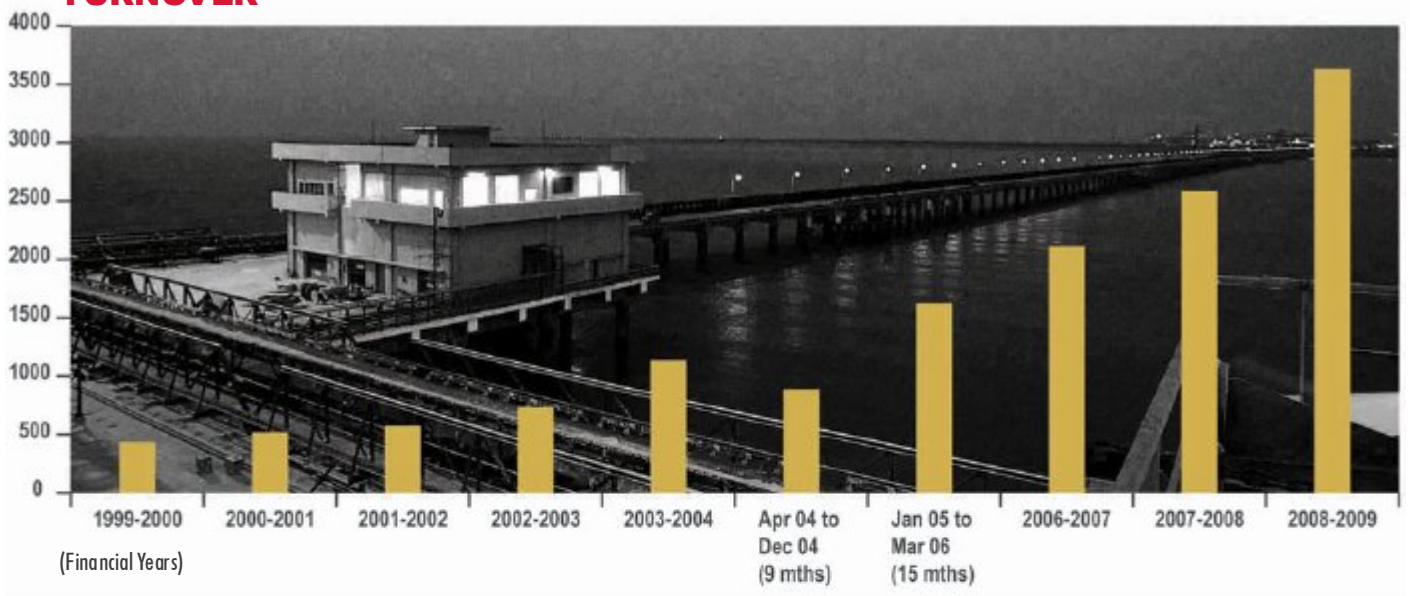
TORVALDALIGA, ITALY  
Biggest power plant in Italy applying clean coal technology



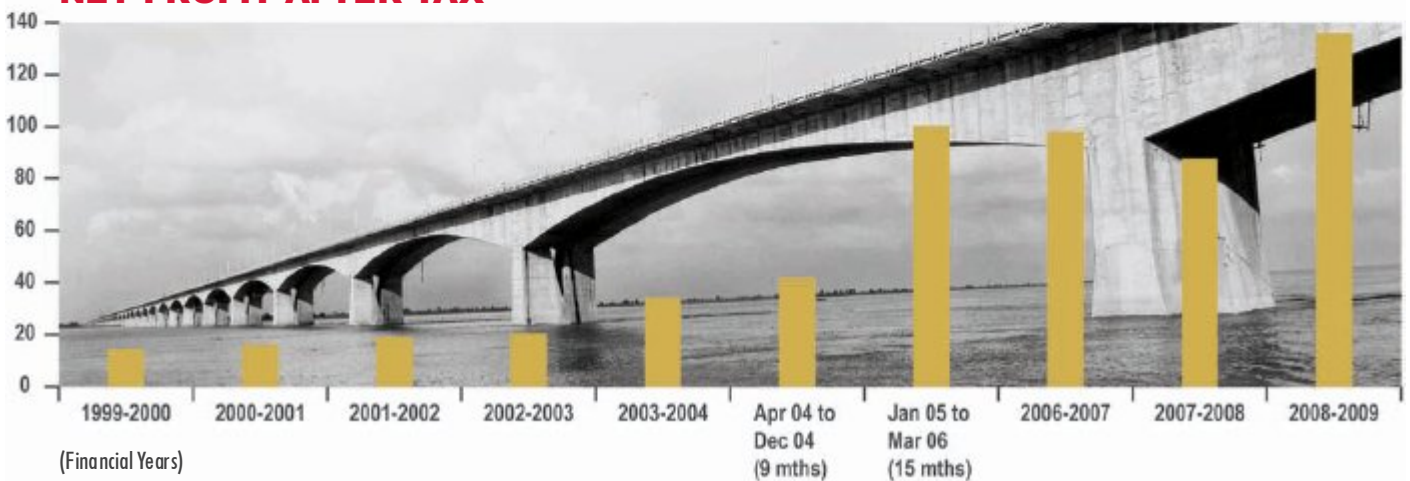


**PERFORMANCE HIGHLIGHTS**

**TURNOVER**

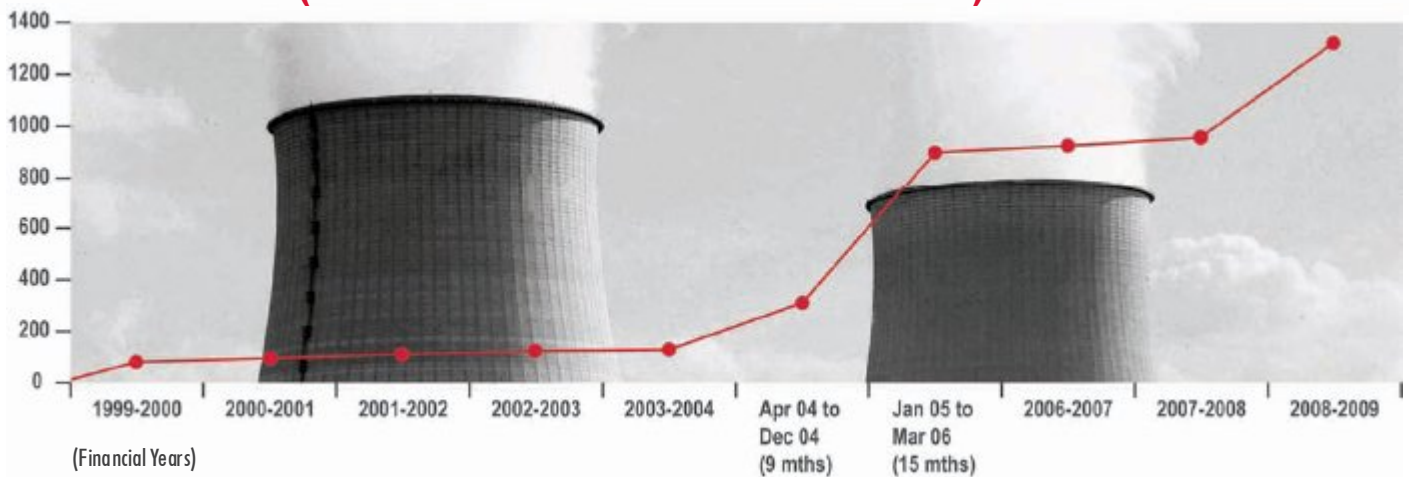


**NET PROFIT AFTER TAX**

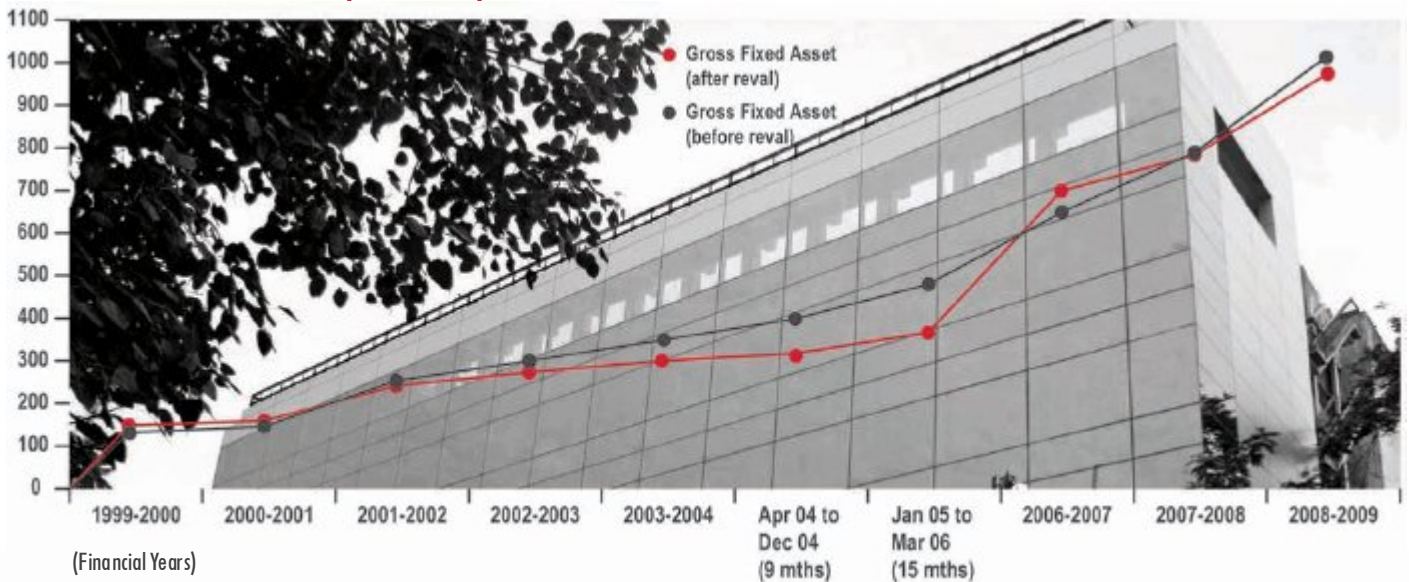




### NET WORTH ( EXCLUDING REVALUATION RESERVE)



### FIXED ASSETS (GROSS)





ISOTHERM PLANT, GIOIA DEL COLLE  
Low ranking fuels & waste to power ITEA | Proprietary Technology





**Project** Design and construction of the Godavari Bridge - 4.15 km and the approach roads of 10.338 km.

**Client** Andhra Pradesh Road Development Corporation

**Cost** Rs. 625 cr

**Project** Design, Engineering, Procurement of materials & construction of mumbai offshore container terminal

**Client** Indira Container Terminal Pvt. Ltd.

**Cost** Rs. 400 cr

**Project** Punatsangchu hydroelectric project-1200 mw- construction of head race tunnel length - 7.5Km dia-10.5M

**Client** Punatsangchu Hydroelectric Project Authority, Bhutan

**Cost** Rs. 400 cr.

**Project** Pranahita Chevala

Irrigation Project – investigation, designs and execution of water conveyer system with capacity of 84.21 cumecs. All allied works like lined gravity canal cm & cd works including distributory network of 25,000 acres.

**Client** Govt. of Andhra Pradesh, Irrigation and CAD Department

**Cost** Rs. 440 cr

**Project** Design and Construction of new 107 mld capacity water supply project at Guwahati

**Client** Guwahati

**Cost** Rs. 350 cr

## KEY PROJECTS

**Project** Road package for dumaria-imamgunj-shergati-karmain-mathurapur-guraru ahiyapur-tikarmau rantilabad-gaya-fatehpur (package 2 & 3)  
– 211 km

**Client** Road Construction Department, Govt. of Bihar

**Cost** Rs. 420 cr

**Project** Part Design and Construction of 4.725 km Viaduct, East West corridor, Kolkata

**Client** Kolkatta Metro Rail Corporation Limited

**Cost** Rs. 210 cr

**Project** Design, Supply , Erection of ND cooling tower for Jhajjar

**Client** NTPC

**Cost** Rs. 215 cr

**Project** Construction of civil works for CW system for 4000 MW, ultra mega power project in Mundra

**Client** Coastal Gujarat Power Limited

**Cost** Rs. 265 cr

**Project** Construction of well foundation and substructure of longest rail cum road bridge over the river Bramhaputra

**Client** N.F. Railway

**Cost** Rs. 345 cr

### MUMBAI OFFSHORE CONTAINER TERMINAL PROJECT

- Construction of two offshore container berths in Mumbai Harbour
- Client - Mumbai Port Trust (MBPT)
- License period for the project is 30 years
- The total project cost for the first phase is estimated to be Rs. 1015.66 cr
- The financial closure for the project was achieved in November 2008.

### MUMBAI NASIK EXPRESSWAY LIMITED

- Client - National Highways Authority of India (NHAI)
- Largest BOT road project from NHAI at the time of award
- 99.5 km road stretch connecting Vadape (towards Mumbai) and Gonde (towards Nasik) on NH3
- Project Cost Rs. 753 cr
- Concession Period - 20 years

## PUBLIC PRIVATE PARTNERSHIP PROJECTS

### VISAKHAPATNAM PORT PROJECT

- Two multipurpose berths at Visakhapatnam port - EQ8 and EQ9
- Client - Visakhapatnam Port Trust
- Berths designed for fully mechanized integrated cargo handling systems, capable of handling upto 7 MPTA
- Project Cost - Rs. 325 cr.
- License period of 30 years
- Commercial operation started
- Project SPV has a 'Take or Pay' agreement with SAIL

### RAJAHMUNDRY EXPRESSWAY LTD.

- 53 km stretch of road in Andhra Pradesh on National Highway 5
- Connecting Rajamundhary and Dharmavaram
- Client - National Highways Authority of India (NHAI)
- Annuity road project
- Project Cost - Rs. 256 cr.
- Concession Period - 17.5 years
- Commercial operations started from September 20th 2004, 70 days ahead of schedule

### ANDHRA EXPRESSWAY LTD.

- 47 km stretch of road in Andhra Pradesh on National Highway 5
- Connecting Dharmavaram and Tuni
- Client - National Highways Authority of India (NHAI)
- Annuity road project
- Project Cost - Rs. 248 cr.
- Concession Period - 17.5 years
- Commercial Operations started from October 30th 2004, 30 days ahead of schedule





Transmission Lines





## NEW OFFSHORE ACQUISITIONS

Gammon, through its company ITEA is leading the race for emission-free coal based thermal power plants. The company has put up a 5 MW demonstration plant in Gioia Del Colle, Southern Italy, and is now building a 50 MW plant in co-operation with ENEL.

Sofinter is an integrated group of highly specialized companies operating in the sector of steam and power generation. It uses a variety of fuels, biomass and municipal as well as industrial waste. With more than a century of experience Sofinter is a valuable addition to the Gammon portfolio.

Since June 2008, we at Gammon India have increased our geographical boundaries through acquiring a stake in Franco Tosi Meccanica. Franco Tosi Meccanica is an Italian company that is considered to be a point of reference in the turbine manufacturing and power generation industry.



## DIRECTORS' REPORT

Your Directors have pleasure in presenting their 87th Annual Report together with the Audited Accounts of the Company for the year ended 31<sup>st</sup> March 2009.

### 1. FINANCIAL PERFORMANCE:

(Rs.in Crores)

Particulars	Standalone		Consolidated	
	2008-09	2007-08	2008-09	2007-08
<b>Profit before Depreciation &amp; Interest</b>	<b>377.90</b>	211.96	<b>534.62</b>	331.24
<b>Less :</b>				
Depreciation	<b>63.95</b>	46.21	<b>143.91</b>	88.32
Interest	<b>105.26</b>	26.41	<b>241.45</b>	97.02
<b>Profit Before Tax</b>	<b>208.69</b>	139.34	<b>149.26</b>	145.90
<b>Less :</b>				
Provision for Taxation	<b>69.69</b>	51.02	<b>84.42</b>	64.44
<b>Profit After Taxation</b>	<b>139.00</b>	88.32	<b>64.84</b>	81.46
Transferred to Minority Interest	-	-	<b>13.91</b>	7.97
Short/(Excess) Provision of Taxes of Earlier Period	<b>(1.48)</b>	2.19	<b>(0.87)</b>	2.24
Prior Period Adjustments	-	-	<b>(4.52)</b>	(0.04)
<b>Profit for the year</b>	<b>140.48</b>	86.13	<b>56.32</b>	71.29
<b>Add :</b>				
Profit brought forward from the previous years	<b>159.92</b>	111.58	<b>118.39</b>	84.92
<b>Available for Appropriation</b>	<b>300.40</b>	197.71	<b>174.71</b>	156.21
<b>Appropriations :</b>				
Transfer to General Reserve	<b>29.71</b>	14.95	<b>29.71</b>	14.95
Reversal of Profits of erstwhile ATSL	-	-	<b>35.47</b>	-
Transfer from Debenture Redemption Reserve	-	(13.75)	-	(13.75)
Transfer to Debenture Redemption Reserve	<b>24.90</b>	11.51	<b>24.90</b>	11.51
Transfer to Special Contingency Reserve	-	20.00	-	20.00
Transfer from Foreign Project Reserve	<b>(0.32)</b>	-	<b>(0.32)</b>	-
Dividend from erstwhile ATSL received	<b>(0.29)</b>	-	<b>(0.29)</b>	-
Transfer to Other Reserve (AS-15)	-	-	-	0.03
Dividend (Proposed) Equity Shares	<b>6.50</b>	4.34	<b>6.50</b>	4.34
Dividend (Proposed) Preference Shares	<b>6.30</b>	-	<b>6.30</b>	-
Tax on Dividend	<b>2.17</b>	0.74	<b>2.17</b>	0.74
Compensation Cost Reversed in Forfeiture of ESOP	-	-	<b>(0.05)</b>	-
<b>Balance carried to Balance Sheet</b>	<b>231.43</b>	159.92	<b>70.32</b>	118.39

The turnover of the company on a standalone basis stood at Rs. 3,682 Crores for the year ended 31<sup>st</sup> March 2009. The annualised percentage increase in net profit over previous year amounted to 63.10%. The order book position of your company as on 31<sup>st</sup> March 2009 was approx Rs. 12,967 Crores.

On a consolidated basis the turnover of the Gammon group stood at Rs. 5,212 Crores for the year ended 31<sup>st</sup> March 2009. The annualised percentage decrease in net profit over previous year amounted to 21%.



## 2. DIVIDEND:

The Board of Directors at its meeting held on 9<sup>th</sup> July 2009 has, subject to the shareholder's approval recommended;

1. Dividend of Rs. 21/- per share on 6 % Optionally Convertible Preference shares for the year 2008-09 \*.
2. A final dividend of Rs 0.60 paisa per share of Rs.2/- each (30%) for the year 2009 on the equity shares. The total dividend pay out for the year under review is Rs. 12.80 Crores. Dividend Distribution Tax aggregates to Rs. 2.17 Crores.

\*(These shares have since become Non- Convertible Redeemable Preference Shares)

## 3. AMALGAMATION OF ASSOCIATED TRANSRAIL STRUCTURES LIMITED WITH GAMMON INDIA LIMITED:

Vide its order dated June 18, 2009, the Mumbai High Court approved the scheme of amalgamation of Associated Transrail Structures Limited (ATSL) with Gammon India Limited. Subsequently the Gujarat High Court also vide its order dated 2<sup>nd</sup> July 2009 approved the said scheme. The certified copies of the orders of the Bombay High Court and Gujarat High Court were filed with the respective Registrar of Companies on 7<sup>th</sup> July 2009. Consequently the scheme has become effective from 7<sup>th</sup> July 2009, the appointed date being 1<sup>st</sup> April 2008. The Financial Accounts for the year ended 31<sup>st</sup> March 2009 are of the merged entity.

ATSL is amongst the top five leading Indian Players in the business of Power Transmission - Manufacturing and Erection. The merger had a positive fallout in terms of increasing top line revenue of GIL, improvement in operating margins of the merged company as also an improvement in the Earnings Per Share.

With this amalgamation the Company now has a foothold in the lucrative and upcoming sector of Power Transmission and Distribution. The Board is optimistic that the amalgamation of ATSL with Gammon India Limited will further strengthen the Company's business and will open up new avenues for further expansion of its business in the power sector. A more detailed note on the business of ATSL is included in the Management Discussion and Analysis Report.

The Board wishes to thank all its shareholders and stakeholders for their support in making this amalgamation a success.

## 4. FINANCE:

During the year under review the company did not raise any funds from the capital markets either by way of issue of equity/ADRs/GDRs. However to meet its working capital requirements and for future expansion plans and CAPEX requirements, the Company has raised money through the allotment of 1.6 Crore Equity Warrants at a price of Rs. 90.20/- each, to the companies forming part of the promoter group. The Company has also obtained financial assistance from its consortium bankers to meet its short term working capital requirements as well as long term debt by way of issue of Non-Convertible Debentures on private placement basis aggregating to Rs. 100 Crores. As on 31<sup>st</sup> March 2009, total amount outstanding towards issue of Non-Convertible Debentures on private placement basis to banks and financial institutions stood at Rs 300 Crores. CARE has assigned 'AA' rating for the same.

The following credit ratings from CARE continue:

- (i) 'PR1+' for short-term commercial paper of Rs 400 Crores
- (ii) 'AA' for Non-Convertible Debentures of Rs 300 Crores
- (iii) 'AA' for Long Term Bank Facilities and 'PR1+' for Short Term Bank Facilities aggregating to Rs. 3700 Crores

The proceeds of debentures were utilized for the purposes for which they were raised.

Capital expenditure on plant and machinery during the year amounted to Rs. 167.56 Crores which was financed from internal accruals, short term funding and External Commercial Borrowings.

**5. PUBLIC DEPOSITS:**

The Company did not invite or accept deposits from public during the year under review. 137 deposits (pertaining to previous year) aggregating to Rs. 15, 12,000 remained unclaimed as on 31st March 2009. Out of these, 3 deposits amounting to Rs. 35,000 has since been claimed and paid.

**6. TRANSFER TO INVESTOR EDUCATION AND PROTECTION FUND:**

Pursuant to Section 205C(2), of the Companies Act, 1956 the Company has, during the year under review transferred a sum of Rs.1,34,000/- to Investor Education and Protection Fund (IEPF), which was unclaimed for a period of seven years .

**7. EMPLOYEE STOCK OPTION SCHEME:**

The Company had introduced an Employee Stock Option Scheme for the benefit of its employees and also for the employees of its Subsidiary Companies and allotted 20, 00,000 options to its employees. However due to the adverse market conditions, the continuous fall in the market price of the Company's shares and the general economic uncertainty, the Scheme was rendered unattractive to the employees and subsequently the Scheme and the 20,00,000 options granted under the Scheme were cancelled . The erstwhile Associated Transrail Structures Limited (ATSL) had also introduced a similar scheme for the benefit of its employees. Pursuant to the amalgamation of ATSL with the Company, the said scheme is now taken over by the Company. Details of the stock options granted by the erstwhile ATSL are disclosed in compliance with Clause 12 of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and set out in Annexure 'A' of this Report.

**8. OVERSEAS EXPANSION:**

The power segment in the country is foreseen to have a robust growth with the total demand for new projects during the current plan period ending 2013 at approximately 100,000 MW. The European markets likewise are also foreseen to grow strongly both in new capacity creations estimated at approximately 75,000 MW and rehabilitation of existing plants for a like amount over the next five years.

Gammon through its various subsidiaries and associates including the erstwhile ATSL have been actively engaged in utility power projects. While Gammon has been strong in the EPC relating to civil construction in different segments of power like thermal, hydro, etc., ATSL had been strong in the EPC relating to transmission towers and lines.

In the back drop of the above, the company has a long term plan of creating a complete power vertical which would include EPC civil engineering, manufacture and supply, and BOP for power utility projects. To this end the company acquired substantial stake in the below mentioned companies:

**1- SOFINTER S.P.A**

Group Sofinter comprises of Sofinter S.p.A., which is also the controlling company of several other companies, the main being Ansaldo Caldaie S.p.A., Europower S.p.A. and ITEA S.p.A. The Group is engaged in the manufacture of industrial boilers, power utility steam boilers including Heat Recovery Steam Generators, EPC related to power utilities and research and development of flameless technology using waste and low grade coal with zero carbon emissions.

The order book of the group as at 31<sup>st</sup> March 2009 was reasonably strong at Euro 600 million and at the consolidated level the projection of turnover for calendar year 2009 is approximately Euro 420 million. The planned turnover of the group is largely based on the enhanced facilities by the group of banks who are currently evaluating the needs of the group and are likely to formalize the same within September 2009.

**2- FRANCIOSI MECCANICA**

Franco Tosi Meccanica established over 125 years ago is a permanent Westinghouse licensee for the complete range of steam turbines and has proprietary technology for its range of hydro turbines. The company has to its credit over 75,000 MW of installed capacity worldwide. The company is headquartered in Legnano, near Milan and the manufacturing facilities are located on over 350,000 sq. mt. of land with a covered area of approximately 162,000 sq. mt. The acquisition price was Euro 40 million for a 75.1% stake paid into the company through a step down subsidiary Gammon Holdings B.V. Netherlands.

The turnover of the company for calendar year for 2008 was Euro 112.5 million with losses of approximately Euro 17 million. The main reason for the losses of the company was the lack of focus of the erstwhile promoter group who curtailed the core operating business of the company in favor of using the facilities for manufacturing components related to its automotive business. This led to a severe underutilization of the company's plant.

With the entry of Gammon into the shareholding this problem has been overcome whereby the utilization of the plant as well as fresh order bookings has shown remarkable increase. For the first time in the last ten years the company has an order book of approximately Euro 275 million and is further expected to grow in the coming years. For 2009, the budgeted turnover for the company is Euro 150 million and it is hoped that at net level there will be a neutral position if not a small profit.

### **3- SADELM I**

The company through its step down subsidiary P. Van Eerd Beheersmaatschappij B. V, Netherlands (PVAN) acquired a 50% stake for a consideration of Euro 7.5 million in Sadelmi S.p.A., a company engaged in balance of plant relating to the oil & petrochemical industry and power utility units. The company has a very old history of references having undertaken several such plants worldwide, prior to its acquisition by Busi Group in the year 2002.

### **4- SAE POWER LINES**

SAE Power lines S.r.l has been engaged for several decades in the design, fabrication and erection of transmission towers and lines worldwide. The erstwhile ATSL had bought a 100% stake in the company through a step down subsidiary ATSL Holdings B.V. Netherlands, which has now been transferred to the company subsequent to the amalgamation of ATSL with Gammon India. The total consideration paid was Euro 3.4 million with an additional Euro 1.48 million given by way of working capital facilities by the Indian parent.

In the one year since the takeover, the company has been able to revive and grow its order book which stands at over Euro 175 million as on date. The turnover for the calendar year 2009 for SAE is budgeted at Euro 60 million with a profit of approximately Euro 2 million at net level.

The projects in the pipeline at various stages of bidding where the company is well placed, is likely to result in robust order growth and by calendar year 2011 the turnover of the company is expected to touch at least Euro 150 million with an EBITDA of approx. Euro 18 million.

### **5. OIL & GAS**

As reported by the company in March 2008 a participating interest of 61% was taken in the PUMA marginal field in joint venture with Joshi Technologies Incorporated Oklahoma, USA. This participating interest is held through CAMPO PUMA ORIENTE SA, a company based in Panama, in which Gammon holds 66.4% shareholding and JTI holds the balance of 33.6%. During the year under review, significant progress has been made until September 2008 in executing the minimum work program under the PUMA marginal field contract with Petroecuador. However due to the meltdown and the subsequent fall in oil prices worldwide, the company was forced to review the investments under minimum work program to a minimum till such time the situation improved.

The company has also embarked on an exploration program in Nebraska USA on a 50-50 basis with Joshi Technologies Incorporated Oklahoma. The program envisages exploration on approx. 60,000 acres of land leased in the state of Nebraska for a period of 4 years.

### **6. FINEST S.P.A.**

Shareholders are aware of the company's investment in Finest S.p.A, which is the holding company of Tensacciai Group, Italy, which is specialized in undertaking post tensioning works, manufacture and erection of stay cables and ground anchorages.

Tensacciai and Group companies operate in Italy and other parts of Europe as well as in Brazil, North Africa and Middle East. The consolidated turnover of Tensacciai Group for calendar year 2008 was approx. Euro 24 million with a net profit of approx. Euro 1.5 million. The order book of the company is strong and is approx. Euro 50 million. The turnover of the group for 2009 is expected to show a significant growth in turnover and profits.

## 7. GAMMON & BILLIMORIA LLC, (GBLLC) DUBAI

The operations of GBLLC during the year ending March 2009 were adversely affected due to the slump in the property market in Dubai in general. This led to cancellation of a large project being implemented by the company amounting to approx. 350,000,000 Dirham's. The order book of the company as at 31<sup>st</sup> March 2009 after the cancellation is approx. 280 million Dirham's. The company is not aggressively pursuing projects in Dubai at the moment but is instead looking at opportunities in Abu Dhabi, Sharjah and Ras Al Khaimah.

## 9. INVESTMENTS IN INFRASTRUCTURE ACTIVITIES:

Gammon Infrastructure Projects Limited (GIPL), a subsidiary of your Company acts as the Infrastructure Development arm of your Company. The Company is amongst the first companies in India to be modeled as an Infrastructure Development Company, primarily undertaking projects on a Public Private Partnership basis ('PPP').

GIPL, through its various 'special purpose vehicles' (SPV) undertakes and develops various Infrastructure Development Projects on a BOT and BOOT basis.

The Company has a basket of 18 projects in the roads, bridges, ports, hydroelectric power and biomass power sectors, of which, four are in the operations phase, ten are in the development phase and four are in the pre-development phase.

The Company has recently ventured into logistics business through the wholly owned subsidiary, Gammon Logistics Limited (GLL).

A more detailed note on GIPL and its various projects is included in The Management Discussion and Analysis Report which form a part of the Annual Report.

## 10. SUBSIDIARY COMPANIES:

At the commencement of the year the Company had 19 (Nineteen) subsidiaries. It has further incorporated the following subsidiaries during the year

- (i) Gammon Power Limited
- (ii) Gammon Retail Infrastructure Private Limited
- (iii) Franco Tosi Meccanica S.p.A
- (iv) Gammon Italy S.r.l
- (v) Campo Puma Oriente S.A
- (vi) Pravara Renewable Energy Limited (Formerly known as Falcon Project Developers Ltd)
- (vii) Jaguar Project Developers Limited
- (viii) Gammon Hospitality Limited
- (ix) Young thang Power Ventures Limited.
- (x) Bedi Seaport Limited
- (xi) Gammon Metro Transport Limited (Formerly known as Gammon L&T Infra MRTS Ltd)
- (xii) Rajahmundry Godavari Bridge Limited
- (xiii) Ras Cities and Townships Private Limited
- (xiv) Deepmala Infrastructure Private Limited
- (xv) Gammon Holdings B.V
- (xvi) Gammon International B.V



Pursuant to the amalgamation of Associated Transrail Structures Limited with your Company, the following subsidiaries of ATSL have now become your subsidiaries:

1. Transrail Lighting Limited
2. ATSL Infrastructure Projects Limited
3. SAE Powerlines S.r.l (Italy)
4. ATSL Holdings B.V (Netherlands)
5. Associated Transrail Structures Limited (Nigeria)

Haryana Biomass Power Limited, which was a step down subsidiary as on 31.03.2008, has ceased to be a subsidiary of Gammon Infrastructure Projects Limited (GIPL), your subsidiary. Therefore vide Section 4 (1) (c) of the Companies Act, 1956, it has ceased to be your step down subsidiary.

Pursuant to the approval granted by the Government of India vide its letter No. 47/560/2009-CL-III dated 17<sup>th</sup> July 2009 the Company has been granted exemption under section 212(8) of the Companies Act, 1956 from attaching the Balance Sheet and Profit & Loss Account and other documents of its Subsidiaries and hence the same have not been attached to your company's accounts for the year ended 31<sup>st</sup> March 2009. Financial information of the subsidiary companies as required by the said order is disclosed in the Annual Report.

Statement pursuant to Section 212 (3) of the Companies Act, 1956 relating to subsidiary companies is attached. Information such as capital, reserves, assets etc. about each subsidiary as on 31<sup>st</sup> March 2009 has been separately disclosed.

The Annual Accounts of subsidiary companies and the detailed related information are available for inspection by the shareholders at the registered office of the Company and at the offices of the respective subsidiary company.

#### **11. REPORT ON CORPORATE GOVERNANCE AND MANAGEMENT DISCUSSION AND ANALYSIS:**

Report on Corporate Governance and Management Discussion and Analysis Report for the year under review, as stipulated under clause 49 of the listing agreement forms part of the Annual Report.

#### **12. DIRECTORS:**

Pursuant to the provisions of Section 256 of the Companies Act, 1956 and the Articles of Association of the Company, Mr. Atul Dayal and Mr. Chandrahas C. Dayal retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

During the year under review, the Board was enlarged with the induction of 5 (Five) new Directors as under:

1. Mr. Naval Chaudhary was appointed as an Additional Director (Non Executive and Independent) w.e.f 21<sup>st</sup> May 2009. Mr. Naval Choudhary is a Master of Business Administration from Indian Institute of Management, Ahmedabad (IIMA), B.E (Mechanical) from University of Rajasthan. He is the Managing Director of Albright & Wilson Chemicals India Limited. He is also a Director on the Board of several other Companies viz: Rhodia Chemicals India Private Limited, U B Engineering Limited and Indo Swiss Fabrics Private Limited. He has vast experience in various management disciplines such as Strategic Planning, Marketing, Finance & Banking, and Production & Inventory Control.
2. Mr. Parvez Umrigar was appointed as an Additional Director (Non Executive and Non- Independent) w.e.f 1st June 2009. Mr. Parvez Umrigar is B. Com., AICWA, and ACA. He has been with the Gammon Group for the last ten years. He has wide experience of over 17 years in areas like strategic planning, finance, accounts, taxation and compliance. Presently Mr. Umrigar is the Managing Director of Gammon Infrastructure Projects Limited, a listed subsidiary of the Company.
3. Mr. Rohit Modi was appointed as the Deputy Managing Director w.e.f 7th June 2009. Mr. Rohit Modi holds a Bachelor of Economics (Hons.) from Sri Ram College of Commerce (1983) and Masters in Economics from Delhi School of Economics (1985). He joined the Indian Administrative Services (IAS) in 1985 and served as an IAS Officer till 1999. From 1999 to 2006, he served as the Chief Executive Officer of Tamil Nadu Road Development Corporation and also held additional charge as Managing Director of Road Infrastructure Development Corporation of Rajasthan. His last assignment was as head of India Business Operations in Suzlon Group.

4. Mr. Atul Kumar Shukla was appointed as an Additional Director (Non Executive and Independent) w.e.f 9<sup>th</sup> July 2009. Mr. A. K. Shukla was formerly the Chairman of Life Insurance Corporation of India. Presently he is a Management Consultant and is a Director on the Boards of various Companies.
5. Mr. Digambar C. Bagde was appointed as a Whole time Director w.e.f 9<sup>th</sup> July 2009. Mr. D. C. Bagde, a B.E. (Civil), has wide and varied experience of more than 33 years in Design and execution of Transmission lines in India & abroad and also Railway Electrification in India. Before his induction as a Director of the Company, Mr. Bagde was the Managing Director of the erstwhile ATSL, which was amalgamated with the Company.

Mr. Rajul Bhansali, Director of the Company, whose term ended on 29<sup>th</sup> March 2009, was re-appointed as the Whole time Director of the Company for a further period of 3 years w.e.f 30<sup>th</sup> March 2009.

The approval of the members for appointment and re-appointment of the aforementioned Directors is being sought in the forthcoming Annual General Meeting.

### 13. DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to Section 217 (2AA) of the Companies (Amendment) Act, 2000, the Directors confirm that:

1. The applicable accounting standards have been followed by the Company in preparation of the annual accounts for the period ended 31<sup>st</sup> March 2009;
2. The Directors have selected 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 at the end of the period ended 31<sup>st</sup> March 2009; and of the profit of the Company for the said period ended 31<sup>st</sup> March 2009;
3. 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 fraud and other irregularities;
4. The annual accounts are prepared on a going concern basis.

### 14. HEALTH, SAFETY & ENVIRONMENT:

During the year under review your Company has taken the following initiatives to improve safety at its various sites:

- Conducted one safety training program for project heads and eight training programs for site engineers.
- Conducted a study of knowing history of accidents and injuries to workers by one to one interview of 91 workers.
- Conducted audit of implementation of our safety policy.
- Aspiring for OHSAS-18001 certification. Initial gap assessment audits at four of our sites have been conducted.

Your Directors are pleased to inform that the Company has received the following awards during the year with regards to Health & Safety:

- Two of our sites have been short listed for safety from National Safety Council of India (NSCI) for award year 2009-10.
- Received safety award from NSCI titled as 'Prashansa Patra' to one of our site on 10th January 2009.
- Our Kalpakkam site has completed 15 million man hours without any accident.
- Received recognition from our clients BHAVINI, Mott MacDonald Pvt.Ltd., NTECL –Vallur, Sepco and Pebbal Bay Developers for achievements in safety.



## 15. RESEARCH & DEVELOPMENT:

Increasing focus on developing infrastructure in the country has opened up many opportunities for the construction companies. To rise up to the challenge of completing huge quantum of work in a short time, we have to back up the on site teams with continual improvement in construction technology. During the year under review the R&D activities undertaken by the Company include:

- At Kalpakkam Intake Structure, Inflatable balloon system attached to caisson was developed to reduce the draft of caisson. Such system was tried for the first time and is being fine tuned further for wider application at various bridge sites.
- In house design of under slung type launching girder to launch 48m long span & weighing 1600 MT pre-cast segmental span at Kosi Bridge Bihar was reported last year. The design and development phase is now complete and the fabrication work is in progress. All the hydro mechanical components required for this launching girder are developed in house along with our internal and external associates. The system is expected to be functional in Dec 2009.
- Various other techniques have been developed and efforts made to improve upon existing techniques and develop new ones.

## 16. AUDITORS:

M/s. Natvarlal Vepari & Co., Chartered Accountants, Statutory Auditors of the Company retire at the ensuing Annual General Meeting and are eligible for re-appointment. A certificate to the effect that their appointment, if made, will be within the prescribed limits u/s 224(1B) of the Companies Act, 1956 has been received from them. The Board further recommends the appointment of M/s. Natvarlal Vepari & Co., Chartered Accountants as the Statutory Auditors of the Company and also as the Branch Auditors, Oman Branch and any other branch.

The Board also recommends the appointment of M/s. Vinod Modi & Associates, Chartered Accountants and M/s. M. G. Shah & Associates, Chartered Accountants, as the Joint Branch Auditors of 'Gammon India Ltd-Transmission Business Headquarters, Nagpur'.

## 17. AUDITORS' REPORT:

Your Directors would like to refer to Para 6 of the Auditors' Report dated 9<sup>th</sup> July 2009. We invite your attention to Point No 8 (c) of the Notes to Account attached to these accounts in respect of non - provision for such marked to market losses of Rs. 15.93 Crores arising out of foreign currency forward contracts.

The company had entered into, during the previous year, forward contracts for hedging the foreign currency receivables from its projects which are in the nature of firm commitments and highly probable future transactions. The company contends that these are entered into to hedge the currency risks arising out of the firm commitments and that the announcement of the ICAI on derivatives is not applicable to such transactions. The notional marked to market losses is expected to be offset by the higher realisations from the foreign currency receivables as the projects progress. Therefore the company has not provided marked to market losses on such forward contracts amounting to Rs. 15.93 Crores as at 31st March 2009. Such notional loss has in fact come down considerably to Rs. 2.28 Crores as on June 2009.

## 18. PARTICULARS OF EMPLOYEES:

The particulars of employees required to be furnished under Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, forms part of this Report. However, as per the provisions of Section 219(1) (b) (iv) of the Companies Act, 1956, the Report and Accounts are being sent to all shareholders, excluding the statement of particulars of employees. Any shareholder interested in obtaining a copy may write to the Company Secretary at the Registered Office of the Company.

## 19. PARTICULARS UNDER COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF THE BOARD OF DIRECTORS) RULES, 1988:

### A. Conservation of Energy:

The Conservation of energy in all possible areas is undertaken as an important means of achieving cost reduction. Savings in electricity, fuel and power consumption receive due attention of the management on a continuous basis.



**B. Technology Absorption:**

Timely completion of the projects as well as meeting the budgetary requirements are the two critical areas where different techniques help to a great extent. Many innovative techniques have been developed and put to effective use in the past and the efforts to develop new techniques continue unabated.

**C. Foreign Exchange earnings and outgo:**

Total foreign exchange used and earned during the year.

(Rupees in Crores)

	Current Period	Previous Period
Foreign Exchange used	176.69	12.67
Expenditure in Foreign Currency	85.53	27.73

**20. ACKNOWLEDGMENTS:**

Your Directors thank all its valued customers and various Government, Semi-Government and Local Authorities, suppliers and other business associates. Your Directors appreciate continued support from Banks and Financial Institutions and look forward to their co-operation in the future.

Your Directors place on record their appreciation of the dedicated efforts put in by the employees at all levels and wish to thank the Shareholders for their unstinted support and co-operation.

For and on behalf of the Board of Directors

**ABHIJIT RAJAN**

*Chairman & Managing Director*

Place : Mumbai

Dated : 9<sup>th</sup> September 2009

**“ANNEXURE – A” TO THE DIRECTORS REPORT**

**Information required to be disclosed under the Securities and Exchange Board of India  
(Employees Stock Option Scheme and Employees Stock Purchase Scheme Guidelines, 1999)  
Employees Stock Option Scheme – 2007**

(a)	Options granted	106300 Equity Shares of Rs. 10 each
(b)	The pricing formula	The Exercise Price was to be decided by 'Compensation Committee', which shall not be less than the par value and shall not be less than the 'Fair Market Value' on the date of grant. Based on the valuation report the Compensation Committee fixed the Exercise Price at Rs. 80 per share.
(c)	Options vested	21260
(d)	Options exercised	1220
(e)	Total number of shares arising as a result of exercise of option	1220
(f)	Options lapsed	2600
(g)	Variation of terms of Options	Nil
(h)	Money realized by exercise of options	Rs. 97600
(i)	Total number of options in force –	
	Vested	19520
	Unvested	<u>82960</u>
	Total	102480
(j)	Employee wise options granted to –	
	(i) Senior Managerial Personnel.	As per Statement attached
	(ii) Any other employee who receives a grant in any one year of Options amounting to 5% or more of Options granted during that year.	None
	(iii) Identified employee who were granted Options, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant	None
(k)	Diluted Earning Per Share (EPS) pursuant to issue of shares on exercise of options calculated in accordance with Accounting Standards (AS) 20 'Earning Per Share'.	Rs. 12.35
(l)	The difference between employee compensation cost using intrinsic value method and the fair value of the Options and impact of this difference on profits and on EPS	Rs. 0.73 Crores. Profit & EPS is reduced by Rs. 0.73 Crores and Rs. 0.06 respectively.
(m)	Weighted average exercise price and weighted average fair values of options shall be disclosed separately for options whose exercise price either equals or exceeds or is less than the market price of the stock.	Rs. 80 & Rs. 677.65 respectively
(n)	Fair Value (Price Earning Capacity Value) Price of options	Rs. 77.51 per option Rs. 80 per option

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**Statement showing details of Options granted to Senior Managerial Personnel**

<b>Name</b>	<b>Designation</b>	<b>Number of options granted</b>
MR. G. D. RATHOD	Vice President - Engineering	4000
MR. D. R. RAO	General Manager - Conductor Division	3500
MR. A. GANGULY	Associate Vice President - Construction	4200
MR. S. D. SHIKERKAR	Associate Vice President - Marketing	4200
MR. V. A. MANDRE	General Manager - Works	3900
MR. H. M. JOSHI	General Manager - Commercial	3900
MR. SIMON JOSEPH	Additional General Manager - Rural Electrification	2000
MR. M. C. MODI	Additional General Manager - Works	2800
MR. HAREESHA V. PRABHU	Additional General Manager - Overseas	4000
MR. S. MUKHOPADHYAY	Additional General Manager - Finance	3900
MR. P. CHANDRAN	Chief Manager - Resident	1500
MR. P. GEORGE	Associated Vice President - Development	3000

For and on behalf of the Board of Directors

**ABHIJIT RAJAN**  
*Chairman & Managing Director*

Place : Mumbai  
 Date : 9<sup>th</sup> September, 2009



## REPORT ON CORPORATE GOVERNANCE

In compliance with Clause 49 of the Listing Agreement entered into with the stock exchanges, the Company hereby submits the report on matters as mentioned in the said clause and Corporate Governance practices followed by the Company.

### 1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE:

Corporate Governance broadly refers to a set of rules and practices designed to govern the behavior of corporate enterprises. The Company's philosophy on Corporate Governance envisages accountability, responsibility and transparency in the conduct of the Company's business and its affairs vis-à-vis its employees, shareholders, bankers, lenders, government, suppliers, dealers etc. and accordingly lays great emphasis on regulatory compliances. The Company firmly believes that Corporate Governance is a powerful tool to sub serve the long-term growth of the Company and continues to give high priority to the principles and practice of Corporate Governance and has accordingly benchmarked its practices with the existing guidelines of Corporate Governance as laid down in the Listing Agreement.

### 2. BOARD OF DIRECTORS (BOARD):

#### a. Composition:

The Company has an optimum combination of Executive and Non- Executive Independent Directors, in conformity with Clause 49 of the Listing Agreement, to maintain the independence of the Board and to separate the Board functions of governance and management.

On the date to which this report pertains, the Board comprised of a Chairman and Managing Director, Two Executive Directors, One Non Executive Non Independent Director and Six Non Executive Independent Directors. All the members of the Board are persons with considerable experience and expertise in industry, finance, management and law.

The Chairman and Managing Director provides leadership to the Board and to the Management in strategizing and realizing business objectives and is supported by the Executive Directors. The Independent Directors contribute by giving their valuable guidance and inputs with their independent judgement on the overall business strategies and performance.

None of the Directors on the Board is a Member of more than 10 (Ten) Committees and Chairman of more than 5 (Five) Committees (as specified in Clause 49 of the Listing Agreement), across all the companies in which they are Directors. The necessary disclosures regarding committee positions have been made by all the Directors.

#### b. Board Meetings:

The Board meets at least once in each quarter inter alia to review the quarterly results. In addition the Board also meets whenever necessary.

During the year under review the Company held 5 (Five) Board Meetings on 23/04/2008, 30/06/2008, 31/07/2008, 24/10/2008, 28/01/2009 and the gap between two meetings did not exceed four months. The Board Meetings are held at the registered office of the Company.

#### c. Changes in Board Composition:

Effective from 1<sup>st</sup> April, 2008 till date the following changes have taken place in the Board composition:

1. Mr. Rajul Bhansali whose term of office as Whole-time Director expired on 29<sup>th</sup> March, 2009 was re-appointed as a Whole-time Director designated as Executive Director – International Operations w.e.f. 30<sup>th</sup> March, 2009.
2. Mr. Naval Choudhary was inducted as an Additional Non-Executive Independent Director w.e.f. 21<sup>st</sup> May, 2009.

3. Mr. Parvez Umrigar was inducted as an Additional Non- Executive and Non- Independent Director w.e.f. 1<sup>st</sup> June, 2009.
4. Mr. Rohit Modi was inducted as a Whole-time Director designated as Deputy Managing Director w.e.f. 7<sup>th</sup> June, 2009.
5. Mr. Atul Kumar Shukla was inducted as an Additional Non-Executive Independent Director w.e.f. 9<sup>th</sup> July, 2009.
6. Mr. Digambar Bagde was inducted as a Whole-time Director designated as Director & CEO (Transmission & Distribution) business of Nagpur branch w.e.f. 9<sup>th</sup> July, 2009.

**d. Directors' Attendance Record and Directorships held:**

The composition of the Board, category of Directors and details of attendance of each Director at Board Meetings and last Annual General Meeting, details of other directorships and membership of committees are as follows:

Name and Designation of Director	Category of Directors	No. of Board Meetings attended (01.04.2008 to 31.03.2009)	Whether attended last A.G.M. held on 25 <sup>th</sup> September 2008	No. of Directorships in other Public Companies	No. of Chairmanship and Membership of Committees of other public companies	
					Chairman	Member
Mr. Peter Gammon Chairman Emeritus	Promoter / Non-Executive/ Non Independent	0	No	-	-	-
Mr. Abhijit Rajan Chairman & Managing Director	Promoter / Executive/ Non Independent	4	Yes	3	-	-
Mr. Rajul A. Bhansali Executive Director	Executive/ Non Independent	4	Yes	2	-	-
Mr. Himanshu Parikh Executive Director	Executive/ Non Independent	3	Yes	5	1	3
Mr. C.C. Dayal Director	Non-Executive/ Independent	5	Yes	9	1	1
Mr. Atul Dayal Director	Non-Executive/ Independent	1	No	3	-	1
Dr. Naushad Forbes Director	Non Executive/ Independent	2	No	2	-	-
Mr. Jagdish Sheth Director	Non-Executive/ Independent	5	Yes	-	-	-
Ms. Urvashi Saxena Director	Non-Executive/ Independent	4	Yes	1	-	-
Mr. Rohit Modi Deputy Managing Director	Executive/ Non Independent	N.A.	N.A.	N.A.	N.A.	N.A.
Mr. Digambar Bagde Executive Director	Executive/ Non Independent	N.A.	N.A.	N.A.	N.A.	N.A.
Mr. Naval Choudhary Director	Non-Executive/ Independent	N.A.	N.A.	N.A.	N.A.	N.A.
Mr. Parvez Umrigar Director	Non-Executive/ Independent	N.A.	N.A.	N.A.	N.A.	N.A.
Mr. Atul Kumar Shukla Director	Non-Executive/ Independent	N.A.	N.A.	N.A.	N.A.	N.A.



Notes:

- a) Other directorships do not include alternate directorships, directorships of private limited companies, section 25 companies and companies incorporated outside India.
- b) Chairmanship/Membership of Board Committees includes only Audit and Shareholders/Investors Grievance Committee.
- c) Mr. C.C. Dayal and Mr. Atul Dayal are related to each other.
- d) The Board meetings are held at the registered office of the Company. The information as required under Annexure IA to Clause 49 is being made available to the Board. The Company did not have any pecuniary relationship or transactions with Non-Executive Directors during the year.
- e) As per clause 49 of the Listing Agreement, the independent director expression 'independent director' shall mean a non-executive director of the company who:
  - (i) apart from receiving director's remuneration, does not have any material pecuniary relationships or transactions with the company, its promoters, its directors, its senior management or its holding company, its subsidiaries and associates which may affect independence of the director;
  - (ii) is not related to promoters or persons occupying management positions at the board level or at one level below the board;
  - (iii) has not been an executive of the company in the immediately preceding three financial years;
  - (iv) is not a partner or an executive or was not partner or an executive during the preceding three years, of any of the following:
    - the statutory audit firm or the internal audit firm that is associated with the company, and
    - the legal firm(s) and consulting firm(s) that have a material association with the company.
  - (v) is not a material supplier, service provider or customer or a lessor or lessee of the company, which may affect independence of the director.
  - (vi) is not a substantial shareholder of the company i.e. owning two percent or more of the block of voting shares.
  - (vii) is not less than 21 years of age.

**e. Details of Remuneration paid to Directors during the year ended 31<sup>st</sup> March 2009:**

**REMUNERATION POLICY:**

All Executive Directors receive salary, allowances, perquisites and commission while Non Executive Directors receive sitting fees for attending Board and Committee meetings. Payment of remuneration to the Managing Director and the Executive Directors is governed by an Agreement entered into between the Company and the Managerial personnel, the terms and conditions of which have been duly approved by the Board and the Shareholders of the Company.

The Remuneration (including perquisites and benefits) paid to the Executive Directors during the year ended 31<sup>st</sup> March, 2009 is as follows:

Name of the Director	Salary (Rs.)	Perquisites (Rs.)	Commission ## (Rs.)	Total
Mr. Abhijit Rajan	78,00,000	54,64,782	10,00,000	1,42,64,782
Mr.Himanshu Parikh	25,40,000	18,31,101	10,00,000	53,71,101
Mr. Rajul Bhansali	24,95,000	22,36,838	10,00,000	57,31,838
<b>Total</b>	<b>1,28,35,000</b>	<b>95,32,721</b>	<b>30,00,000</b>	<b>2,53,67,721</b>

# # Payable for the year 2008-09.

**SERVICE CONTRACT / SEVERANCE FEES & NOTICE PERIOD :**

The terms of employment stipulate a notice period of three months, for termination of appointment of Chairman & Managing Director and Executive Director, on either side.

The Chairman & Managing Director and Executive Directors shall be entitled for compensation for loss of office to the extent permissible under the Companies Act, 1956, if, during the currency of the Agreement their tenure of office is determined for reasons other than those specified in sub-section (3) of Section 318 or any other applicable provisions of the Companies Act, 1956. There is no other provision for payment of severance fees.

**NON-EXECUTIVE DIRECTORS:**

The Non-Executive Directors of the Company do not draw any remuneration from the Company other than sitting fees for attending Board and Committee meetings.

Details of Sitting Fees paid to Non - Executive Directors for attending Board and Committee Meetings during the year 2008-09 are given below: -

Name	Board Meeting (Rs.)	Committee Meeting (Rs.) **	Total (Rs.)
Mr. C.C. Dayal	1,00,000	5,00,000	6,00,000
Mr. Atul Dayal	20,000	-	20,000
Dr. Naushad Forbes	40,000	-	40,000
Mr. Jagdish Sheth	1,00,000	-	1,00,000
Ms. Urvashi Saxena	80,000	20,000	1,00,000

**Note: (\*\*)** includes Audit and Financial Review Committee Meeting.

**3. BOARD COMMITTEES: -**

**The Board currently has 3 Committees:**

**(1) Audit Committee (2) Shareholders/ Investors' Grievance Committee (3) Financial Review Committee.**

The Board determines the constitution of the committees, the terms of reference for committee members including their role and responsibilities.

**a. AUDIT COMMITTEE:**

The Audit Committee of the Company is constituted in accordance with the provisions of Clause 49 of the Listing Agreements with the Stock Exchanges read with Section 292A of the Companies Act, 1956.

Ms. Urvashi Saxena was inducted as a member of the Audit Committee on 24<sup>th</sup> October, 2008. The Audit Committee presently comprises of 3 (Three) Non Executive Independent Directors and One Executive Director viz.: 1) Mr. C.C. Dayal (Chairman) 2) Mr. Atul Dayal 3) Ms. Urvashi Saxena and 4) Mr. Himanshu Parikh - Executive Director. All the members of the Audit Committee are financially literate and have accounting / related financial management expertise.

The Audit Committee meetings are held at the Registered Office of the Company and attended by invitation by the Chief Financial Officer, Senior Vice President – Finance, representatives of the Statutory Auditors and the Internal Auditors of the Company.

The Company Secretary acts as Secretary to the Audit Committee.

The role of audit committee as per Clause 49 of the Listing agreement and Section 292A of the Companies Act, 1956, includes the following:

- a) Overseeing of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.



- b) Recommending to the Board the appointment and removal of statutory auditors', branch auditors and fixation of their remuneration.
- c) Reviewing with management the annual financial statements before submission to the Board, focusing primarily on:
- Any changes in accounting policies and practices
  - Major accounting entries based on exercise of judgements by management
  - Qualifications in draft audit report
  - Significant adjustments arising out of audit
  - The going concern assumption
  - Compliance with accounting standards
  - Compliance with Stock Exchanges and legal requirements concerning financial statements
  - Any related party transactions i.e., transactions of the Company of material nature, with promoters or the management, their subsidiaries or relatives etc. that may have potential conflict with the interests of the Company at large.
- d) Reviewing with the management, Statutory and Internal Auditors, internal controls and the adequacy of internal control systems.
- e) Reviewing the quarterly and half yearly financial results.
- f) Reviewing the adequacy of internal audit functions, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
- g) Discussion with Internal Auditors, any significant findings and follow up thereon.
- h) Reviewing the findings of any internal investigations by the Internal Auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
- i) Discussions with Statutory Auditors before the audit commences, nature and scope of audit as well as have post audit discussion to ascertain any area of concern.
- j) Reviewing the Company's financial and risk management policies.
- k) Looking into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in the case of non payment of declared dividends) and creditors, if any.
- l) Reviewing the operations, new initiatives and performance of the business divisions.

During the period under review, the Audit Committee met 4 (Four) times and the dates of such meetings were: 30/06/2008, 31/07/2008, 24/10/2008 and 28/01/2009.

The Composition of the Audit Committee and the details of meetings attended by the Directors are given below;

<b>Name of the Member</b>	<b>Category</b>	<b>No. of Audit Committee Meetings attended</b>
Mr. C.C. Dayal	Non-Executive -Independent	4
Mr. Atul Dayal	Non-Executive -Independent	2
Mr. Himanshu Parikh	Executive/ Non - Independent	3
Ms. Urvashi Saxena*	Non-Executive -Independent	2

\* Ms. Urvashi Saxena was inducted in the Committee w.e.f. 24<sup>th</sup> October, 2008.



Mr. C.C. Dayal, Chairman of the Audit Committee was present at the previous Annual General Meeting held on 25<sup>th</sup> September, 2008.

**b. SHAREHOLDERS' / INVESTORS' GRIEVANCE COMMITTEE:**

The Shareholders'/ Investors' Grievance Committee comprises of 2 (Two) Non-Executive Independent Directors and 1 (One) Executive Director viz.: 1) Mr. C. C. Dayal (Chairman) 2) Mr. Atul Dayal and 3) Mr. Himanshu Parikh.

The Company Secretary, Ms. Gita Bade is the Compliance Officer.

The Shareholders / Investors Grievance Committee deals with various matters relating to:

- Transfer/ transmission of shares
- Issue of duplicate share certificates
- Review of shares dematerialized/ rematerialized and all other related matters
- Non- receipt of Annual Reports and dividend
- Redressal of investors/ shareholders complaints

During the year 2008-09 the Committee held 21 (Twenty One) meetings on 15/04/2008, 30/04/2008, 31/05/2008, 16/06/2008, 30/06/2008, 15/07/08, 31/07/2008, 14/08/2008, 30/08/2008, 15/09/2008, 18/09/2008, 15/10/2008, 15/11/2008, 29/11/2008, 31/12/2008, 15/01/2009, 31/01/2009, 16/02/2009, 27/2/2009, 16/03/2009 and 31/03/2009.

The minutes of the shareholders'/Investors' Grievance Committee are reviewed and noted by the Board.

The Composition of the Shareholders'/Investors' Grievance Committee and the details of the meetings attended by the Directors are given below:

Name of the Director	Executive/Non-Executive	No. of Committee Meetings Attended
Mr. C.C.Dayal	Non-Executive-Chairman	20
Mr. Atul Dayal	Non-Executive-Independent	16
Mr. Himanshu Parikh	Executive- Non Independent	19

A total of 69 queries/ complaints were received by the Company from Shareholders'/Investors' as detailed below. All the complaints were resolved by the Company to the satisfaction of the investors and as on 31<sup>st</sup> March, 2009, there were no pending letters/ complaints. The status of Shareholders' complaints received upto 31<sup>st</sup> March, 2009 is as stated below:

No. of Complaints received during the twelve months period ended 31 <sup>st</sup> March, 2009	69
No. of Complaints resolved as on 31 <sup>st</sup> March, 2009	69
No of Complaints pending as on 31 <sup>st</sup> March, 2009	NIL
No. of pending share transfers as on 31 <sup>st</sup> March, 2009	NIL

Name, Designation and Address of Compliance Officer:

Ms. Gita Bade  
 Company Secretary  
 Gammon India Limited  
 Gammon House, Veer Savarkar Marg,  
 Prabhadevi, Mumbai - 400 025  
 Telephone: 022 – 6744 4000  
 Facsimile: 022 – 2430 0529

**(c) FINANCIAL REVIEW COMMITTEE:**

In addition to the above Committees, the Company has also constituted a Financial Review Committee with two Directors as members viz. Mr. C.C. Dayal and Mr. Rajul Bhansali- Executive Director. The Committee reviews all financial transactions, various issues and compliances relating thereto. Mr. C.C. Dayal Non-Executive Director is paid sitting fees of Rs. 20,000/- per meeting for attending the meetings.

**4. OTHER INFORMATION:****a) CODE OF CONDUCT:**

The Company has laid down a Code of Conduct for all Board members and the Senior Management Personnel. The Code of Conduct is available on the Company's website viz.: [www.gammonindia.com](http://www.gammonindia.com). All the Board Members and Senior Management Personnel have affirmed Compliance with the Code of Conduct. A declaration to this effect signed by the Chairman and Managing Director forms part of this Report.

**b) GENERAL BODY MEETINGS:****(i). Location, Date and Time of Annual General Meetings held during the last 3 years:**

The last three Annual General Meetings of the Company were held at Amar Gian Grover Auditorium, Lala Lajpat Rai Marg, Mahalaxmi, Mumbai- 400 034 as under :

AGM	Financial Year	Date & Time
86th	2007-2008	25 <sup>th</sup> September, 2008 at 3.30 p.m
85th	2006-2007	18 <sup>th</sup> September, 2007 at 3.00 p.m.
84th	Fifteen Months ended 31 <sup>st</sup> March, 2006	26 <sup>th</sup> September, 2006 at 3.00 p.m.

**(ii). Special Resolutions passed in the previous three Annual General Meetings:**

Date of AGM	Particulars of Special Resolutions passed
25 <sup>th</sup> September, 2008	No Special Resolution was passed.
18 <sup>th</sup> September, 2007	<ul style="list-style-type: none"> <li>i) Authorizing the Board to borrow in excess of the paid-up capital and free reserves of the Company under section 293(1) (d).</li> <li>ii) *Mortgaging and/or charging all or some or any immoveable and/or movable properties of the Company, in favour of the lender(s) including debenture-trustees for the holders of debentures that may be issued whether privately placed/to be placed with the financial institutions, banks, bodies corporate and others with power to the lender(s) or debenture-trustees to take over the management of the business and concern of the Company in certain events and upon the terms and conditions decided/to be decided by the Board of Directors of the Company under section 293(1)(a).</li> <li>iii) * Altering the Object Clause of Memorandum of Association of the Company by inserting new sub-clause 36F.</li> <li>iv) * Making loans, investments, giving guarantees etc. to various bodies corporate and for ratification of the issue of Counter/Corporate Guarantees issued by the Company on behalf of other body Corporate under Section 372A of the Companies Act, 1956.</li> </ul>
26 <sup>th</sup> September 2006	<ul style="list-style-type: none"> <li>i) Alteration of Articles of Association of the Company by deleting Article Nos. 235 to 244.</li> <li>ii) * Making loans, investments, giving guarantees etc. to various bodies corporate and for ratification of the issue of Counter/Corporate Guarantees issued by the Company on behalf of other body Corporate under Section 372A of the Companies Act, 1956.</li> </ul>

\* Businesses at these items were concluded by Postal Ballot.

**(iii). Resolutions Passed by Postal Ballot during 2008-09:**

The following resolutions were passed by Postal Ballot during the year 2008-09:

- I) Special Resolution: Approval of the Members sought pursuant to Section 372A of the Companies Act, 1956 for making loans, investments, giving guarantees etc. to various bodies corporate. The details of voting pattern are as under:

Particulars	No. of votes cast	% of total votes cast
In favour of the Resolution	2,82,22,472	99.99
Against the Resolution	281	0.01
Total	2,82,22,753	100

The Resolution was passed on 7<sup>th</sup> October, 2008 by requisite majority.

- II) Special Resolution: Approval of the Members was sought for re-pricing of 15,00,000 Options which were granted on 15<sup>th</sup> May, 2008, to the employees of the Company and its subsidiaries, under Gammon India Employees Stock Option Scheme 2007. The details of voting pattern are as under:

Particulars	No. of votes cast	% of total votes cast
In favour of the Resolution	2,42,82,035	86.03
Against the Resolution	39,40,718	13.97
Total	2,82,22,753	100

The Resolution was passed on 7<sup>th</sup> October, 2008 by requisite majority.

Mr. Chaitanya C. Dayal of M/s. Chaitanya C. Dalal & Co., Chartered Accountants was appointed as the Scrutinizer for conducting the Postal Ballot process.

**(iv). Special Resolution proposed to be conducted through postal ballot at the ensuing AGM:**

No Special Resolution is proposed to be passed by Postal Ballot at the ensuing Annual General Meeting.

**Procedure for Conducting Postal Ballot:**

After receiving the approval of the Board of Directors, Notice of the General Meeting containing text of the Resolution and Explanatory Statement to be passed through postal ballot, Postal ballot Form and self addressed postage pre-paid envelopes are sent to the shareholders to enable them to consider and vote for or against the proposal within a period of 30 days from the date of dispatch. The calendar of events containing the activity chart is filed with the Registrar of Companies within 7 days of the passing of the Resolution by the Board of Directors. After the last date of receipt of ballots, the Scrutinizer, after due verification, submits the result to the Chairman. Thereafter, the Chairman declares the result of the postal ballot at the General Meeting. The same is also published in the newspapers and displayed on the Company's website.

**5. OTHER DISCLOSURES:**

- i. Other than transactions entered into in the normal course of business for which necessary approvals are taken and disclosures made, the Company has not entered into any materially significant related party transactions i.e., transactions of the Company of material nature, with its promoters, Directors or the Management, their subsidiaries or relatives etc. that may have potential conflict with the interest of the Company at large. However the Company has annexed to the accounts a list of related parties as per Accounting Standard 18 and the transactions entered into with them.
- ii. Strictures imposed by SEBI:

The Securities and Exchange Board of India (SEBI) on 21<sup>st</sup> December, 2006 passed an order under section 11 and 11B of the SEBI Act, 1992 directing the Company



- a. Not to divest, transfer, sell or alienate in any way its shareholding in Gammon Infrastructure Projects Limited (GIPL) ("The Company's subsidiary") for a period of 3 years from the date of the allotment in the public issue of GIPL, and
- b. Not to access the capital market directly or indirectly for a period of one year from the date of the order i.e., 21/12/2006.

The Company had preferred an appeal on the aforementioned SEBI Order to the Securities and Appellate Tribunal on 5<sup>th</sup> February, 2007. The Tribunal vide its order dated 20th June, 2008 dismissed the appeal.

Except for the above strictures no other penalties/ strictures have been imposed on the Company by the Stock Exchange or any other Statutory Authority on any matter related to capital markets, during the last three years.

- iii. A qualified practicing Company Secretary conducts secretarial audit to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. The secretarial audit report confirms that the total issued/ paid-up capital is in agreement with the total number of shares in physical form and the total number of dematerialised shares held with NSDL and CDSL.
- iv. The Chairman and Managing Director and the Chief Financial Officer have certified to the Board in accordance with Clause 49 (V) of the Listing Agreement pertaining to CEO / CFO Certification for the year ended 31<sup>st</sup> March, 2009.

#### **6. MEANS OF COMMUNICATION:**

- (a) **Financial Results:** As required under the Listing Agreement, Quarterly and Half-Yearly results of the Company are published within one month from the end of the respective quarter and the annual audited results are announced within three months from the end of the financial year. The financial results are published usually in the Free Press Journal and Navshakti.
- (b) **News Releases, Presentations, etc.:** Official news releases, detailed presentations made to media, analysts, institutional investors, etc. are displayed on the Company's website viz. [www.gammonindia.com](http://www.gammonindia.com). Official announcements are sent to the Stock Exchanges.
- (c) **Website:** The Company's corporate website [www.gammonindia.com](http://www.gammonindia.com) provides information about the Company's business. It also contains a separate dedicated section 'Investor Relations' where shareholders information is available. The Annual Report of the Company is also available on the website in a user-friendly and downloadable format.
- (d) **Annual Report:** Annual Report containing, inter alia, Audited Annual Accounts, Consolidated Financial Statements, Directors' Report, Auditors' Report and other important information is circulated to members and others entitled thereto. The Management Discussion and Analysis (MD&A) Report forms part of the Annual Report.

#### **7. MANDATORY REQUIREMENT:**

The Company has complied with all the mandatory requirements of Clause 49 of the Listing Agreement relating to Corporate Governance.

#### **8. NON-MANDATORY REQUIREMENTS:**

##### **a) Whistle Blower Mechanism:**

The Company promotes ethical behaviour in all its business activities and has put in place mechanism of reporting illegal or unethical behaviour. Employees may report violations of laws, rules, regulations or unethical conduct to their immediate supervisor / notified person. The Directors and Management Personnel are obligated to maintain confidentiality of such reporting and ensure that the whistle blowers are not subjected to any discriminatory practices.

**b) Subsidiary Monitoring Framework:**

All the subsidiary companies of the Company are Board managed with their Boards having the rights and obligations to manage such companies in the best interest of their stakeholders. As a majority shareholder, the Company nominates its representatives on the Boards of subsidiary companies and monitors the performance of such companies, inter alia, by the following means:

- a) Financial statements, in particular the investments made by the unlisted subsidiary companies, are reviewed quarterly by the Audit Committee of the Company.
- b) All minutes of the meetings of the unlisted subsidiary companies are placed before the Company's Board regularly.
- c) A statement containing all significant transactions and arrangements entered into by the unlisted subsidiary companies is placed before the Company's Board.

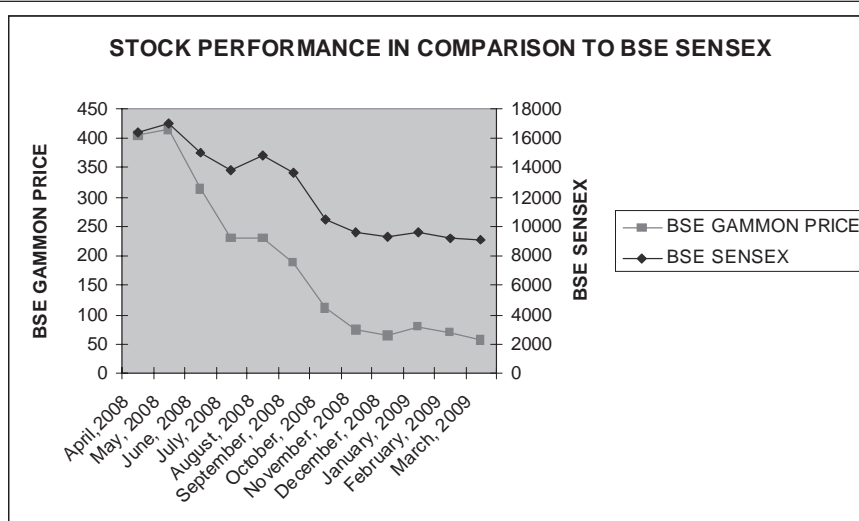
**9. GENERAL SHAREHOLDER INFORMATION:**

Date, Time and Venue of the 87th Annual General Meeting	Wednesday, 14 <sup>th</sup> day of October, 2009 at 3.00 p.m. at Ravindra Natya Mandir (P.L. Deshpande Maharashtra Kala Academy), Sayani Road, Prabhadevi, Mumbai – 400 025
Financial Calendar for the year 2009-10 (Tentative)	Results for the quarter ending 30 <sup>th</sup> June 2009–31 <sup>st</sup> July, 2009. Results for the Half year ending 30 <sup>th</sup> September, 2009 – Last week of October, 2009. Results for the quarter ending 31 <sup>st</sup> December, 2009 – Last week of January, 2010 Results for the year ending 31 <sup>st</sup> March, 2010 - Last week of June 2010.
Date of Book Closure	Friday, 9 <sup>th</sup> October, 2009 to Wednesday, 14 <sup>th</sup> October, 2009 (both days inclusive)
Dividend payment date	On or before 13th November, 2009.
Listing on Stock Exchanges • Equity Shares          • Global Depository Receipts	Bombay Stock Exchange Limited P. J. Towers, Dalal Street, Fort, Mumbai - 400 001. Telephone: 022 - 2272 1233/34 Facsimile: 022 - 2272 1919 (Stock code - 509550)  AND  The National Stock Exchange of India Limited Exchange Plaza, Plot No. C/1, 'G' Block, Bandra Kurla Complex, Bandra (East), Mumbai - 400 051. Telephone: 022- 2659 8100/8114 Facsimile: 022 – 2659 8120 (Stock code - GAMMONIND EQ)  Luxembourg Stock Exchange 11, Avenue de la Porte- Neuve B.P.165 L-2011 Luxembourg. Telephone: +352 47 79 36-1 Telefax: +352 47 32 98 Cusip No. : 36467M200 Common Code: 20772565

Listing Fees	Paid to the above Stock Exchanges for the Financial Year 2009-2010.
International Securities Identification No. (ISIN)	Equity: INE 259B01020 GDR: US36467M2008
Registrar & Share Transfer Agents	M/s. Link Intime India Private Limited C-13, Pannalal Silk Mills Compound, LBS Road, Bhandup (West), Mumbai - 400 078. Telephone: 022-2596 3838 Facsimile: 022- 2594 6969 e-mail : mumbai@linkintime.co.in
Share Transfer System	Trading in Company's Shares on the Stock Exchanges takes place in electronic form. However physical shares are normally transferred and returned within 15 days from the date of lodgement provided the necessary documents are in order.

**MARKET PRICE DATA** : High and low (in Rs.) during each month in the last financial period on the Stock Exchanges.

MONTH	BSE		NSE	
	High	Low	High	Low
April, 2008	448.00	361.00	452.00	362.00
May, 2008	449.60	382.20	454.90	391.00
June, 2008	415.00	211.00	424.00	210.00
July, 2008	258.00	204.00	260.00	204.00
August, 2008	262.95	199.00	263.50	197.00
September, 2008	242.90	135.00	249.80	130.10
October, 2008	153.60	68.50	169.90	68.25
November, 2008	92.90	55.05	93.00	54.15
December, 2008	81.35	46.70	81.50	46.50
January, 2009	96.00	62.00	96.00	62.00
February, 2009	78.30	61.50	82.00	61.1
March, 2009	63.60	49.60	63.50	49.05



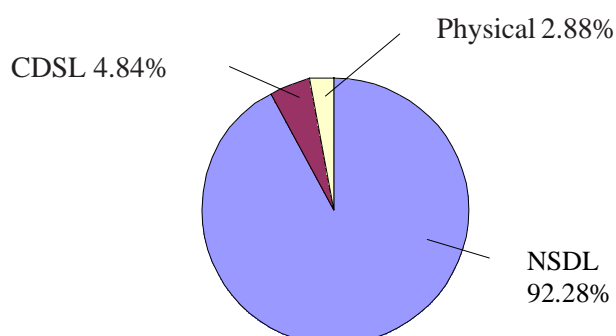
**10. DISTRIBUTION OF SHAREHOLDING AS ON 31<sup>ST</sup> MARCH, 2009 :**

<i>Shareholding of Nominal Value (Rs.)</i>	<i>No. of Shareholders</i>	<i>% of Total</i>	<i>Share Capital Amount (Rs.)</i>	<i>% of Total</i>
Upto 500	26079	91.4507	2375705	2.7160
501 - 1000	1207	4.2326	932122	1.0656
1001 - 2000	678	2.3775	1001082	1.1445
2001 - 3000	197	0.6908	499384	0.5709
3001 - 4000	71	0.2490	253792	0.2901
4001 - 5000	62	0.2174	287240	0.3284
5001 - 10000	96	0.3366	700400	0.8007
10001 - and above	127	0.4453	81420745	93.0837
<b>TOTAL</b>	<b>28517</b>	<b>100.000</b>	<b>87470470</b>	<b>100.0000</b>

**11. DEMATERIALISATION OF SHARES AS ON 31<sup>ST</sup> MARCH, 2009 :**

<i>Particulars</i>	<i>No. of Equity Shares</i>	<i>% to Share Capital</i>
NSDL	8,07,19,558	92.28
CDSL	42,26,834	4.84
Physical	25,24,078	2.88
<b>Total</b>	<b>8,74,70,470</b>	<b>100.00</b>

(\* 7,25,800 Equity Shares held in abeyance are included)

**Shares held in Demat / Physical form****12. LISTING OF DEBT SECURITIES:**

The redeemable Non-Convertible Debentures issued by the Company are listed on the Wholesale Debt Market (WDM) of National Stock Exchange of India Limited (NSE).

**13. PLANT LOCATIONS: (PROJECT SIZE – MORE THAN RS. 200 CRORES)**

Sr. No.	Name of the Project	Project Value in Cr
1	Parbati Hydro Electric Project Stage-II	304.22
2	Anjikhad Bridge	207.32
3	Earthwork of GNSS Main Canal Package-2 Cuddapah	294.00
4	Nasik Wadape-Gonde 4-laning Project	621.00
5	Stage-3 Pumping station (5X30MW) of Kalwakurthy Lift Irrigation Scheme	631.99
6	Construction of Part Head Race Tunnel surge shaft, pressure shaft, power house and tail race tunnel (Civil Works) Package-III, Lot-2, Parbati HE Project Stage-III	603.00
7	Widening and strengthening to 4-lane of existing single/intermediate lane carriageway of National Highway No.57 Section from Km230.00 to Km190.00 in the state of Bihar on East West Corridor under NHDP, Phase-II, Package no.C-II/BR-3	356.51
8	Brahmaputra Bridge near Guwahati on NH-31 in Assam	238.34
9	Construction of 4 lane Bridge across river Kosi-	347.00
10	Construction of Gorakhpur Bypass in the state of UP	559.00
11	Delhi MRTS Projects BC-12, 13, 25, 27, 28, 29 & 30 - Part Design & Construction of Viaduct and structural work of three Elevated Stations	511.17
12	Rampur Hydro Electric Project Package-I	382.44
13	Gajol-Hilli Road Project in West Bengal	223.09
14	Main Plant and Offsite civil works Package for NTPC - Tamilnadu Energy Company Ltd. Power Project (2X500 MW)	286.32
15	Kalpakkam Projects	252.28
16	Sewa Hydro Electric Project	196.51
17	Design, Engineering, Procurement of material & Construction of offshore container terminal (OCT) in Mumbai Harbour	394.48
18	Supply & Installation Package of Natural Draught Cooling Tower Package for Indira Gandhi STPP, Jhajjar, Haryana	217.00
19	Construction of Well Foundation and sub-structure of Bogibeel Rail cum Road Bridge across the river Brahmaputra near Dibrugarh	343.90
20	Development of Central Business District in South TT Nagar, Bhopal	338.00
21	Construction of Bridge and its approaches over river Yamuna D/s of existing bridge at Wazirabad, Delhi	348.90
22	Cooling Water System for 4000 MW Power Project at Mundra-Gujarat for Coastal Gujarat Limited	236.28
23	Western Transport Corridor, Tumkur Haveri Section of NH4 Project-Rehabilitation and upgrading of Chitradurga-Harihar Section (Km 207 to 284) Package-4 & Harihar-Haveri Section (Km 284 to 340) Package-5 balance work in the state of Karnataka	404.22
24	Design & Construction of Major Bridge across river Godavari	625.00
25	Construction of Civil Works, Miscellaneous Structural Works and Architectural Works for 1980MW TPP at Tiroda, Dist: Gondia, Maharashtra	220.15
26	Improvement/ Upgradation of Dumuria-Imamganj-Sherghati-Karamain-Mathurapur-Guraru-Ahiyapur-Tikari-Mau-Kurtha-Kinjar-Paligunj-Ranitalab Road (SH-69) length 153.00 km (Contract Package No.2)	313.50



27	Package -19:Investigation,Designs and execution of water conveyor system with capacity of 84.21 Cumecs from Thipparam reservoir to Chevella Reservoir Main Canal-Reach 3 with all associated work such as lined gravity canal CM & CD works including distributory network of 25,000 acres from Muhunnadabad(v) to Cherial(v) km 70.00 to km 96.00	435.89
28	Design and Construction of complete new 107 MLD capacity potable Water Supply Infrastructure Project on Turnkey basis for Guwahati City	349.70
29	Part Design & Construction of 4.725 Km viaduct from Ch.7.763 to 13.328 Km an viaduct connection to Central park Depot and portals for junction arrangement for future link to airport of East West Corridor of Kolkata Metro Excl. viaduct at stations Sector-V	212.54
30	Punatsangchhu-I Hydroelectric Project (1200 MW) Contract Package # MC@ "Construction of Headrace Tunnel from Adit-I & Adit-II	399.94

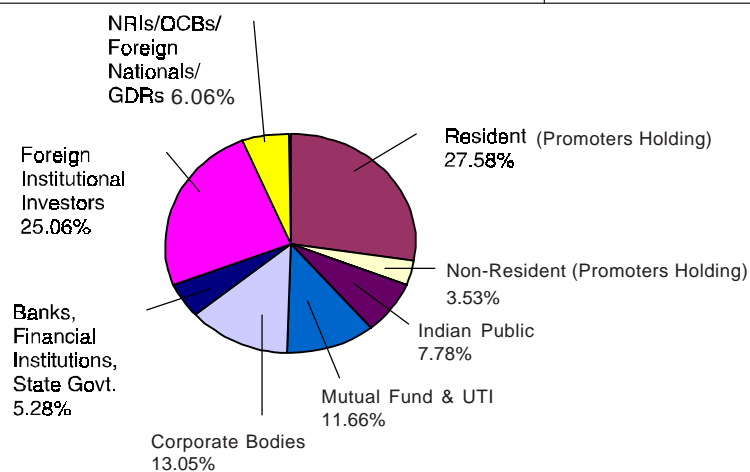
#### 14. ADDRESS FOR CORRESPONDENCE:

##### Registered Office:

Gammon House, Veer Savarkar Marg,  
Prabhadevi, Mumbai 400 025.  
Telephone : 022 –6744 4000.  
Facsimile : 022 – 2430 0529.  
Website: www.gammonindia.com  
Email: investors@gammonindia.com

#### 15. CATEGORIES OF SHAREHOLDERS: (AS ON 31<sup>ST</sup> MARCH, 2009)

<i>Category</i>	<i>No. of shares</i>	<i>Percentage</i>
Promoters Holdings		
Resident	<b>2,41,26,840</b>	<b>27.58</b>
Non-resident	<b>30,86,435</b>	<b>3.53</b>
Non-Promoter Holdings		
Indian Public	<b>67,96,332</b>	<b>7.78</b>
Indian Public & Others		
Mutual Fund & UTI	<b>1,02,01,722</b>	<b>11.66</b>
Corporate Bodies	<b>1,14,18,568</b>	<b>13.05</b>
Banks, Financial Institutions, State & Central Govt.	<b>46,15,502</b>	<b>5.28</b>
Foreign Institutional Investors	<b>2,19,22,333</b>	<b>25.06</b>
NRIs /OCBs/Foreign Nationals/GDRs	<b>53,02,738</b>	<b>6.06</b>
<b>GRAND TOTAL</b>	<b>8,74,70,470</b>	<b>100.00</b>





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## AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To  
The members of  
**GAMMON INDIA LIMITED**

1. We have examined the compliance of conditions of Corporate Governance by **GAMMON INDIA LIMITED** for the financial year ended on 31<sup>st</sup> March, 2009 as stipulated in clause 49 of the Listing Agreement of the said Company with stock exchanges.
2. The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
3. In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied in all material respects with the other conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement. The minutes of some of the unlisted subsidiary companies however needs to be placed regularly before the board of the holding company.
4. We state that no investor grievance is pending for a period exceeding one month against the Company from the date of receipt of the grievance by the company as per the records and other documents maintained by the Shareholders/Investors Grievance Committee.
5. We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the company.

**For NATVARLAL VEPARI & CO.**  
**Chartered Accountants**

**N. Jayendran**  
**Partner**  
**M.No. 40441**

Mumbai, Dated : 9<sup>th</sup> September 2009.

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**DECLARATION BY THE MANAGING DIRECTOR UNDER CLAUSE 49 OF THE LISTING AGREEMENT**

To  
The members of  
**GAMMON INDIA LIMITED**

I, Abhijit Rajan, Chairman & Managing Director of Gammon India Limited hereby declare that all the members of the Board of Directors and the senior management personnel have affirmed compliance with the Code of Conduct of the Company for the year ended 31st March, 2009.

**FOR GAMMON INDIA LIMITED**

**ABHIJIT RAJAN**  
**CHAIRMAN & MANAGING DIRECTOR**

Place : Mumbai.  
Date : 9<sup>th</sup> September, 2009.

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**CEO/CFO CERTIFICATION**

To  
**The Board of Directors**  
**Gammon India Limited.**

We, Abhijit Rajan, Chairman & Managing Director and Dipak Ashar, Chief Financial Officer of Gammon India Limited, to the best of our knowledge and belief, certify that:

- (a) We have reviewed financial statements and the cash flow statement for the year ended 31st March, 2009 and that to the best of our knowledge and belief:
  - (i) these statements do not contain any materially untrue statements or omit any material fact or contain statements that might be misleading.
  - (ii) these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) There are, to the best of our knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative of the company's code of conduct,
- (c) We accept responsibility for establishing and maintaining internal controls and that we have evaluated the effectiveness of the internal control systems of the company and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- (d) We have indicated to the auditors and the Audit committee
  - (i) Significant changes in internal control during the year;
  - (ii) Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - (iii) Instances of significant fraud of which they have become aware and that the involvement therein, if any, of the management or an employee having a significant role in the company's internal control systems.

**ABHIJIT RAJAN**  
Chairman & Managing Director

**DIPAK ASHAR**  
Chief Financial Officer

Place : Mumbai.  
Date : 9<sup>th</sup> September, 2009

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## MANAGEMENT DISCUSSION AND ANALYSIS

### ABOUT US

Your Company is one of the oldest and largest Civil Engineering and Construction Company in India. Through out its long history Gammon has strived to achieve its motto of being 'Builders to the Nation' with an array of landmark structures to its credit, including bridges, ports, harbours, thermal and nuclear power stations, dams, high-rise structures, chemical and fertilizer complexes, environmental structures, cross country water, oil and gas pipelines. Industrial structures. Gammon has pioneered Reinforced and Prestressed Concrete, Long span bridges, Under Water concreting using the Colcrete process, thin shell structures, Non-Shrinking concrete, Aluminium trusses for launching precast, prestressed beams and many more. Over the years the planners, designers and construction specialists at Gammon have proved their competence and innovative skills. As part of its diversification strategy, Gammon has during the year under review acquired through merger, Associated Transrail Structures Limited, a Company engaged in the business of Power Transmission- Manufacturing and Erection, thereby increasing its Operating Margins and also an improvement in Earnings Per Share. It has also made a foray into the power sector- equipment business through acquisition of substantial interest in International European based companies engaged in the power sector including manufacturing power equipments.

### 1. ECONOMIC OVERVIEW, INDUSTRY STRUCTURE AND DEVELOPMENT:

Provision of quality infrastructure is a crucial prerequisite for sustainable growth of the economy. The year 2008-09 witnessed an unprecedented slowdown in the international economy, steeply rising inflationary pressures emanating from spiraling commodity prices in the first half of the fiscal followed by the financial meltdown and recession in the advanced industrial countries in the second half. The global financial meltdown and economic recession impacted India's economic growth. Economic growth declined to 6.7% in 2008-09 as compared to 9% in 2007-08. Growth in the Construction Industry is dependent upon GDP Growth and overall economic development in the country. All the segments of construction i.e. infrastructure, industrial construction and real estate also witnessed a slow down. Weakness in the global economic environment and its adverse impact on the Indian Economy led to a renewed focus on the Infrastructure Sector. Though the government introduced various schemes to facilitate infrastructure facilities in the country across energy, communication, transport etc sectors in both urban and rural areas, the pace of Infrastructure growth remained much lower than the requirements. As Infrastructure growth has a direct impact on Domestic production which in turn stimulates domestic demand an adequate push to the Infrastructure Sector in the next few fiscal years is crucial for stimulating domestic demand and investment and in turn growth of the economy.

To revive economic growth and to generate employment in the current slowdown, the government has put strong impetus on infrastructure development in the current budget. Sustained focus of the government to improve infrastructure especially roads, power, housing through increased allocation to various schemes such as NHDP, Bharat Nirman, ABDRP, JNNURM, AIBP would result in strong growth for the construction industry.

With the Indian Infrastructure Industry expected to grow at the rate of 15% in the year 2009-10 and the new projects that have been announced, the construction sector and construction companies will see major expansion activities. Your Company being one of the major Infrastructure Contractors in the country will certainly benefit from these expansions.

Almost all the Infrastructure sectors have lined up Mega Projects of which the Construction Industry can certainly be expected to be a major beneficiary.

Your Company being one of the major players in the Construction sector has entered into the Business of Power Projects-Engineering, Procurement and Construction (EPC) basis in India and in Bangladesh. We are also participating in the prequalification along with a Joint Venture Partner in a 3000 MW Hydro Power Project (the largest one in India) to be constructed in Arunachal Pradesh and the Bogibeel Steel Bridge in Dibrugarh in Assam where your Company is already constructing the sub-structure.

India, Africa and Parts of Middle East continue to grow and offer opportunities in Transportation, Industrial Structure, Water Supply Projects and Hydro Power Projects. Your Company has significant presence in the Middle East and is trying to enter the Construction Market in Libya for Infrastructure Projects.

The Indian Infrastructure Industry grew modestly during the previous year, though the growth was not in line with the opportunities that are offered by the growing Indian Economy. The ever increasing demand for Engineers, Skilled and Unskilled Workmen on all fronts has led to an acute shortage of manpower for the Industry as a whole and this has also affected your Company. Your Company also has to face increasing competition from Indian and International Contractors. In addition to the above, the abnormal increase in prices of various construction materials

during the previous year has further increased the pressure on margins. Your Company is striving hard and taking adequate measures in order to increase its order book with minimum risk.

## 2. SPECTRUM OF ACTIVITY AND REVIEW OF PERFORMANCE:

Due to the growth in Infrastructure Sector and various measures taken during the previous year, your Company has managed to achieve a fairly robust order booking position. During the year under review i.e. as on 31/3/2009 the order book position was approximately Rs. 12,967 Crores as against Rs.9000 Crores as on 31/03/2008. In addition your Company is expecting further orders valued at approximate Rs.1200 Crores for which your Company has been declared as lowest bidder.

### 1) Transportation Engineering:

#### a) Roads:

India has one of the largest Road Networks in the sub-continent consisting of Expressways, National and State Highways and other Rural Roads having a total length of approx 3.14 million Kilometers. The National Highways Development Project (NHDP) is being implemented by NHAI in phases. The present phase envisages improving more than 30,000 km of National Highways to International Standards. The total length of roads completed as on 31/03/2008 is approximately 8000 km and a further 11000 km are under implementation. The new budget has stepped up allocation to the NHAI for the NHDP by over 23% over the 2008-09 budget. National Highways account for about 40% of the total traffic on Indian Roads. However they comprise only 2% of the total length of the roads, which underscores the urgent need for development of national highways. Majority of the completed projects come under the Golden Quadrilateral Project, with 98% having been completed by March, 2009. The other major project is the North South and East West Corridor Project, which is expected to be completed by December 2009. It also covers the SARDP-NE, a program devised to improve road connectivity in the North East regions. However implementation of the NHDP continues to face restraints in issues like shifting of utilities, availability of right of way, obtaining environmental clearances, land acquisition, removal of structures and hence adversely affects the contractor's capacity for smooth and timely execution of several road projects. Though the cost of construction materials fell sharply, road development failed to pick up as envisaged earlier due to adverse impact on capital inflows into the sector.

In the backdrop of this scenario your Company has secured 4 contracts cumulatively valued at Rs.450 Crores in the State of Karnataka and Arunachal Pradesh. The Company continues to bid for securing more contracts.

#### b) Bridges, Metro Viaducts & Flyovers:

The Government of India has accorded highest priority to improving urban Infrastructure by giving boost to Metro Rail in almost all metropolitan cities of the country. High priority for projects like the Golden Quadrilateral for connecting the metropolitan cities indicates promising scope for bridges and flyover projects. In addition to this The Dedicated Freight Corridor Corporation of India will offer major opportunities for Bridges, Rail track laying, Signaling, and Telecommunication approximately valued at Rs. 5000 Crores for such works. In addition the Kolkatta and Chennai Metro will offer new opportunities for underground Metro Construction and Metro Viaduct. Your Company has completed a total length of 28 Km of elevated viaduct of the Delhi Metro. Your Company is the only Indian Contractor who has constructed the longest length of elevated viaduct of Delhi Metro Rail Corporation and the total value of new work secured in this sector stood at Rs. 425 Crores. Your Company has also secured the contract for construction of substructure of the longest rail cum road bridge over the Brahmaputra near Dibrugarh, in Assam. The total length of the bridge is 4.32 kms and the contract value is Rs. 343.90 Crores.

### 2) Hydro Electric Projects:

Although it was expected that Hydro Sector will continue to grow at a much faster pace, it has not happened in accordance with expectations. The main reasons for the slow development include difficult and inaccessible potential sites, difficulties in land acquisition, rehabilitation, environmental and forest related issues and long gestation period. Under the new Hydro Policy the dispensation for project development allowed for PSU's would also be available to the Private Sector for a period of Five years. For the developer the risks associated with construction, operation and maintenance would be reduced and early financial closure will be ensured. A task force has been constituted for developing the model contract documents for the hydro power projects. Some of the Hydro Power Projects being executed by your Company include:-

a) **Parbati Stage II**

Parbati Stage II is valued at Rs. 603.5 Crores. The work is in advance stage of construction and approximately 90% of the work has been completed. A unique feature of this project is the Construction of Inclined Pressure Shaft of diameter 4.8 m bored by Double Shield Tunnel Boring Machine (TBM) with precast segmental lining. This was completed in the previous year and remains a world record created by your company.

b) **Parbati Stage III**

The work at Parbati Stage III for installed capacity of 540 mw was started last year and is progressing well. The major components of this project are a Head Race tunnel having 7.25 m finished diameter and length of 2 km having underground powerhouse, underground transformer carven, tail race tunnel of 8.1 m diameter and 2.7 km length, two vertical pressure shafts of 300 m depth each having finished diameter of 4.5 m and a surge shaft of 134 deep and diameter of 13 m. The boring for this was to be done by raised borer. Special equipment was brought from Sweden for boring a pilot hole of 2.4 m diameter with RVD attachments. Surge shafts and one pressure shaft boring has been completed with this equipment and second pressure shaft boring is likely to be completed by end of the year. Powerhouse crane beam concrete is complete and the work is progressing as per schedule.

c) **Sewa HEP**

Sewa HEP is located in the state of J&K having an installed capacity of 120 MW. Concrete Gravity dam 46m high and 12 km long tunnel and civil works is almost being completed and the project will be handed over in the current financial year.

d) **Rampur HEP**

This project is being executed for Sutluj Jal Vidyut Nigam Ltd by a Joint Venture formed by Patel Engineering Ltd & Gammon India Ltd. The project is funded by the World Bank and has river diversion 224 m long and 10 m diameter horse shoe shaped diversion tunnel, a surge tunnel 400 m long and 1 number Bulkhead Gate. The value of the work awarded is Rs. 500 Crores and the tunnel excavation work is in progress.

e) **Kol Dam**

Your Company has virtually completed the work at this First Hydro Electric Project of NTPC Ltd, comprising surface powerhouse, penstock tunnels, fixing of steel liners and other upper tunnel works. The value of the work executed is Rs.200 Crores.

f) **Punatsangchhu HEPP**

Punatsangchhu Hydro Power Project authority has awarded us the work of Construction of Head Race Tunnel of dia 10 m and length approximately 12 km at Punatsangchhu in Bhutan. The work has just commenced and the completion period is 48 months. The value of the work is Rs.400 Crores.

**3) Nuclear Power Plants:**

Government of India has planned to produce 60,000 MW of Nuclear Power by the year 2020. However due to a scarcity of nuclear fuel and pending of signing of nuclear treaty nothing significant has been achieved on this front except for the fact that your Company has been pre-qualified for Construction of Nuclear Power Plants for next 5 years.

Your Company has completed civil works for the first fast breeder reactor unit at Kalpakam. We have also been awarded additional work for Construction of Sub-Marine Tunnel Jetty and Civil Works for the intake work. The work is progressing satisfactorily.

**3. CHIMNEYS & COOLING TOWERS:**

Cooling Tower optimizes processes and ensures the best production yield and is used in various industries like power plants, electricity generation, petroleum refining, chemical processing, sugar, air- conditioning and refrigeration etc. Construction of Cooling Tower is technologically sensitive and is a highly specialized field of activity. Your company is one of the leading players in this sector having executed number of projects in last 50 years.

GACTEL Turnkey Projects Limited (formerly known as Gammon Cooling Towers Limited), a wholly owned subsidiary of your Company has been incorporated to specifically focus on the Cooling Tower Business of the Company It offers an outstanding source of design, engineering, manufacturing and construction expertise on all aspects of

Cooling Towers Systems. The value of the work executed during the current year is Rs.75 Crores and as on 1<sup>st</sup> April 2009 the value of work in hand is Rs.60 Crores.

Within a short span of 3 years GACTEL Turnkey Projects Limited has established itself as a complete cooling tower solutions company and been rated as one of the top 3 companies in the field.

The Company has contracts from different industries like Power, Petrochemical, Chemical, Steel, Sugar etc. GACTEL Turnkey Projects Limited is executing various cooling towers and cooling systems for reputed clients like IOCL Baroda, IOCL Haldia, Haldia Petrochemicals, Thermax, Lanco, Monnet Ispat, Indore, Bhushan Steel, Bhilai Steel Plant and many more.

#### **4. PIPE IRRIGATION PROJECTS:**

Your Company has undertaken several irrigation projects and majority of them being in the State of Andhra Pradesh valued at approx Rs. 1600 Crores. The progress on all the works is satisfactory. The Company has participated in other irrigation project and will continue to participate as and when they are announced. We expect tenders in excess of Rs. 5000 Crores to be announced in this sector in the near future.

#### **5. UNDERGROUND WORKS:**

The estimated cost of the Project is Rs.95 Crores and the Project which commenced in October 2007 was completed in June 2008. Company has bagged the following projects viz;

##### **Sabarmati Diaphragm Wall Project**

The Sabarmati River Front Corporation Limited has awarded the Company the project of developing the Sabarmati River Banks in Ahmedabad city extending from Narmada main canal on upstream side up to Vasna Barrage on downstream side.

The Scope of the works include Construction of Diaphragm Wall (With Reinforced Anchor Slab and Special Fill for Guide Bund) in Sabarmati River and Extension of Storm water Outfalls in two different stretch of length 2158 m (Stretch-3) and 1970m (Stretch-4) on East Bank. The estimated cost of the project is Rs. 95 Crores and the project was completed in 2008.

#### **6. WATER AND ENVIRONMENT:**

The Government of India is according high priority to water supply Sector in the Country. Under the Jawaharlal Nehru Urban Renewal Mission (JNURM) scheme, funds aggregating more than Rs.40000 Crores have already been sanctioned and several other projects are under active consideration. Besides this, a massive outlay has been provided for this sector under various other schemes also. The future of this sector seems to be promising.

Opportunities of getting jobs in this field with a reasonable margin are definitely good. Your Company qualifies for almost all the Water Supply jobs, since we have rich and commendable experience in this area.

Since there are substantial opportunities, many Infrastructure Companies and even the suppliers of Pipe, Equipment etc. are trying to make a foray in this field. Hence, competition is bound to increase.

Your Company has successfully completed the Surendranagar Water Supply Project having a total project value of Rs.131 Crores during the year under review.

Major Projects Secured in the year under review include 107 MLD Water Supply Project in Guwahati, Assam (Project value Rs. 350 Crores) and Surendranagar Water Supply Project – Phase II, Chotila, Gujarat ((Project value Rs. 110 Crores)

Outlook of this industry seems to be bright for a few decades to come as there is no denying that the authorities have to provide water and sanitation to the entire population of the country.

#### **7. CROSS COUNTRY PIPELINE FOR PETROLEUM PRODUCTS:**

Gammon's pipeline division undertakes a single point responsibility for implementation of lump sum contracts / item rate contracts from clients in India and overseas both in private and public sectors. Gammon ranks amongst the leaders in cross country pipeline construction in hydrocarbon sector incessantly expanding and adapting skills and services to satisfy market demands.

The current year was fairly successful year for your company as we completed 165 km of pipeline (Paradip Haldia Crude Oil Pipeline project) for M/s Indian Oil Corporation Limited. The company also commissioned the Dahej Uran Gas Pipe Line Project for M/s.GAIL INDIA LTD of value Rs.130 Crores.

The company also secured one laying of 120 km Duliajan Numaligarh pipeline project of M/s DNPL (Consortium of

Numaligarh Refineries Limited, Oil India Limited and Assam Gas Company Limited) in the state of Assam for value of Rs.72 Crores. The work is progressing well. As the demand for energy increases your company is poised to tender and secure more projects in this sector.

## 8. THERMAL POWER PROJECT:

Your Company has consolidated its position in this sector during the year under review. This has been made possible primarily due to the increase in demand of electricity and time bound implementation of various projects. This has helped in realizing better output for the resources deployed. With the steady acquisition of overseas companies having manufacturing capabilities in Power Sector, this sector is becoming one of the most important sectors for the company's growth.

There is a huge gap between demand and availability of power in the Country. The entry of a number of private players in the sector has ensured availability of funds for the implementation of the projects.

### a. MAJOR PROJECTS COMPLETED

Your Company has completed projects like Sipat Super Thermal Power Station, Jindal Steel Plant Expansion, Raghuram Cement Plant, Nevyeli Thermal Power Station etc. in the year under review.

### b. MAJOR PROJECTS SECURED

In addition to civil works for main plant and offsite works for NTPC Tamil Nadu Energy Corporation, your Company has already secured work worth Rs.160 Crores for the same Corporation for their Vallur Main Plant. The Company has also secured a Contract for construction of Civil Works for the 4000 MW, Ultra Mega Power Plant in Mundra, Gujarat, for Coastal Gujarat Power Limited (A Tata Power Company). The Contract value of the project is Rs. 265.95 Crores.

These orders are expected to give a growth rate of 25% to 30% for the coming financial year. The general outlook of the sector is very positive with a good availability of competent Project Managers and other resources. Gammon enjoys the best rapport with most of the clients based on its past performance. This has helped the Company to take larger projects not restricting to Cooling Towers and Chimneys. The track record of the Company also ensures a good deal of goodwill.

The risk elements in this sector are very minimal. This has resulted in a very big competition. The biggest challenge is timely delivery with minimum cost to ensure availability of new contracts.

## 9. INDUSTRIAL STRUCTURES:

The Company has secured industrial Projects to the tune of Rs. 485 Crores which include Civil works of cement plant for expansion project at Torangullu, Civil work of Hot strip mill at Dubrii, civil works for Coke oven for Jindal Steel Works, Dubrii civil works of cold rolling mills. Company has also made entry to Aluminum plant industry by securing order for Civil and Associated works of Aluminum smelter project at Jharsuguda, Orissa.

## 10. MULTISTORIED BUILDINGS:

The construction work at Leela Hotel, Chennai continues to progress satisfactorily. The cost of the project is approx Rs. 116 Crores. So far 11 storeys of RCC Structure have been completed. The entire work is scheduled to be completed within the next 6-8 months. The Company also successfully executed construction of Medical City, Villas and Residential and Commercial Township in Dubai. However further orders for building projects in the region have been put on hold due to the economic slowdown.

## 11. OVERSEAS PROJECTS:

Gammon and its subsidiaries ATSL have been actively engaged in utility power projects. While Gammon has been strong in the EPC relating to civil construction in different segments of power like thermal, hydro, etc., ATSL has been strong in the EPC relating to transmission towers and lines.

The power segment in the country is foreseen to have a robust growth with the total demand for new projects during the current plan period ending 2013 at approximately 100.000 MW. The European markets likewise are also foreseen to grow strongly both in new capacity creations estimated at approximately 75.000 MW and rehabilitation of existing plants for a like amount over the next five years.

Increasingly there is a trend among the owners of utility power projects to seek single point solutions from concept to commissioning and the onus of the same is on the civil contractors who also have to take responsibility for the engineering and ultimate supply, erection and commissioning, including the BTG island.

In the back drop of the above, the company has a long term plan of creating a complete power vertical which would



include EPC civil, BTG engineering, manufacture and supply and BOP for power utility projects. To this end the company had embarked on a search for suitable acquisitions with equal or controlling stake in companies in the following companies stated below:

## 1. Sofinter Group

Group Sofinter comprises of Sofinter S.p.A., which is also the controlling company of several other companies, the main being Ansaldo Caldaie S.p.A., Europower S.p.A. and ITEA S.p.A. The Group is engaged in the manufacture of industrial boilers, power utility steam boilers including Heat Recovery Steam Generators, EPC related to power utilities and research and development of flameless technology using waste and low grade coal with zero carbon emissions.

The largest Company in the group is Ansaldo Caldaie S.p.A. which is over 120 years old and has to date supplied and installed over 80.000 MW of plants worldwide. The current capacity of the Company is approximately 4000 MW per annum. The Company has the right to permanently use the BENSON technology for its range of equipment and is one of the major players in the supercritical boiler segment. The Company has a controlled entity in India i.e. Ansaldo Caldaie Boilers India Pvt. which undertakes project works on behalf of the Italian parent and also manufactures HRSG up to 250 MW. The company is qualified in the first round for the supply of supercritical size boilers by the Government of India.

Macchi division of Sofinter is engaged in the manufacture of the industrial boilers at its facilities near Venice. The products of Macchi are amongst the best in this segment which has resulted in an impressive list of clients over the years.

Group Sofinter turnover for the year 31<sup>st</sup> December 2008 was approximately Euro 468 million. However the loss at the consolidated level was approximately Euro 48 million. The losses are attributed mainly to the penalties levied on some of the major projects of Ansaldo and the cascading effect on the costs of various inputs arising out of delayed deliveries mainly on account of the poor financial condition of the company. The acquisition price paid by Gammon into the company through its step down subsidiary Gammon International B.V., Netherlands into the holding company, i.e. Sofinter S.p.A. was Euro 50 million for a 50% stake.

The order book of the group as at 31<sup>st</sup> March, 2009 was reasonably strong at Euro 600 million and at the consolidated level the projection of turnover for calendar year 2009 is approximately Euro 420 million. The planned turnover of the group is largely based on the enhanced facilities by the group of banks who are currently evaluating the needs of the group and are likely to formalize the same within September 2009. This plan of the group is conservative to the extent of non inclusion of the impact of an increasing turnover foreseen for ACB India which is currently scaling up its capacities in order to not only engage in larger sizes of projects within India, but also act as sourcing base for the Italian parent as well as Macchi by which the overall cost structure is reduced. Group Sofinter is projected to reach a consolidated turnover of Euro 598 million with an EBITDA of Euro 51 million by calendar year 2011.

## 2. FRANCO TOSI MECCANICA

Franco Tosi Meccanica established over 125 years ago is a permanent Westinghouse licensee for the complete range of steam turbines and has proprietary technology for its range of hydro turbines. The company has to its credit over 75.000 MW of installed capacity worldwide. The company is headquartered in Legnano, near Milan and the manufacturing facilities are located on over 350000 sq. mt. of land with a covered area of approximately 162.000 sq. mt. The acquisition price was Euro 40 million for a 75.1% stake paid into the company through a step down subsidiary Gammon Holdings B.V. Netherlands.

The turnover of the company for calendar year 2008 was Euro 112.5 million with losses of approximately Euro 17 million. The main reason for the losses of the company was the lack of focus of the erstwhile promoter group who curtailed the core operating business of the company in favor of using the facilities for manufacturing components related to its automotive business. This led to a severe underutilization of the company's plant and also led to credibility problems with prospective clients and main suppliers. With the entry of Gammon into the shareholding this problem has been overcome whereby the utilization of the plant as well as fresh order booking have both shown remarkable increase.

For the first time in the last ten years the company has an order book of approximately Euro 275 million and is further expected to grow in the coming years. Apart from the manufacturing activities the company has restarted its service and rehabilitation division to cater to the needs of its erstwhile clients using Franco Tosi turbines. Going forward, we intend to re-engineer the company's cost structure primarily by improved supply chain logistics and outsourcing of critical components from low cost countries to feed the manufacturing plant in Italy. For 2009, the budgeted turnover for the company is Euro 150 million and it is hoped that at a net

level there will be a neutral position if not a small profit. However this is dependent upon the timely approval of funding facilities for which all necessary steps have been taken through banks outside Italy to supplement the facilities currently enjoyed with a group of Italian banks. It is anticipated that by the calendar year 2011 the turnover of Franco Tosi Meccanica will be at Euro 277 million with a profit at net level of Euro 11 million.

### **3. SADELM**

The company through its step down subsidiary P. Van Eerd Beheersmaatschappij B. V, Netherlands (PVAN) acquired a 50% stake for a consideration of Euro 7.5 million in Sadelmi S.p.A., a company engaged in balance of plant relating to the Oil & petrochemical industry and power utility units. The company has a very old history of references having undertaken several such plants worldwide prior to its acquisition by Busi Group in the year 2002.

Considering its large references and the potential in India in its field of operations, it was one of the preconditions of the entry of Gammon into the equity of Sadelmi to form an Indian company wholly owned by Sadelmi S.p.A. with a capital of Euro 2.5 million to begin with.

### **4. SAE Power lines**

This acquisition was made by the erstwhile Associated Transrail Structures Limited (ATSL), which has since merged with your Company. SAE Power lines S.r.l had been engaged for several decades in the design, fabrication and erection of transmission towers and lines worldwide. The company reference list is amongst the best known in the world. However due to the lack of support from the erstwhile promoter group it was unable to perform its contractual obligations to its clients. The resultant financial crisis forced the company to drastically reduce its scale of operations which aggravated its losses and led to near closure. However ATSL continued to rely on the references of SAE to bid in JV for overseas jobs even during this period. It was therefore a logical step forward to take over the company which would not only help revive its fortunes in Italy but would also enable ATSL to take larger projects using SAE references on a fully integrated joint venture basis.

ATSL therefore bought a 100% stake in the company through a step down subsidiary ATSL Holdings B.V. Netherlands. The total consideration paid was Euro 3.4 million with an additional Euro 1.48 million given by way of working capital facilities by the Indian parent.

In the one year since the takeover, the company has been able to revive and grow its order book which stands at over Euro 175 million as on date. The turnover for the calendar year 2009 for SAE is budgeted at Euro 60 million with a profit of approximately Euro 2 million at net level. The projects in the pipeline at various stages of bidding where the company is well placed, is likely to result in robust order growth and by calendar year 2011 the turnover of the company is expected to touch at least Euro 150 million with an EBITDA of approx. Euro 18 million.

### **5. Oil and Gas**

Your Company acquired a participating interest of 61% in the PUMA marginal field in joint venture with Joshi Technologies Incorporated Oklahoma, USA. This participating interest is held through CAMPO PUMA ORIENTE SA, a company based in Panama, in which Gammon holds 66.4% shareholding and JTI holds the balance of 33.6%. During the financial year on the review, significant progress has been made until September 2008 in executing the minimum work program under the PUMA marginal field contract with Petroecuador. However due to the meltdown and the subsequent fall in oil prices worldwide, the company was forced to review the investments under minimum work program to a minimum till such time the situation improved.

With the improvement in the oil prices the company has scaled up its investment program in order to meet its contractual obligation in a timely manner. Currently of the four workover wells two have been made operational and are currently producing 300 barrels per day. In addition the company will be drilling 3 new development wells by Dec 2009 and further 4 development wells by December 2010. A realistic analysis of the production will be made on completion of further geological studies and other related data. The company has also embarked on an exploration program in Nebraska USA on a 50-50 basis with Joshi Technologies Incorporated Oklahoma. The program envisages exploration on approximately 60000 acres. of land leased in the state of Nebraska for a period of 4 years. The 2D and 3d seismic studies have been completed and analysis is underway. It is anticipated from initial studies that there will be oil reserves at shallows depths.

## 6. Specialised Construction Services

Finest S.p.A.

Shareholders are aware of the company's investment in Finest S.p.A. which is the holding company of Tensacciai Group which is specialized in undertaking post tensioning works, manufacture and erection of stay cables and ground anchorages.

Tensacciai and Group companies operate in Italy and other parts of Europe as well as in Brazil, North Africa and Middle East. The consolidated turnover of Tensacciai Group for calendar year 2008 was approximately Euro 24 million with a net profit of approx Euro 1.5 million. The order book of the company is strong and is approximately Euro 50 million. The turnover of the group for 2009 is expected to show a significant growth in turnover and profits.

The company hopes to revive the operation of Tensacciai India during calendar year 2009 for which detailed plans are being drawn up. It is hoped that Tensacciai India will shortly be awarded two projects related to the signature bridge in New Delhi and the stay cable bridge in the city of Surat. Both these projects are in joint venture with Gammon India.

GBLLC DUBAI

The operations of GBLLC during the year ending March 2009 were adversely affected due to the slump in the property market in Dubai in general. This led to cancellation of a large project being implemented by the company amounting to approximately 350,000,000 Dirhams. The company is therefore pursuing a contractual settlement of a claim for the foreclosure of the contract and it is expected that the final settlement which will be reached by the end of the third quarter of 2009 will not result in any negative impact on the results during the year under review as well as the following financial year. The order book of the company as at 31<sup>st</sup> March 2009 after the cancellation is approximately dirham 280 million. The company is not aggressively pursuing projects in Dubai at the moment but is instead looking at opportunities in Abu Dhabi, Sharjah and Ras Al Khaimah. Accordingly the company has received necessary commercial licenses in these countries and has placed several bids a few of which it hopes to finalize during financial year 2009-2010.

## 12. PUBLIC PRIVATE PARTNERSHIP PROJECTS:

Gammon Infrastructure Projects Limited, a subsidiary of your Company is an Infrastructure Development Company undertaking projects on a Public Private Partnership Basis ('PPP').

Presently the Company has a basket of 18 projects on a PPP Basis in various sectors such as roads, bridges, ports, hydroelectric power and biomass power sectors, of which, four are in the operations phase, ten are in the development phase and four are in the pre-development phase, the details of which are given below:

### Operational Projects:

#### (i) Rajahmundry Expressway Limited (REL)

REL, a subsidiary of the Company has developed the project for widening and strengthening of a 53 kilometer stretch between Rajahmundry and Dharmavaram in Andhra Pradesh on National Highway ("NH") 5, connecting Chennai and Kolkata.

The project has achieved commercial operations date (COD) on September 20, 2004, 70 days ahead of schedule. The project has a concession period of 17.5 years, including operations period of 2.5 years. The project has been capitalized at Rs. 25,600 lacs.

#### (ii) Andhra Expressway Limited (AEL)

AEL, a subsidiary of the Company, has developed the project for widening and strengthening of the 47 kilometer stretch between Dharmavaram and Tuni in Andhra Pradesh on National Highway ("NH") 5, connecting Chennai and Kolkata.

The project has achieved commercial operations date (COD) on October 30, 2004, 30 days ahead of schedule. The project has a concession period of 17.5 years, including operations period of 2.5 years. The project has been capitalized at Rs. 24,800 Lacs.

#### (iii) Cochin Bridge Infrastructure Company Limited (CBICL)

CBICL is a subsidiary of the Company which had developed the New Mattancherry Bridge Project, in Cochin, Kerala on BOT (toll) basis. The 700 m long bridge connects Fort Kochi (a heritage town and a famous tourist site) to Willingdon Island in the Cochin Port Trust area and is operational since last 7.5 years. At present the

bridge witnesses daily traffic of approximately 18,000 passenger car units ("PCU"). The project had been capitalized at Rs. 2,574 Lacs.

**(iv) Vizag Seaport Private Limited (VSPL)**

VSPL constructs, operates and manages two multi- purpose berths in the northern arm of the inner harbour at Visakhapatnam Port on a BOT basis. VSPL is the only private operator for handling bulk cargo in India's largest seaport at Visakhapatnam.

The commercial operations began in July, 2004. The concession period is 30 years, including the construction period. As of March 31, 2009, the project has been capitalized at Rs. 31,432.9 Lacs.

**Projects under Development:**

**(i) Mumbai Nasik Expressway Limited (MNEL)**

MNEL is the SPV created for widening, strengthening and operating the 99.5 kilometer Vadape–Gonde (Mumbai–Nasik) section of NH–3 on BOT basis. The project is part of the NHDP Phase III. The concession period for the project is twenty (20) years, including a construction period of three years. The total project cost is estimated to be Rs. 75,300 Lakhs. Engineering, Procurement & Construction (EPC) Contract for the project has been awarded to GIL.

**(ii) Rajahmundry Godavari Bridge Limited (RGBL)**

RGBL is a subsidiary incorporated for design, construction, operation and maintenance of a 4.15 kilometer long four-lane bridge, which will connect Kovvur and Rajahmundry in Andhra Pradesh across the Godavari River, with a 10.34 kilometer of approach roads. The concession period for the project is twenty five years, including a construction period of three years. The total project cost is estimated to be Rs. 86,110 Lakhs.

**(iii) Kosi Bridge Infrastructure Company Limited (KBICL)**

KBICL is incorporated for design, construction, development, finance, operation and maintenance of a 1.8 kilometer long four-lane bridge across river Kosi with 8.2 kilometer of access roads and bunds for flood protection on NH 57 in the Supaul district of Bihar, on BOT (Annuity) basis.

The concession period is twenty (20) years, ending in April 2027, of which seventeen (17) years is for operations and three years is for construction. KBICL will receive an annuity payment of Rs. 3,190 Lacs from NHAI, semi-annually, in the entire operations period.

The total project cost is estimated to be Rs. 43,961 Lakhs. Financial closure for the project has been achieved. Presently the project is under implementation with a total capitalization of Rs. 18,467.1 Lakhs as of March 31, 2009.

Engineering, Procurement & Construction (EPC) Contract for the project has been awarded to GIL.

**(iv) Gorakhpur Infrastructure Company Limited (GICL)**

GICL is incorporated for design, construction, finance and maintenance of a 32 kilometer long four-lane bypass to Gorakhpur town on NH 28 in the State of Uttar Pradesh on BOT (Annuity) basis.

The concession period is twenty (20) years, ending in April, 2027, of which 17.5 years is for operations and 2.5 years is for construction. GICL will receive an annuity payment of Rs. 4,860 Lacs from NHAI, semi-annually, in the entire operations period. The total project cost is estimated to be Rs. 64,921 Lacs.

Financial closure for the project has been achieved. Presently the project is under implementation with a total capitalization of Rs. 23,455.7 Lacs as of March 31, 2009.

Engineering, Procurement & Construction (EPC) Contract for the project has been awarded to GIL.

**(v) Indira Container Terminal Private Limited (ICTPL)**

ICTPL has been incorporated for construction of two offshore container berths and development of a container terminal in Mumbai Harbour ("OCT") and management of the existing Ballard Pier Station Container Terminal ("BPS"). The license period for the project is thirty (30) years, including three years of construction and equipping. The expected COD for the project is December, 2010.

The total project cost for the first phase is estimated to be Rs. 1,01,566 Lakhs. The financial closure for

the project was achieved in November 2008. ICTPL has taken over operations of BPS in June 2008 for a period of five years. The total capitalization of the project is Rs. 3474 Lakhs as of March 31, 2009.

Engineering, Procurement & Construction (EPC) Contract for the project has been awarded to GIL.

**(vi) Punjab Biomass Power Limited (PBPL)**

PBPL is the SPV formed to develop up to nine biomass based power projects, each having power generation potential in the range of 10 MW to 15 MW, in the State of Punjab, on BOO basis.

The total project cost for the first project (12 MW) is estimated to be Rs. 5200 Lacs. As of March 31, 2009, the project capitalization is Rs. 4087.3 Lakhs.

**(vii) Pravara Renewable Energy Limited (PREL)**

PREL is a subsidiary incorporated for design, construction, finance and operation of a 30 MW co-generation power project on BOOT basis with Padmashri Dr. Vitthalrao Vikhe Patil Sahakari Sakhar Karkhana Limited ("Karkhana") in Pravara Nagar, Maharashtra. The indicative cost for executing the project has been estimated at Rs. 18,500 Lacs.

**(viii) Sikkim Hydro Power Ventures Limited (SHPVL)**

SHPVL is a wholly owned subsidiary of the Company which is developing the 66 MW Rangit II Hydroelectric Power Project in Sikkim on BOOT basis. The project involves the development of a 66 MW run-of-the-river Hydroelectric Power Project on the Rimbi River. Concession period for the project is thirty-five (35) years from the Commercial Operations Date (COD).

**(ix) Youngthang Power Ventures Limited (YPVL)**

The project involves the development of a 261 MW run-of-the-river hydroelectric power project in Himachal Pradesh on a BOOT basis at an estimated cost of Rs. 250,000 Lakhs. The concession period of the project is 40 years post completion.

**Projects in Pre- Development Phase:**

**(i) SEZ Adityapur Limited (SEZAL)**

SEZAL is implementing the project of development of an SEZ for automobile and auto components at Adityapur, in the state of Jharkhand in eastern India.

**(ii) Haryana Biomass Power Limited (HBPL)**

Haryana Renewable Energy Development Agency (HAREDA) has issued a letter of intent for establishing eight biomass based power projects (out of which we intend to develop six) in Haryana in a consortium with a private developer.

**13. TRANSMISSION AND DISTRIBUTION BUSINESS:**

Consequent to the amalgamation of Associated Transrail Structures Limited (ATSL) with your Company w.e.f 7<sup>th</sup> July, 2009, the entire business of the erstwhile ATSL was taken over by your Company. ATSL is amongst the top five leading Indian Players in the business of Power Transmission - Manufacturing and Erection. The erstwhile ATSL which has since been re-designated as 'Gammon India Ltd- Transmission Business Headquarters, Nagpur' will carry on the Transmission and Distribution Business (T&D Business) of the Company.

**(a) Overview of the T&D Business**

The Transmission and Distribution (T&D) business of the Company operates on Engineering Procurement Construction (EPC) basis in power transmission and distribution sector. With its execution capacities, large manufacturing capabilities for Transmission Tower & Conductor and Customer focus the Company is recognised as a leading player in India.

The Company has also been expanding its footing into overseas countries and executing EPC contracts in Algeria, Kenya, Afghanistan and also supplying towers to Nigeria, Ethiopia, Ghana, Sri Lanka, Oman, etc.

With the thrust on privatization of Transmission Lines involving large investments in BOOT / BOO basis, the division is well positioned to capture the business opportunity having large manufacturing capacity for towers as well as conductors.

To cater to the ever growing power consumption, rapid industrialization and huge energy deficit, the Government of India has planned to make large capital expenditure in the 11th Five Year Plan in the Power Generation,

Transmission and Distribution segments and set a target of adding about 78000 MW of additional capacity of power generation in the 11th Five Year Plan and about 82000 MW capabilities of power generation in the 12th Five Year Plan. This will enable your company to cater to the ever growing demand of power transmission and distribution.

Government has also initiated several Schemes including Accelerated Power Development and Reforms Programme (APDRP) and the Rajiv Gandhi Grameen Vidyutikaran Yojana (RGGVY) for bringing about qualitative improvements of the power distribution systems and electrification of all rural households and villages in India. The budgetary allocation for APDRP scheme has been enhanced from Rs 800 Crores to Rs 2080 Crores in year 2009-10. The electrical energy requirement is expected to grow about 8% per annum.

The company is looking for international opportunities in transmission and distribution business in Africa, Middle East and Central Asia.

**(b) OUTLOOK AND OPPORTUNITIES:**

**(i) INDIA:**

**Transmission:**

The T&D business of the Company mainly works with Powergrid, SEBs and private sector clients.

The power sector in India has an estimated capacity addition of more than 1, 60,000 MW during the period 2012-17. In order to provide availability of over 1,000 units of per capita electricity by the year 2012, the fund requirement for transmission system development and related schemes during 11<sup>th</sup> Five Year Plan period has been estimated as follows:

Sector	Rs in Crores
Central	75,000
State	65,000
<b>Total</b>	<b>1,40,000</b>

An investment of Rs 55,000 Crores is planned in the 11<sup>th</sup> Five Year Plan to achieve a National Power Grid with inter-regional power transmission capacity of more than 37,000 MW. This entail expansion of transmission networks, strengthening of regional grids, building of more inter-related links and addition of inter-regional capacities of 23,600 MW, at 220 KV and above level. Opportunities also exist for the company in Built-Own-Operate (BOT) projects for setting up transmission line.

**Distribution:**

APDRP and RGGVY schemes are expected to accelerate investment in the power distribution sector. The Government has set aside Rs 2080 Crores in the current budget under the APDRP Scheme as compared to Rs 800 Crores for last year for bringing about improvement in the urban power distribution sector. The RGGVY scheme aims to bring about access to electricity to all rural households by the year 2012.

**(ii) INTERNATIONAL:**

The Company sees immense opportunities in the emerging markets such as Africa and Middle East on account of need of better power transmission network, funding support from multilateral agencies, power generation plans and spending by oil producing countries. The company has adopted the route of forming subsidiaries and JV overseas to enter into newer markets with its fully owned subsidiary SAE Power Lines S.r.l., Italy which has been the global player in T&D sector.

**14. FINANCIAL AND OPERATIONAL PERFORMANCE:**

The turnover of the company on a standalone basis stood at Rs. 3,682 Crores for the year ended 31<sup>st</sup> March, 2009. The annualised percentage increase in net profit over previous year amounted to 63.10%. The order book position of your company as on 31<sup>st</sup> March, 2009 was approx Rs. 12,967 Crores. On a consolidated basis the turnover of the Gammon group stood at Rs. 5,212 Crores for the year ended 31<sup>st</sup> March, 2009. The annualised percentage decrease in net profit over previous year amounted to 21%.

As on 1st April, 2009 the civil contracts business also accounted for less than 20% of group borrowing. Overall, the International business comprising of civil contract works, power equipment and power transmission business accounted for financially 35% of our Consolidated Turnover.

Moving forward for the years 2009 - 10 and 2010 - 11, the company is well positioned for a rapid growth considering that all its business verticals have a strong order book position. The power equipment business has a work order of nearly Rs.6,000 crore. The committed growth outlay towards projects secured by our listed subsidiary i.e. GIPL has another Rs.9,000 crore of business on hand.

## 15. RISK MANAGEMENT:

The Company regularly deliberates on issues affecting management in all aspects of its activities namely, engineering procurement, tendering and construction of projects to name some of the more important ones. Over the last 7 decades, it has built processes to assess and evaluate these risks. During the project construction time, which ranges between 15 months to 75 months, the changing features of construction management are under constant review of the management. Adequate steps are taken to mitigate the risks involved.

Some of the key risks that the Company manages proactively are listed here below:

1. Most of the contracts have an escalation clause and in case of those contracts which does not have an escalation clause, increases are extra-polated in the estimates at the tender stage to cater for the same should they arise. In both the situations, nevertheless, the key to manage the risk is in timely execution, which would not only ensure that costs are contained but also that penalties are obviated. To this end, the Company continuously reviews its business processes to strengthen its project management capabilities, tighten contract management, improve information flow and manpower retentions and enhance client relationship.

In addition, the process of estimation is continuously reviewed with a view to make the bid realistic. This is of special significance in light of the severe competition prevailing in the Industry today which is exerting immense pressure on margins.

2. Defaults in payment of running bills and retention money by some of the clients put pressure on the working capital requirements of the Company and pushes up the financial costs. The Company evaluates client risks and would generally seek payment comfort through instruments like letter of Credit, Bank Guarantee etc. where risk perception is high.
3. The Company is increasingly focusing on the international markets as a strategic initiative. This is a new dimension to the risk which the Company is subjected to and in addition to better bidding and project management processes a deep understanding of local complexities is essential to succeed in these markets. The Company addresses these risks by secondment of trained and competent personnel, engaging specialized agencies locally for proactive guidance and partnering with local business groups of repute in Joint Ventures.
4. The Company has in place adequate and comprehensive insurance covers for all its assets and projects to deal with calamities.
5. The Company has been consistently rated with AA. This facilitates quick access to the financial markets at competitive rates as and when required. The Leveraging of the Company is comfortable to meet its obligations.
6. The Company has inflows and outflows currency related to its Projects. In addition, it has foreign currency denominated borrowings. To the extent that the overall position exceeds the natural hedge, the Company evaluates and puts in place a hedging strategy, for which it is adequately equipped with necessary mandates at the operating level.
7. The internal audit cell of the Company has in place a comprehensive program across the Company. The internal controls of the Company are robust to quickly detect and minimize the risks of fraud and misreporting. The reports of the internal controls are regularly reviewed by Audit Committee of the Board and their recommendation for better effectiveness implemented.

## 16. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY:

The commercial and regulatory aspects of the Company's activities, commensurate to its scale of operation, are monitored with adequate internal control systems and procedures.

The Company is in the process of implementation of an ERP Systems, in a phased manner to affect the checks & controls for the compliance of defined procedures and systems.

Further, to substantiate the internal audit function, the Company has appointed professional Chartered Accountants firms, to conduct audit at various project sites as well as Head Office functions.

The Operational controls exist through well laid out systems of checks and balances and hierarchy of reporting



from site level to central management groups to the senior management and the Directors.

The performance of various project sites, in respect of budgeted estimate is being appraised by the Monitoring group, who provides periodic and timely information to the senior management group for their taking the necessary corrective action.

The Audit Committee reviews the observations made by the auditors and also take necessary steps to rectify the deficiencies through respective operational groups. The suggestions made by internal audit team for improvement in the systems are presented and discussed during the audit committee meetings. The Audit Committee with due deliberation, make their recommendation before the Board for its implementation.

#### **17. TECHNOLOGY UPGRADATION / ERP IMPLEMENTATION:**

Your company views IT as a strategic tool to enhance its business values and leverage the value addition derived to enable new ways of doing business. Your company is constantly upgrading technology for business values.

Your company has strengthened its IT infrastructure of company and personnel, capitalizing on the setup invested in. All project sites are now connected with the help of various telecom and data connectivity service providers. With the fast data connectivity speeds now available we are now able to bring good speed to our CUG (closed user group) for faster operations. The Company has a core virtual private network using high bandwidth VSATs supplemented by satellite bandwidth and broadband facilities for the remote locations.

Gammon is in the midst of a significant initiative of Training, HR, planning, operations related software's along with adopting BEST practices, policies and procedures. It has implemented ERP in all its project sites and at the head office.

Your Company continues to leverage IT to realize greater value in newer projects. End-to-end project planning & optimization have helped to improve performance levels, availability while reducing operational costs. The Company has planned Information Management Systems & Dashboards to help provide visibility across the Company and better controls for management.

All key deliverables, procurement and financial processes are carried out through fully IT-enabled Shared Service Centers. This has helped us improve service levels to stakeholders, while ensuring controls & improving productivity.

Through all these initiatives management have ensured the Company also carries out regular exercises to identify vulnerabilities & plug them systemically. IT at Gammon is assuming new levels each year with the rise of volume in business and growth.

#### **18. MATERIAL DEVELOPMENTS IN HUMAN RESOURCES, INDUSTRIAL RELATIONS FRONT INCLUDING NUMBER OF PEOPLE EMPLOYED :**

The Gammon family has been strengthened with the addition of over 1010 new employees subsequent to the amalgamation of Associated Transrail Structures Limited with your Company in the previous year. These new members of the family will no doubt further enrich the technical competency of your Company and make it more ready to face new challenges as the Company makes forays into hitherto uncharted sectors like power transmission and distribution.

The Human Resources Information System (HRIS) introduced in 2007-08 on a pilot basis has now become fully operational. This system will enable the seamless exchange of information between the management and employees, thereby improving employee relations and bringing greater transparency. The new automated, online performance management system has helped us to reach out to all employees and systematically complete the whole performance management cycle. This will no doubt have a positive impact on the morale and the productivity of the employees.

During the year under review, inspite of the economic slowdown and resultant break on recruitments across industries, the Company continued to strengthen the 'Gammon family' by addition of new employees. A compensation survey was conducted for correcting compensation packages as per industry standards. Industrial relations continued to be satisfactory at all sites.

Though the past year has been full of challenges, your company has managed to sail through it, thanks to the unstinted support of its employees. With the worst of the economic crisis behind us we are poised for new challenges, higher turn over, increased productivity and profitability and meet the expectations of all our stake holders

#### **19. CAUTIONARY STATEMENT :**

Statements in the Management Discussion and Analysis describing the Company's objectives, projections, estimates and expectations are "Forward Looking Statements". Actual results might differ from those anticipated because of changing ground realities, government policies, economic and political developments, market conditions etc.



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**AUDITORS' REPORT  
TO  
THE MEMBERS OF GAMMON INDIA LIMITED**

1. We have audited the attached Balance Sheet of **Gammon India Limited** as at 31st March, 2009 and the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date in which are incorporated the returns of the Nagpur branch including the overseas branches at Algeria, Nigeria and Kenya audited by other auditors. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
  2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
  3. We did not audit the financial statements of Gammon India Limited – Nagpur Branch which was audited by the branch auditors reflecting Total Assets of Rs. 1,26,158.03 Lacs and Total Revenue of Rs. 1,05,290.21 Lacs whose reports have been received by us. The branch auditors in their report have stated that they have not audited the financial statements of Gammon India Limited – Kenya Branch reflecting Total Assets of Rs. 312.77 Lacs and Expenditure of Rs. 108.97 Lacs, Gammon India Limited - Algeria Branch reflecting Total Assets Rs. 1,355.51 Lacs and Expenditure of Rs. 1,278.25 Lacs and Gammon India Limited - Nigeria Branch reflecting Total Assets of Rs. 57.80 Lacs and Expenditure of Rs. 1.44 Lacs. These financial statements have been audited by other auditors, whose reports have been addressed to the branch and a copy of which is furnished to the branch auditors. Our opinion so far as transactions of the said branches are concerned, is based solely on such reports of the other auditors.
  4. Without qualifying our report we invite attention to
    - a. Note no 11 to the notes to accounts relating to recognition of contract revenue of Rs. 94.54 Crores including Previous year Rs. 57.04 Crores in which 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. Recoverability of the said amount under sundry debtors is dependent upon the final outcome of the appeals getting resolved in favour of the company.
    - b. Note no 26B to the notes to accounts relating to the investments in one of the joint ventures of a wholly owned subsidiary which has applied for creditors' protection in a Court in Italy. The final outcome and the resultant investment would be dependent upon the approval of the courts to the composition scheme pending which no effects have been taken in these accounts.
  5. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order on the basis of information and explanations received by us and reports of the branch auditors on which we have relied.
  6. Further to our comments in the Annexure referred to above, we report that:
    - i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
    - ii) In our opinion, proper books of accounts as required by law have been kept by the company so far as it appears from our examination of the books. Proper returns adequate for the purpose of our audit have been received from the branches not visited by us.
    - iii) The reports on accounts of the branches audited by the other auditors have been forwarded to us and have been appropriately dealt by us in preparing our report
    - iv) The Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of accounts.
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- v) In our opinion, the Balance Sheet, Profit and Loss Account and the Cash Flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956. *Attention is invited to Note No 8(c) regarding non provision for mark to market losses of Rs 15.93 Crores on outstanding forward contract outstandings as on 31st March, 2009 which is not in accordance with Accounting Standard-1 and announcement made by the ICAI on 29th March, 2008.*
- vi) On the basis of the written representation received from the directors and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31<sup>st</sup> March, 2009 from being appointed as a director in terms of Clause (g) of Sub-section (1) of section 274 of the Companies Act, 1956 on the said date.
- vii) In our opinion and to the best of our information and according to the explanation given to us, the accounts *subject to the non-provision of the marked to market losses of Rs. 15.93 crores relating to outstanding forward contracts* and read with note 36 relating to the company's Joint venture in Oman and the other notes thereon give the information required by the Companies Act, 1956 in the manner so require and give a true and fair view.
- (a) in the case of Balance Sheet of the State of Affairs of the Company as at 31st March, 2009
- (b) in the case of Profit and Loss Account of the profit for the year ended on 31<sup>st</sup> March, 2009 and
- (c) in the case of the Cash Flow Statement of the net cash flow for the year ended on that date.

For NATVARLAL VEPARI & CO.  
Chartered Accountants

N.Jayendran  
(Partner)  
M.No. 40441

Mumbai , Dated : 9th July, 2009

**ANNEXURE TO THE AUDITORS' REPORT  
(REFERRED TO IN PARAGRAPH 4 OF OUR REPORT OF EVEN DATE)**

- (i) (a) The Company is maintaining proper records showing particulars, including quantitative details and situation of fixed assets;
- (b) The company has a regular program for physical verification of its fixed assets which in our opinion is reasonable having regard to the size of the company and the nature of its assets and operations. In accordance with this program, the management during the current year has physically verified significant fixed assets and no material discrepancies have been identified on such verification.
- (c) The Company has not disposed off any substantial part of the fixed assets.
- (ii) (a) The company is primarily a construction company having work sites spread all over India and Abroad. The records of materials and stores are maintained at the respective sites, which have been verified by the management during the year at reasonable intervals. In respect of its manufacturing operations the stock of finished goods, stores, spare parts and raw materials has been physically verified by the management at reasonable intervals during the year.
- (b) In our opinion and according to the information and explanations given to us, the procedure of physical verification of stock followed by the management is reasonable and adequate in relation to the size of the company and the nature of its business.
- (c) The discrepancies noticed between the physical stocks and books stocks were not material and the valuation of stock has been done on the basis of physically verified quantity. Therefore shortage / excess automatically get adjusted and the same is properly dealt in the books of accounts.
- (iii) (a) The company has during the year granted unsecured loans to one party covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs. 229.39 Crores and at the end of the year balance of loans granted to such parties was Rs. 122.07 Crores.
- (b) In our opinion the rate of interest, wherever charged, and the other terms and conditions of such loans are not prima-facie prejudicial to the interest of the company.
- (c) There are no stipulations for the repayment of principal and the interest, wherever charged. The outstanding interest receivable as at 31<sup>st</sup> March, 2009 was Rs. 13.62 Crores.
- (d) The company has during the year taken unsecured loans from one party covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs. 199 Crores and the year balance of loans taken from such parties was Rs. Nil. In our opinion the rate of interest wherever charged and the other terms and conditions of such loans are not prima-facie prejudicial to the interest of the company.
- (iv) In our opinion and according to the information and explanations given to us there is a reasonable internal control procedure commensurate with the size of the company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services which has scope for further improvement. We have however not come across any continuing failure to correct major weaknesses in internal control.
- (v) (a) In our opinion and according to the information and explanations given to us the transactions that need to be entered into a register in pursuance of section 301 of the Act has been properly entered.
- (b) All the transactions have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time and the nature of services rendered by such parties.
- (vi) The Company has not accepted any deposits from the public during the year under review and consequently the directives issued by the Reserve Bank of India and the provisions of sections 58A and 58AA of the Act and the rules framed there under are not applicable. We are further informed that no orders have been passed by the Company Law Board in the case of the company requiring compliance.
- (vii) During the year the Company has taken steps to strengthen the Internal Audit System to make it commensurate with the size of the company and the nature of its business by appointing external firms of Chartered Accountants

to conduct Internal Audit at the head office and the sites. In our opinion the same is presently commensurate with the size and nature of its business.

- (viii) According to the records produced and information given to us, the Central Government has not prescribed the maintenance of the cost records and accounts under section 209(1)(d) of the Companies Act, 1956.
- (ix) (a) The company is generally regular in depositing Provident Fund, Employees State Insurance, Income Tax, Wealth Tax and Sales Tax dues with the appropriate authorities observed on a test check basis *except for delays observed in deposit of TDS and PF at sites.*
- (b) On the basis of the audit procedures followed, test checks of the transaction and the representation from the Management there are no arrears of outstanding statutory dues as at the last day of the financial year for a period of more than six months from the date they became payable except VAT Tax / Works Contract Tax of Rs. 1,437/-, Profession Tax of Rs. 32,169/-, ESIC of Rs. 54,506/- and Provident Fund/ Family Pension Fund of Rs.4,95,849/- and Rs. 7,29,166/- to be deposited with Investor Education and Protection Fund.
- (c) According to the information and explanation given to us, the following Tax / duty etc has not been deposited on account of dispute.

Name of the Statute	State	Nature of the dues	Amount in Crores	Period to which it relates	Forum where Dispute is pending
Sales Tax	A.P.	Sales in Transit (E-1)	0.13	1987-88	D.C. Appeals
	A.P.	Reassessment matter	0.23	1999-00	Tribunal
	A.P.	Reassessment matter	0.19	2001-02	H.C.
	A.P.	Tax levied on value of material instead of purchase price. Rule 6(3)(i)	2.10	2002-03	Tribunal / H.C.
	A.P.	Tax levied on value of material instead of purchase price. Rule 6(3)(i)	1.64	2003-04	Tribunal / H.C.
	A.P.	Rejection of Form G	1.77	2000-01	D.C. Appeals
	A.P.	Disallowance of Inter state purchase	0.24	2005-07	H.C.
	A.P.	Levy of Penalty	1.89	2005-07	H.C.
Sales Tax	Gujarat	Levy of Penalty	0.01	2001-02	Tribunal
	Gujarat	Levy of Penalty	0.20	2003-04	Tribunal
Sales Tax	M.P.	Entry Tax	0.01	1992-93 & 1993-94	A.C. Appeals
Sales Tax	Maharashtra	Denial of deduction on Pre cost component	0.79	1993-94 to 1997-98	Tribunal / A.C. Appeals
		Disallowance of WCT & BST	5.66	1993-94 to 1997-98	Jt. Appeals / Tribunal
		Lease Matter	0.19	1998-99 to 2001-02	D.C. Appeals / Tribunal
Sales Tax	Orissa	Lab. and Service Charges disallowed	0.11	1992-93 to 1999-00	A.C. Appeals
		Various disallowance	1.01	1992-93 to 1999-00	A.C. Appeals
Sales Tax	West Bengal	CTO wrongly estimated Transfer Price	0.64	1994-95 to 2002-03	Tribunal
Sales Tax	Jharkhand	Non Receipt of F Form	0.04	2001-02	C.T.
Sales Tax	H.P.	Disallowance of deduction	0.74	1999-00 to 2001-02	D.C. Appeals
Sales Tax	Chattisgarh	Entry Tax	0.05	1979-80 to 1998-99	Tribunal
		Disallowance of Sales in Transit	2.79	2005-06	D.C. Appeals
Sales Tax	Kerala	Best Judgment Offer	1.70	1999-00 to 2000-01	D.C. Appeals

Name of the Statute	State	Nature of the dues	Amount in Crores	Period to which it relates	Forum where Dispute is pending
Sales Tax	Assam	Penalty u/s 10 of CST Act	0.10	2006-07	D.C. Appeals
Service Tax	Gujarat – Sabarmati Job	River Development Matter	4.25	2005-06	A.D.G / C.T.
Service Tax	Gujarat – Sipat Job	River Development Matter	1.43	2005-06	A.D.G / C.T.
Service Tax	Gujarat – Surendranagar	Whether for commercial purpose or not	5.72	2005-06	A.D.G.
Service Tax	Bhilai	Demand Notice	3.84		A.D.G.
Excise	Chennai	Disputed Demand	0.03	2006	CESTAT Chennai
Custom Duty		Disputed Demand of NHAI Project	0.32	2001-02	S.C.

- (x) The Company does not have any accumulated losses and has not incurred cash losses in current year and the previous year.
- (xi) In our opinion and according to the information and explanation given to us by the Management, the Company has not defaulted in repayment of dues to a financial institution or bank or debenture holders.
- (xii) On the basis of the audit procedures followed, the test checks of the transactions during the course of our audit and the representations from the management, the Company has maintained adequate records for loans granted on the basis of security by way of pledge of shares.
- (xiii) The Company is not a nidhi/ mutual benefit fund/society and accordingly clause (xiii) is not applicable.
- (xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xv) According to the information and explanations, the company has given corporate guarantee for loans taken by other companies from banks or financial institutions for which it has obtained counter guarantee from the other entities. The other terms and conditions are not prejudicial to the interest of the company.
- (xvi) The term loans taken during the year, have been applied for the purpose for which the loans were obtained.
- (xvii) According to the information and explanation given to us, on an over all examination of the Balance sheet of the company and the necessary representations from the management including those represented to the bankers and lenders in the Credit Monitoring Arrangement Statement, we report that no short term funds have been applied towards long term application.
- (xviii) The Company has not made preferential allotment during the year to parties and companies other than those covered in the Register maintained under section 301 of the Act. Accordingly clause (xviii) of the Companies (Auditors' Report) Order, 2003 is not applicable.
- (xix) The Company has raised secured redeemable debentures aggregating to Rs. 100 Crores during the year the securities in respect of which has been created before the balance sheet date.
- (xx) The Company has not raised any money by public issues during the year and accordingly clause (xx) of Companies (Auditors' Report) Order, 2003 is not applicable.
- (xxi) Based on the audit procedures performed and the information and explanation given by the management we report that no fraud on or by the company has been noticed or reported during the year.

For NATVARLAL VEPARI & CO.  
Chartered Accountants

N.Jayendran  
(Partner)  
M.No. 40441

Mumbai , Dated : 9th July, 2009

**BALANCE SHEET AS AT 31<sup>st</sup> MARCH, 2009**

	Schedule No.	As at 31st March, 2009		As at 31st March, 2008	
		Rs. in Crores	Rs. in Crores	Rs. in Crores	Rs. in Crores
<b>SOURCES OF FUNDS :</b>					
<b>Shareholders' Funds</b>					
Share Capital	1	126.71		17.69	
Employee Stock Option Outstanding	1A	1.81		-	
Reserves & Surplus	2	<u>1,452.12</u>		<u>1,210.97</u>	
			<b>1,580.64</b>		<b>1,228.66</b>
<b>Loan Funds</b>					
Secured Loans	3	325.25		243.99	
Unsecured Loans	4	<u>647.02</u>		<u>133.07</u>	
			<b>972.27</b>		<b>377.06</b>
<b>Deferred Tax Liability</b> (Refer Note B-27)			<b>54.36</b>		<b>37.17</b>
<b>TOTAL</b>			<b><u>2,607.27</u></b>		<b><u>1,642.89</u></b>
<b>APPLICATION OF FUNDS :</b>					
<b>Fixed Assets</b>					
Gross Block	5	1,275.01		1,026.83	
Less : Depreciation & Impairment		<u>326.98</u>		<u>253.57</u>	
Net Block		948.03		773.26	
Add : Capital Work-in-progress		<u>35.38</u>		<u>18.19</u>	
			<b>983.41</b>		<b>791.45</b>
<b>Investments</b>	6		<b>220.61</b>		<b>160.78</b>
<b>Current Assets, Loans and Advances</b>					
Interest Accrued Receivable		27.51		7.87	
Inventories	7	1,011.10		704.98	
Sundry Debtors	8	1,343.70		517.15	
Cash & Bank Balances	9	51.36		38.09	
Loans & Advances	10	<u>870.09</u>		<u>303.37</u>	
		<b>3,303.76</b>		<b>1,571.46</b>	
<b>Less: Current Liabilities and Provisions</b>	11				
Current Liabilities		1,874.38		868.93	
Provisions		<u>26.13</u>		<u>11.87</u>	
		<b>1,900.51</b>		<b>880.80</b>	
			<b>1,403.25</b>		<b>690.66</b>
<b>TOTAL</b>			<b><u>2,607.27</u></b>		<b><u>1,642.89</u></b>
Notes to Accounts	16				

Schedules 1 to 16 annexed hereto form part of the Balance Sheet and Profit and Loss Account

As per our attached report of even date

For Natvarlal Vepari & Co.  
Chartered AccountantsN. JAYENDRAN  
Partner  
M. No. 40441

Mumbai, Dated: 9th July, 2009

For and on behalf of the Board of Directors

ABHIJIT RAJAN  
Chairman & Managing DirectorRAJUL A. BHANSALI  
Executive DirectorDIPAK ASHAR  
Chief Financial Officer

Mumbai, Dated: 9th July, 2009

C. C. DAYAL  
DirectorD. C. BAGDE  
Director & CEO, T&DGITA BADE  
Company Secretary

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2009

	Schedule No.	2008-09		2007-08	
		Rs. in Crores	Rs. in Crores	Rs. in Crores	Rs. in Crores
<b>INCOME:</b>					
Sales/ Turnover	12	3,681.96		2,340.84	
Less: Excise Duty		46.00		-	
		3,635.96		2,340.84	
Other Operating Income	12A	21.90		4.07	
Other Income	12B	41.54		4.60	
			3,699.40		2,349.51
<b>EXPENDITURE:</b>					
Expenditure on Contracts	13	3,245.59		2,053.39	
Establishment Expenses	14	71.82		72.88	
Financial Cost (Net)	15	105.26		26.41	
Depreciation		63.95		46.21	
Company's Share in Loss of Joint Venture (Refer Note- B-35)		4.09		11.28	
			3,490.71		2,210.17
<b>PROFIT BEFORE TAX</b>			208.69		139.34
Provision for Taxation:					
- Current Tax		59.18		50.12	
- Deferred Tax		7.17		(0.75)	
- Fringe Benefit Tax		2.65		1.65	
- Foreign Tax Paid		0.69		-	
			69.69		51.02
<b>PROFIT AFTER TAX</b>			139.00		88.32
Add / (Less)					
Excess / (Short) provision of taxation for earlier years			1.48		(2.19)
<b>NET PROFIT FOR THE YEAR</b>			140.48		86.13
Profit brought forward from last years			159.92		111.58
<b>PROFIT AVAILABLE FOR APPROPRIATION</b>			300.40		197.71
Amount Transferred to General Reserve		(29.71)		(14.95)	
Amount Transferred from Debenture Redemption Reserve		-		13.75	
Amount Transferred to Debenture Redemption Reserve		(24.90)		(11.51)	
Amount Transferred to Special Contingency Reserve		-		(20.00)	
Amount Transferred from Foreign Projects Reserve		0.32		-	
Dividend from erstwhile ATSL received during the year		0.29		-	
Proposed Dividend					
- Equity Shares		(6.50)		(4.34)	
- Preference Shares		(6.30)		-	
Tax on Dividend		(2.17)		(0.74)	
			(68.97)		(37.79)
Balance Carried to Balance Sheet			231.43		159.92
<b>Earnings Per Share (Refer Note B-23)</b>					
Basic			12.46		9.93
Diluted			12.35		9.85
Face Value Per Share			2.00		2.00

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Schedules 1 to 16 annexed hereto form part of the Balance Sheet and Profit and Loss Account

As per our attached report of even date

For and on behalf of the Board of Directors

For Natvarlal Vepari & Co.  
Chartered AccountantsABHIJIT RAJAN  
Chairman & Managing DirectorC. C. DAYAL  
DirectorN. JAYENDRAN  
Partner  
M. No. 40441RAJUL A. BHANSALI  
Executive DirectorD. C. BAGDE  
Director & CEO, T&DDIPAK ASHAR  
Chief Financial OfficerGITA BADE  
Company Secretary

Mumbai, Dated: 9th July, 2009

Mumbai, Dated: 9th July, 2009



## CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2009

	2008-2009		2007-2008	
	Rs. in Crores	Rs. in Crores	Rs. in Crores	Rs. in Crores
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>				
<b>Net Profit before Tax and extraordinary items</b>		<b>208.68</b>		<b>139.34</b>
Adjustments for :				
Depreciation	63.95		46.21	
Profit/Loss on Sale of Assets	(0.43)		(0.08)	
Profit/Loss on Sale of Investments	(39.32)		-	
Employees Compensation Expenses	0.86		-	
Dividend Income	(0.49)		(0.73)	
Interest (Net)	105.26		26.41	
Foreign Exchange (Loss)/Gain	0.45		0.13	
Write off against Leasehold Land	0.01		0.01	
Provision for Doubtful Debts	2.41		-	
Bad Debts Written off	2.23		1.51	
		<u>134.93</u>		<u>73.46</u>
<b>Operating Profit Before Working Capital Changes</b>		<b>343.61</b>		<b>212.80</b>
Adjustments for :				
Trade and Other Receivables	(520.78)		(215.31)	
Inventories	(197.81)		(175.98)	
Trade Payables & Working Capital Finance	704.90		249.22	
Loan and Advances	(54.69)		215.98	
		<u>(68.38)</u>		<u>73.91</u>
<b>CASH GENERATED FROM THE OPERATIONS</b>		<b>275.23</b>		<b>286.71</b>
Direct Taxes Paid		(101.59)		(112.78)
<b>NET CASH FROM OPERATING ACTIVITIES</b>		<b>173.64</b>		<b>173.93</b>
<b>B. CASH FLOW FROM INVESTMENT ACTIVITIES</b>				
Purchase of Fixed Assets	(162.36)		(139.44)	
Sale of Fixed Assets	4.31		0.20	
Cash & Bank balance taken over pursuant to amalgamation	4.32		-	
Share Application Money Pending Allotment	(40.76)		0.06	
Loans to Subsidiaries, Associates and others	(404.51)		(59.12)	
<b>Purchase of Investments</b>				
- Subsidiary, Joint Ventures & Associates	(19.62)		(26.64)	
- Deposit paid on acquisition of shares	-		-	
- Others	(100.19)		(49.67)	
<b>Sale of Investments:</b>				
- Subsidiary, Joint Ventures & Associates	-		1.02	
- Deposit received on transfer of beneficial interest	0.03		15.88	
- Others	145.18		49.03	
Interest received	24.21		25.62	
Dividend received	0.78		0.70	
<b>NET CASH FLOW FROM INVESTMENT ACTIVITIES</b>		<b>(548.61)</b>		<b>(182.36)</b>



	2008-2009		2007-2008	
	Rs. in Crores	Rs. in Crores	Rs. in Crores	Rs. in Crores
<b>C CASH FLOW FROM FINANCING ACTIVITIES</b>				
Interest Paid	(135.96)		(50.86)	
Proceeds from issue of Share Capital & Securities Premium	0.01		-	
Foreign Currency Translation Reserve	(0.89)		0.48	
Proceeds from / (Repayment of) borrowings	530.38		5.57	
Proposed Dividend (Including Tax)	(4.85)		(4.53)	
<b>NET CASH FROM FINANCING ACTIVITIES</b>		<b>388.69</b>		<b>(49.34)</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>13.72</b>		<b>(57.77)</b>
Balance as on 31.03.2008		38.09		95.99
Balance as on 31.03.2009		51.81		38.22
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>13.72</b>		<b>(57.77)</b>

Note: - Figure in brackets denote outflows

- Cash and Cash Equivalents include Rs.1.93 Crores as on 31.03.2009 (*Previous Year - Rs. 3.18 Crores as on 31.03.08*) with Bank Branch in Foreign Countries relating to certain Foreign Projects which are not readily available for use by the Company.

	As At 31.3.2009	As At 31.3.2008
Cash and Cash Equivalents	51.36	38.09
Effect of Exchange Rate Charges	0.45	0.13
Balance Restated above	51.81	38.22

Schedules 1 to 16 annexed hereto form part of the Balance Sheet and Profit and Loss Account

As per our attached report of even date

For Natvarlal Vepari & Co.  
Chartered Accountants

N. JAYENDRAN  
Partner  
M. No. 40441

Mumbai, Dated: 9th July, 2009

For and on behalf of the Board of Directors

ABHIJIT RAJAN  
Chairman & Managing Director

RAJUL A. BHANSALI  
Executive Director

DIPAK ASHAR  
Chief Financial Officer

Mumbai, Dated: 9th July, 2009

C. C. DAYAL  
Director

D. C. BAGDE  
Director & CEO, T&D

GITA BADE  
Company Secretary

**SCHEDULES FORMING PART OF BALANCE SHEET**

	31 <sup>st</sup> March, 2009		31 <sup>st</sup> March, 2008	
	Rs. in Crores	Rs. in Crores	Rs. in Crores	Rs. in Crores
<b>SCHEDULE 1</b>				
<b>SHARE CAPITAL</b>				
AUTHORISED				
35,50,00,000 (Previous Year 8,83,25,210) Equity Shares of Rs. 2/- each		71.00		50.00
30,00,000 6% Optionally Convertible Preference Shares (Previous Year Nil)		105.00		-
		<u>176.00</u>		<u>50.00</u>
ISSUED				
8,83,25,210 Equity Shares of Rs.2/- each fully paid (Previous Year 8,83,25,210 Equity Shares of Rs. 2/- each)		17.67		17.67
SUBSCRIBED AND PAID-UP				
8,67,44,670 Equity Shares of Rs 2/- each. (Previous Year 8,67,44,670 Equity Shares of Rs. 2/- each)		17.35		17.35
Of the above				
2,64,000 Shares are issued for consideration other than Cash				
58,06,700 Shares are issued as fully paid Bonus Shares by Capitalisation of Rs 0.70 Crores from Reserves and Rs. 0.45 Crores from Securities Premium Account				
EQUITY SHARE SUSPENSE A/C (Refer Note B-1(A))		4.02		-
PREFERENCE SHARES SUSPENSE A/C (Refer Note B-1(A)(d))		105.00		-
SHARE FORFEITURE ACCOUNT				
Money received in respect of 1,70,948 Rights shares of Rs. 10/- each forfeited		0.34		0.34
		<u>126.71</u>		<u>17.69</u>
<b>SCHEDULE 1 A</b>				
<b>EMPLOYEE STOCK OPTION OUTSTANDING</b>				
Employee Stock Option Outstanding		2.56		-
Less : Deferred employee compensation cost		0.75		-
(For details of Stock Option Outstanding Refer Note 15 of Schedule 16)		<u>1.81</u>		-
		<u>1.81</u>		-
<b>SCHEDULE 2</b>				
<b>RESERVES AND SURPLUS</b>				
FOREIGN PROJECTS RESERVE				
As per last Balance Sheet		0.32		0.32
Less : Transfer to Profit & Loss A/c		0.32		-
		-		0.32
GENERAL RESERVE				
As per last Balance Sheet		125.00		110.05
Add : On Amalgamation of ATSL (Refer Note B-1(A)(f))		120.22		-
Add : On forfeiture of ESOPs during the year		0.07		-
Add : Transferred from Profit & Loss A/c		29.71		14.95
		<u>275.00</u>		<u>125.00</u>
SECURITIES PREMIUM				
As per last Balance Sheet		594.63		594.63
Add : on issue of shares under ESOP scheme by ATSL during the year.		0.01		-
Add : Transfer from Employees Stock Option outstanding		0.03		-
		<u>594.67</u>		<u>594.63</u>

	31 <sup>st</sup> March, 2009		31 <sup>st</sup> March, 2008	
	Rs. in Crores	Rs. in Crores	Rs. in Crores	Rs. in Crores
<b>REVALUATION RESERVE</b>				
As per last Balance Sheet	249.66		252.79	
Less : On Sale of Revalued Assets	0.96		-	
Less : Depreciation on Revalued Assets	3.13		3.13	
		245.57		249.66
<b>DEBENTURE REDEMPTION RESERVE</b>				
As per last Balance Sheet	31.37		33.61	
Add : Transferred from Profit and Loss A/c	24.90		11.51	
Less : Transferred to Profit and Loss A/c on repayment of Debentures	-		13.75	
		56.27		31.37
<b>SPECIAL CONTINGENCY RESERVE</b>				
As per last Balance Sheet	50.00		30.00	
Add : Transferred from Profit and Loss A/c	-		20.00	
		50.00		50.00
<b>FOREIGN CURRENCY TRANSLATION RESERVE</b>				
Arising out of current year	(0.82)		0.07	
<b>PROFIT AND LOSS ACCOUNT</b>		231.43		159.92
		1,452.12		1,210.97
<b>SCHEDULE 3</b>				
<b>SECURED LOANS</b>				
Non Convertible Debentures placed with Banks and Financial Institutions (Refer Note B-2)		226.00		126.00
From Canara Bank Led Consortium:		19.26		117.95
Short term loan secured by a charge over all the Company's Assets in India (excluding Leasehold Property, Freehold Property and Plant & Machinery hypothecated to the Bankers and Financial Institutions under various Asset Financing Schemes)				
From ICICI Bank Led Consortium (Cash Credit Facility secured by hypothecation of Plant & Machinery, Land & Building, Stocks, Debtors of the erstwhile ATSL)		34.00		-
Term Loan (Secured by hypothecation of Plant & Machinery, Land & Building of the erstwhile ATSL)		45.97		-
(Out of the above term loans, amount of repayment due within one year Rs.11.40 Crores)				
Loans (Secured by hypothecation of assets purchased under various financing schemes) :				
Ford Credit Kotak Mahindra Ltd.		0.01		0.02
ICICI Bank Ltd.		0.01		0.02
(Out of the above loans Rs. 0.02 Crores are due for repayment within one year, <i>Previous year Rs. 0.02 Crores</i> )				
		325.25		243.99
<b>SCHEDULE 4</b>				
<b>UNSECURED LOANS</b>				
Buyers Credit (Secured by Guarantee of Consortium Bankers) (Amount repayable with in one year Rs.162.66 Crores, <i>Previous Year Rs. 108.08 Crores</i> )		162.66		108.07
Commercial Paper (Amount repayable with in one year Rs.100 Crores, <i>Previous Year Nil</i> ) (Maximum outstanding during the year Rs. 100 crores)		100.00		-
Other Short Term Loans				
- From Banks		354.31		25.00
- From Others		30.05		-
		647.02		133.07

**SCHEDULE 5  
FIXED ASSETS**

(Rs. in Crores)

PARTICULARS	GROSS BLOCK			DEPRECIATION / AMORTISATION				NET BLOCK			
	AS AT 01.04.2008	OPENING ON A/C OF AMALGAMATION	ADDITIONS	DEDUCTIONS/ ADJUSTMENTS	AS AT 31.03.2009	AS AT 01.04.2008	OPENING ON A/C OF AMALGAMATION	FOR THE YEAR	DEDUCTIONS/ ADJUSTMENTS	AS AT 31.03.2009	AS AT 31.03.2008
<b>TANGIBLE ASSETS</b>											
LEASEHOLD LAND	0.79	0.58	2.30	0.01	3.66	-	0.02	0.02	-	3.62	0.79
FREEHOLD PROPERTY	275.42	25.75	8.19	5.97	303.39	18.10	1.11	4.04	-	280.14	257.32
PLANT AND MACHINERY	630.38	41.75	128.51	5.09	795.55	185.63	5.38	45.59	1.63	560.58	444.75
MOTOR VEHICLES	107.18	1.59	15.42	1.71	122.48	43.63	0.38	11.39	1.11	68.19	63.55
OFFICE EQUIPMENTS	13.06	2.43	2.97	-	18.46	6.21	0.52	1.41	-	10.32	6.85
ELECTRICAL INSTALLATION	-	0.92	0.04	-	0.96	-	0.19	0.05	-	0.72	-
WINDMILLS	-	26.95	-	-	26.95	-	1.47	4.18	-	21.30	-
<b>TOTAL TANGIBLE ASSETS</b>	<b>1,026.83</b>	<b>99.97</b>	<b>157.43</b>	<b>12.78</b>	<b>1,271.45</b>	<b>253.57</b>	<b>9.07</b>	<b>66.68</b>	<b>2.74</b>	<b>944.87</b>	<b>773.26</b>
<b>INTANGIBLE ASSETS</b>											
TOWER DESIGN	-	-	3.47	-	3.47	-	-	0.39	-	3.08	-
SOFTWARE	-	-	0.09	-	0.09	-	-	0.01	-	0.08	-
<b>TOTAL INTANGIBLE ASSETS</b>	<b>-</b>	<b>-</b>	<b>3.56</b>	<b>-</b>	<b>3.56</b>	<b>-</b>	<b>-</b>	<b>0.40</b>	<b>-</b>	<b>3.16</b>	<b>-</b>
<b>TOTAL ASSETS</b>	<b>1,026.83</b>	<b>99.97</b>	<b>160.99</b>	<b>12.78</b>	<b>1,275.01</b>	<b>253.57</b>	<b>9.07</b>	<b>67.08</b>	<b>2.74</b>	<b>948.03</b>	<b>773.26</b>
PREVIOUS YEAR	896.21	-	133.15	2.53	1,026.83	205.10	-	49.33	0.86	253.57	-
<b>ADD : CAPITAL WORK IN PROGRESS INCLUDING CAPITAL ADVANCES</b>											
										<b>35.38</b>	<b>18.19</b>
										<b>983.41</b>	<b>791.45</b>

**NOTES :**

- Total of Gross Block of Fixed Assets includes cost of Fixed Assets at Foreign Sites Rs. 28.24 Crores (Previous Year Rs. 22.87 Crores)
- Freehold Property includes cost of Freehold Land Rs.123.62 Crores including the revaluation portion. (Previous Year Rs. 127.51 Crores)
- Leasehold Land is at cost less amount written off.
- The Company has once again revalued on 31st March, 2007 all its Freehold Property present in its books, most of which were revalued earlier on 31st March, 1999 by Approved valuers. The consequent increase in the value of Fixed Assets pursuant to both revaluation amounted to Rs.265.49 Crores and has been credited to the Revaluation Reserve A/c.
- Depreciation for the Year Ended 31st March,2009 amounts to Rs. 67.08 Crores (Previous Year Rs. 49.33 Crores) from which has been deducted a sum of Rs.3.13 Crores (Previous Year Rs. 3.13 Crores) being the Depreciation in respect of Revaluation of Fixed Assets which has been drawn from the Revaluation Reserve A/c.
- Exchange Valuation difference in respect of Oman Fixed Assets Rs 5.28 Crores (Previous Year Rs 2.12 Crores) being transferred to Foreign Currency Translation Reserve.
- Borrowing cost capitalised to Capital Work In Progress is Rs. 1.46 Crores (Previous Year Rs.0.56 Crore)
- Depreciation charge for the year includes charge of Rs 1.39 Crores (Previous Year Rs.Nil) on Wind Mills pertaining to prior years.

	Face Value Rupees	Nos. as on 31.03.2009	Nos. as on 31.03.2008	31.03.2009 Rs. in Crores	31.03.2008 Rs. in Crores
<b>SCHEDULE 6</b>					
<b>INVESTMENTS</b>					
<b>INVESTMENTS (AT BOOK VALUE)</b>					
(Long term unless otherwise stated)					
1. INVESTMENT IN GOVERNMENT SECURITIES:					
a) 6.75% Tax Free US64 Bonds	100	-	17,775	-	0.18
MKVDC Bonds	100,000	-	98	-	0.98
b) Other Government Securities lodged with Contractees as Deposit:					
Unquoted :					
Sardar Sarovar Narmada Nigam Ltd - Bonds				0.10	0.10
Others				0.12	0.12
Government Securities Others - Unquoted (Indira Vikas Patras and National Savings Certificates)				0.01	0.01
				<b>0.23</b>	<b>1.39</b>
2. INVESTMENT IN SHARES & DEBENTURES:					
a) TRADE INVESTMENTS (FOREIGN)					
Ordinary Shares: (Unquoted, fully paid up)					
Gammon Mideast Ltd., Dhs. 1,000 each Dhs. 7,85,000 (Under Liquidation) (Fully Provided)		1,142	1,142	0.18	0.18
Finest SPA, Italy (Associates)	1 Euro	780,000	780,000	19.52	19.52
				<b>19.70</b>	<b>19.70</b>
b) TRADE INVESTMENTS (INDIAN)					
(Fully paid-up unless otherwise stated)					
Ordinary Shares: (Unquoted)					
Shah Gammon Ltd.	100	835	835	0.01	0.01
STFA Piling (India) Ltd. (Fully Provided)	10	217,321	217,321	0.22	0.22
Technofab Engineering Ltd.	10	1,175,000	675,000	3.17	0.67
Indira Container Terminal Pvt Ltd. (Refer Note B-37(d))	10	15,497,068	8,518,068	15.50	8.52
Alpine Environmental Engineers Limited	100	204	204	-	-
Gammon Turnkeys Ltd.	100	600	600	0.01	0.01
Neptune Tower Properties Pvt Ltd	10	100	-	-	-
Ordinary Shares: (Quoted)					
Associated Transrail Structures Ltd. (Refer Note B-1(A)(h))	10	-	2,902,340	-	1.69
Sadbhav Engineering Ltd.	10	649,585	1,100,000	3.90	6.60
Bank of Baroda	10	4,200	-	0.04	-
Gujrat State Financial Corporation	10	4,600	-	0.01	-
Cords Cable Industries Ltd	10	33,502	-	0.45	-
				<b>23.31</b>	<b>17.72</b>
c) INVESTMENT IN SUBSIDIARY COMPANIES (FOREIGN)					
(Fully paid-up unless otherwise stated)					
Ordinary Shares: (Unquoted)					
Gammon International LLC	1 RO	103,500	103,500	1.10	1.10
Gammon International FZE	150000 AED	1	1	0.16	0.17
Campo Puma Oriente	1 USD	6,639	-	0.03	-
Associated Transrail Structure Limited, Nigeria	0.34	10,000,000	-	0.36	-
ATSL Holdings BV (Netherland)	100 Euro	180	-	0.11	-



	Face Value Rupees	Nos. as on 31.03.2009	Nos. as on 31.03.2008	31.03.2009 Rs. in Crores	31.03.2008 Rs. in Crores
d) INVESTMENT IN SUBSIDIARY COMPANIES (INDIAN)					
Ordinary Shares: (Unquoted unless otherwise stated )					
Gammon Infrastructure Projects Ltd. (Quoted)	10	105,600,000	105,600,000	105.60	105.60
Gactel Turnkey Projects Ltd (Formerly known as Gammon Cooling Tower)	10	5,050,000	50,000	5.05	0.05
Gammon & Billimoria Ltd.	10	50,940	50,940	0.05	0.05
Gammon Realty Ltd.	10	15,049,940	15,049,940	15.05	15.05
Gammon Power Ltd.	10	49,994	-	0.05	-
Tidong Hydro Power Ltd.	10	25,500	-	0.02	-
Deepmala Infrastructure Co. Limited	10	5,100	-	0.01	-
ATSL Infrastructure Project Ltd.	10	25,500	-	0.03	-
Transrail Lighting Ltd.	10	5,150,000	-	5.15	-
Gorakhpur Infrastructure Co. Ltd. (Refer Note B-37(b))	10	11,478,672	9,596,923	11.48	9.60
Kosi Bridge Infrastructure Company Ltd. (Refer Note B-37(b))	10	6,284,146	6,284,146	6.28	6.28
Rajahmundry Expressway Ltd. (Refer Note B-37(a) & B-37(c))	10	5,655,000	11,092,500	5.65	13.53
Andhra Expressway Ltd. (Refer Note B-37(a) & B-37(c))	10	5,655,000	11,092,500	5.65	13.65
				161.83	165.08
Add : Acquisition of Beneficial Interest in REL & AEL in lieu of Deposit paid (Refer Note B-37(a))				5.66	5.66
				167.49	170.74
Less : Transfer of Beneficial Interest in SPV's in lieu of Deposit received (Refer Note B-37)				(32.87)	(48.72)
				134.62	122.02
e) OTHER INVESTMENTS					
(Fully paid-up unless otherwise stated)- CURRENT					
HDFC Bank Ltd.	10	1,069	1,000	0.02	0.02
ICICI Bank Ltd.	10	2,500	2,500	0.04	0.04
Infosys Ltd.	5	400	400	0.03	0.03
Larsen & Toubro Ltd.	2	8,000	4,000	0.05	0.05
Ultratech Cement Ltd.	10	1,600	1,600	0.04	0.04
				0.36	0.36
3. INVESTMENT IN MUTUAL FUND				0.35	-
4. SHARE APPLICATION MONEY PENDING ALLOTMENT				40.76	-
5. OTHERS				1.69	-
GIL Share Suspense A/c (Refer Note B-1 of Notes to accounts)					
<b>GRAND TOTAL</b>		<b>(A+B+C+D+E+F+G+H)</b>		<b>221.02</b>	<b>161.19</b>
Less : Provisions for Diminution in the value of Investment				0.41	0.41
				<b>220.61</b>	<b>160.78</b>
<b>SUMMARY OF INVESTMENTS :</b>					
Unquoted					
Aggregate Book Value of Foreign Investments				21.46	20.97
Aggregate Book Value of Indian Investments (including Share Application money)				88.02	131.57
				109.48	152.54
Quoted					
Aggregate value of Indian Investments				111.54	8.65
<b>GRAND TOTAL</b>				<b>221.02</b>	<b>161.19</b>
Market Value of Quoted Investments				572.00	141.95

	31st March, 2009		31st March, 2008	
	Rs. in Crores	Rs. in Crores	Rs. in Crores	Rs. in Crores
<b>SCHEDULE 7</b>				
<b>INVENTORIES</b>				
Raw Material		103.56		-
Stores and Other Construction Materials at or below Costs as verified and valued by Site Auditors	214.74		183.69	
Less : Value of Materials drawn from Contractees Contra - Refer Schedule 11	1.17		3.28	
		213.57		180.41
Work In Progress				
- Construction		603.90		524.57
- Manufacturing		45.10		-
Finished Goods		44.97		-
		<u>1,011.10</u>		<u>704.98</u>
<b>SCHEDULE 8</b>				
<b>SUNDRY DEBTORS (Refer Note B-11)</b>				
Unsecured Considered Good				
Outstanding for over six months (including Retention Money Rs 166.57 Crores, Previous Year Rs. 53.99 Crores)	503.23		123.60	
Other Debts (including Retention Money Rs 52.75 Crores, Previous Year Rs 46.38 Crores)	842.35		394.08	
	1,345.58		517.68	
Less: Provision for Doubtful Debts	1.88		0.53	
		<u>1,343.70</u>		<u>517.15</u>
		<u>1,343.70</u>		<u>517.15</u>
	<b>Maximum due at any time during the year</b>		<b>Maximum due at any time during the year</b>	
<b>SCHEDULE 9</b>				
<b>CASH AND BANK BALANCES</b>				
Cash on Hand (Including at Foreign Sites Rs 0.084 Crores, Previous Year Rs 0.004 Crores)		2.07		1.35
Funds-in-Transit and in hand		5.39		4.33
<b>With Scheduled Banks:</b>				
(a) On Current Accounts		21.60		28.85
(b) Unclaimed Dividend Bank Account		0.47		0.26
(c) On Fixed Deposit Account		16.00		-
<b>With Non-Scheduled Banks: (Refer Note B-33)</b>				
(a) On Current Accounts:				
Rafidian Bank, Baghdad	0.06	0.06	0.06	0.06
Nabil Bank US \$ Account	0.01	0.01	0.01	0.01
Affairs of the USSR	1.83	1.83	1.83	1.83
Standard Chartered Bank, Bangladesh	0.01	0.01	1.16	1.16
Allahabad Bank, Dolphin Jetty	-	-	0.02	0.02
HSBC, Abu Dhabi	0.04	0.04	0.15	0.12
BNP Paribas, Algeria	3.51	3.51	-	-
Bank of Baroda, Nairobi, Kenya	0.27	0.27	-	-
(b) On Call Deposits:				
UCO Bank, London	0.02	0.02	0.02	0.02
(c) On Fixed Deposits:				
UCO Bank, London	0.08	0.08	0.08	0.08
		<u>51.36</u>		<u>38.09</u>



	31st March, 2009		31st March, 2008	
	Rs. in Crores	Rs. in Crores	Rs. in Crores	Rs. in Crores
<b>SCHEDULE 10</b>				
<b>LOANS AND ADVANCES</b>				
(Unsecured, considered good, unless otherwise stated)				
Project Advances	134.23		102.12	
Other Advances recoverable in cash or in kind for value to be received	60.32		31.01	
Less : Provision made	2.02		0.96	
		<b>192.53</b>		<b>132.17</b>
Dues from / loans to Subsidiary Companies :				
Gammon & Billmorla Ltd.	9.78		8.82	
Gammon Infrastructure Projects Ltd.	-		28.99	
Gammon Realty Ltd.	122.07		0.27	
Gammon International FZE	165.62		6.49	
Kosi Bridge Infrastructure Company Ltd.	0.03		0.03	
P. Van Eerd Beheersmaatschappij B.V.	-		0.20	
Sikkim Hydro Power Ventures Ltd.	0.01		-	
Tidong Hydro Power Ltd.	0.56		0.60	
Andhra Expressway Ltd.	0.10		0.10	
Rajahmundry Expressway Ltd.	0.30		0.30	
Deepmala Infrastructure Pvt .Ltd.	8.16		-	
Franco tosi Meccanica S.p.A.	0.55		-	
Gammon International LLC Oman	0.19		-	
ATSL Holding B.V. (Netherland)	1.28		-	
SAE Power Lines S.r.l.	22.36		-	
Associated Transrail Str Ltd., Nigeria	0.11		-	
Transrail Lighting Ltd.	0.45		-	
GACTEL Turnkey Projects Ltd. (Formerly known as Gammon Cooling Tower)	-		0.29	
		<b>331.57</b>		<b>46.09</b>
Dues from Gammon Al matar J V (Net)		<b>79.30</b>		<b>46.03</b>
Direct Taxes Paid	333.40		187.29	
Provision for Taxation	(266.26)		(160.66)	
		<b>67.14</b>		<b>26.63</b>
Balance with Tax Authorities		<b>48.23</b>		-
Tender Deposits		<b>29.70</b>		<b>22.27</b>
Other Deposits		<b>19.17</b>		<b>19.14</b>
Deposits with Joint Stock Companies :				
Secured (Refer Note B-7)	50.00		11.04	
Unsecured				
Considered Good	52.45		-	
Considered doubtful (including interest)	6.40		6.40	
Less : Provisions made	(6.40)		(6.40)	
		<b>102.45</b>		<b>11.04</b>
		<b>870.09</b>		<b>303.37</b>



	31st March, 2009		31st March, 2008	
	Rs. in Crores	Rs. in Crores	Rs. in Crores	Rs. in Crores
<b>SCHEDULE 11</b>				
<b>CURRENT LIABILITIES</b>				
Sundry Creditors		958.84		427.59
Other Creditors		44.12		27.79
Advances from Clients	834.39		392.02	
Less : Value of materials drawn from Contractees Contra - Refer Schedule 7	<u>1.17</u>		<u>3.28</u>	
		833.22		388.74
Interest accrued but not due on Loans		37.53		24.37
Unclaimed Dividends (Refer Note B-29)		0.52		0.26
Unclaimed Matured Fixed Deposits		<u>0.15</u>		<u>0.18</u>
		<u>1,874.38</u>		<u>868.93</u>
<b>PROVISIONS</b>				
Proposed Dividend				
- Equity Shares		6.45		4.34
- Preference Shares		6.30		-
Provision for Tax on Dividend		2.17		0.74
Provision for Gratuity		1.86		1.41
Provision for Leave Encashment		<u>9.35</u>		<u>5.38</u>
		<u>26.13</u>		<u>11.87</u>

## SCHEDULES FORMING PART OF PROFIT AND LOSS ACCOUNT

	2008-09		2007-08	
	April 2008 - March 2009	Rs. in Crores	April 2007 - March 2008	Rs. in Crores
<b>SCHEDULE 12</b>				
<b>SALES / TURNOVER</b>				
Sales / Turnover		3,681.96		2,340.84
Other Contractual Revenue	24.14		15.20	
Less: Sub- Contract Cost	<u>24.14</u>		<u>15.20</u>	
		-		-
		<u>3,681.96</u>		<u>2,340.84</u>
<b>SCHEDULE 12A</b>				
<b>OTHER OPERATING INCOME</b>				
Fees & Miscellaneous Receipts		21.90		4.07
		<u>21.90</u>		<u>4.07</u>
<b>SCHEDULE 12B</b>				
<b>OTHER INCOME</b>				
Dividend Income		0.49		0.73
Miscellaneous Income		1.29		3.79
Profit on Sale of Assets		0.44		0.08
Profit on Sale of Investments		<u>39.32</u>		-
		<u>41.54</u>		<u>4.60</u>



	2008-09		2007-08	
	April 2008 - March 2009	April 2007 - March 2008	Rs. in Crores	Rs. in Crores
<b>SCHEDULE 13</b>				
<b>EXPENDITURE ON CONTRACTS</b>				
Opening Works-in-progress :				
Stores and Construction Material at Sites	183.69	198.33		
Add : On A/c Of Amalgamation of ATSL	58.60	-		
Expenditure on Contracts	524.57	334.20		
Add : On A/c Of Amalgamation of ATSL	13.17	-		
		<u>780.03</u>		532.53
<b>Add :</b>				
Purchases of Materials	1,822.24	744.52		
Sub Contract Expenses	1,027.53	1,048.07		
Plant Hire Charges	30.29	28.00		
Consumption of Spares	29.79	27.45		
Outward Freight	34.59	-		
Sales Tax	44.62	35.74		
Service Tax	50.80	30.33		
Power and Fuel	91.86	81.70		
Fees and Consultations	17.32	12.86		
Insurance	16.58	9.44		
Site Personnel Expenses	154.60	120.17		
Sundry Expenses (As per schedule 13A annexed)	107.90	90.84		
		<u>3,428.12</u>		2,229.12
<b>Less :</b>				
Closing Stock of Stores & Construction Materials including Materials drawn from Contractees Rs.1.76 Crores (Previous Year Rs. 3.28 Crores)	318.29	183.69		
Closing Work-in-progress including estimated profits	603.90	524.57		
		<u>922.19</u>		708.26
<b>Finished Good and WIP (Manufacturing)</b>				
Opening Stock				
- WIP - Mfg	19.60	-		
- Finished Goods	30.10	-		
Less : Closing stock				
- WIP - Mfg	(45.10)	-		
- Finished Goods	(44.97)	-		
		<u>(40.37)</u>		-
		<u>3,245.59</u>		<u>2,053.39</u>
<b>SCHEDULE 13A</b>				
<b>SUNDRY EXPENSES INCLUDED UNDER EXPENDITURE OF CONTRACTS</b>				
Plant Repairs	18.30	10.70		
Rent, Rates & Taxes	13.61	10.10		
Staff Welfare	8.44	12.94		
Travelling Expenses	20.31	17.60		
Guarantee Bond Commission and Bank Charges	9.57	6.11		
Other Site Expenses *	37.67	33.39		
	<u>107.90</u>	<u>90.84</u>		

\* None of the individual items included in Other Site Expenses exceeds one percent of the total turnover.

	2008-09		2007-08	
	April 2008 - March 2009	April 2007 - March 2008	Rs. in Crores	Rs. in Crores
<b>SCHEDULE 14</b>				
<b>ESTABLISHMENT EXPENSES</b>				
Electricity, Power & Fuel	1.27	1.07		
Rent	0.59	0.23		
Salaries including Provision for Commission and Bonus	37.70	25.89		
Contribution to Employees' Provident Fund, ESIS & Other Funds	4.03	3.51		
Contribution to Gratuity Fund	0.94	0.14		
Staff welfare expenses	1.30	0.78		
Insurance	6.01	6.21		
Rates and Taxes	0.34	0.99		
Communication Expenses	2.89	1.84		
Travelling, Leave Passage and Motor Car Expenses	5.44	2.96		
Professional Fees	4.10	2.61		
General Charges	2.70	2.13		
Repairs & Maintenance	4.13	2.98		
Auditors Remuneration :				
- Audit Fees including Tax Audit Fees & Consolidation	0.38	0.42		
- Limited Review	0.05	0.03		
- Certification	0.02	0.01		
- Other Services	0.09	0.01		
- Reimbursement of Out of Pocket Expenses	0.01	0.01		
	0.55	0.48		
Branch Auditors' Fees	0.20	-		
Directors Fees & Remuneration	0.09	0.07		
Write off against Leasehold Land	0.01	0.01		
Bad debt w/off	2.23	1.51		
Provision for doubtful debts (Net)	2.41	-		
Donation	0.01	0.03		
Agency Commission Expenses	-	13.61		
Foreign Exchange (Gain) / Loss	(5.98)	5.83		
Employee Compensation Expense - ESOS	0.86	-		
	<u>71.82</u>	<u>72.88</u>		
<b>SCHEDULE 15</b>				
<b>FINANCIAL COST (NET)</b>				
<b>INTEREST EXPENSED ON</b>				
Fixed Period Loans	58.51	13.06		
Other Loans	74.57	34.62		
Other Finance Charges	13.49	1.20		
Provision for Mark to Market loss (Refer Note B-8(b))	2.54	4.60		
	149.11	53.48		
<b>Less : INTEREST EARNED ON</b>				
Fixed Deposits with Banks (TDS Rs 0.1 Crores; Previous Year Rs.0.16 Crores)	1.28	0.83		
Fixed Deposits with Joint Stock Companies (TDS Rs. 6.21 Crores; Previous Year Rs.3.37 Crores)	30.34	14.10		
Others (TDS Rs 0.30 Crores; Previous Year Rs. 0.24 Crores)	12.23	12.14		
	<u>43.85</u>	<u>27.07</u>		
	<u>105.26</u>	<u>26.41</u>		

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**SCHEDULE 16****SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS****A. SIGNIFICANT ACCOUNTING POLICIES:****1. Basis of Preparation of Financial Statements:**

The financial statements have been prepared to comply in all material respects with the notified accounting standards by the Companies Accounting Standards Rules, 2006 and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention, on an accrual basis of accounting. The accounting policies discussed more fully below, are consistent with those used in the previous year.

**2. Use of Estimates:**

The preparation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognized in the period in which the results are known.

**3. Revenue Recognition:****(a) On Construction Contracts:**

Long-term contracts including Joint Ventures are progressively evaluated at the end of each accounting period. On contracts under execution which have reasonably progressed, profit is recognised by evaluation of the percentage of work completed at the end of the accounting period, whereas, foreseeable losses are fully provided for in the respective accounting period. The percentage of work completed is determined by the expenditure incurred on the job till each review date to total expected expenditure of the job.

Additional claims (including for escalation), which in the opinion of the Management are recoverable on the contract, are recognised at the time of evaluating the job.

**(b) On supply of materials related to the transmission towers, revenue is recognized upon the delivery of goods to the client in accordance with the terms of contract. Sales include excise duty & other receivable from the customers but exclude VAT, wherever applicable.****(c) Insurance claims are accounted for on cash basis.****4. Turnover :**

Turnover represents work certified upto and after taking into consideration the actual cost incurred and profit evaluated by adopting the percentage of the work completion method of accounting.

Turnover also includes the revenue from the supply of material in the transmission tower contracts in accordance with the terms of contract.

**5. Joint Venture :****(a) Joint Venture Contracts under Consortium are accounted as independent contracts to the extent of work completion.****(b) In Joint Venture Contracts under Profit Sharing Arrangement, services rendered to Joint Ventures are accounted as income on accrual basis, profit or loss is accounted as and when determined by the Joint Venture and net Investment in Joint Venture is reflected as investments or loans & advances or current liabilities.****6. Research and Development Expenses:**

All expenditure of revenue nature is charged to the Profit and Loss Account of the period. All expenditure of capital nature is capitalised and depreciation provided thereon, at the rates as applied to other assets of similar nature.

**7. Employee Retirement Benefits:**

Retirement benefits in the form of provident fund and superannuation is a defined contribution scheme and contributions are charged to the Profit and Loss Account for the year/period when the contributions are due.

Gratuity a defined benefit obligation is provided on the basis of an actuarial valuation made at the end of each year/period on projected Unit Credit Method.

Leave encashment is recognised on the basis of an actuarial valuation made at the end of each year on projected

Unit Credit Method.

Actuarial gains/losses are immediately taken to Profit and Loss Account and are not deferred.

#### 8. Fixed Assets and Depreciation:

Fixed Assets are valued and stated at cost of acquisition less accumulated depreciation thereon. Revalued assets are stated at the revalued amount. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition of its intended use.

Depreciation for the accounting period is provided on:

- (a) Straight Line Method, for assets purchased after 2-4-1987, at the rates and in the manner specified in Schedule XIV to the Companies Act, 1956
- (b) Written Down Value Method, for assets acquired on or prior to 2-4-1987, at the rates as specified in Schedule XIV to the Companies Act, 1956.
- (c) Depreciation on revalued component of the assets is withdrawn from the Revaluation Reserve.
- (d) The depreciation on assets used for construction has been treated as period cost.
- (e) Depreciation on assets situated in countries outside India are accounted at the rates of depreciation prescribed as per the relevant local laws of such countries which are as follows except in case of Oman Branch where the depreciation is as per Schedule XIV.

Assets Category	Kenya	Nigeria	Algeria
Computers	30%	-	15%
Furniture and Fittings	12.50%	10%	15%
Plant and Machineries	-	15%	15%
Office Equipments	-	15%	15%
Electrical fittings	-	15%	-
SPC Tools	-	-	15%
Vehicles	-	-	20%
Building/Store Cabin	-	-	5%

- (f) Intangible assets are amortised uniformly over three years.

#### 9. Impairment of Assets:

On annual basis Company makes an assessment of any indicator that may lead to impairment of assets. An asset is treated as impaired when the carrying cost of asset exceeds its recoverable value. Recoverable amount is higher of an asset's net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. An impairment loss is charged to the Profit and Loss Account in the year in which an asset is identified as impaired.

The impairment loss recognized in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

#### 10. Investments:

Investments are classified as current and long term investments. Current Investments are valued at lower of cost or market value. Long Term Investments are stated at cost. The decline in the value of long term Investments, other than temporary, is provided for.

#### 11. Inventories:

- a) Stores and Construction Materials are valued and stated at lower of cost or net realisable value. The FIFO method of inventory valuation is used to determine the cost.
- b) Work-in-Progress on construction contracts reflects value of material inputs and expenses incurred on contracts including estimated profits in evaluated jobs.
- c) Raw materials are valued at cost, net of Excise Duty and Value Added Tax, wherever applicable. Stores and spares, loose tools are valued at cost except unserviceable and obsolete items that are valued at estimated realizable value thereof. Costs are determined on FIFO method.

- d) Work in progress from manufacturing operation is valued at cost and Costs are determined on FIFO method.
- e) Finished Goods are valued at cost or net realizable value, whichever is lower. Costs are determined on FIFO method.

**12. Foreign Currency Translation:**

- (a) Transactions in foreign currencies are recorded at the exchange rate prevailing on the date of transactions.
- (b) Current Assets and Current Liabilities are translated at the year end rate or forward contract rate.
- (c) Any Gain or Loss on account of exchange difference either on settlement or translation is recognized in the Profit and Loss Account.
- (d) Fixed Assets acquired in foreign currencies are translated at the rate prevailing on the date of Bill of Lading.
- (e) The transactions of Oman branch are accounted as a non-integral operation. The related exchange difference on conversion is accounted under Foreign Currency Translation Reserve Account.
- (f) The transactions of branches at Kenya, Nigeria and Algeria are accounted as integral operation.

**13. Borrowing Cost:**

Borrowing costs directly attributable to the acquisition or construction of qualifying assets are capitalized. Other borrowing costs are recognized as expenses in the period in which they are incurred. In determining the amount of borrowing costs eligible for capitalization during a period, any income earned on the temporary investment of those borrowings is deducted from the borrowing costs incurred.

**14. Employee Stock Option Scheme:**

Employee Stock Options are evaluated and accounted on intrinsic value method as per the accounting treatment prescribed under Guidance Note on "Accounting for Employee Share-based payments" issued by the ICAI read with SEBI (Employee Stock Option Scheme & Employee Stock Purchase Scheme) Guidelines, 1999 issued by Securities and Exchange Board of India. Accordingly the excess of market value of the stock options as on the date of grant over the exercise price of the options is recognized as deferred employee compensation and is charged to Profit and Loss Account on graded vesting basis over the vesting period of the options. The un-amortized portion of the deferred employee compensation is reduced from Employee Stock Option Outstanding which is shown under Reserves and Surplus.

**15. Taxation:**

Tax expenses comprise Current Tax, Deferred Tax and Fringe Benefit Tax.

Current Tax is calculated after considering benefits admissible under Income tax Act, 1961. Deferred Tax is recognized on timing differences being the differences between the taxable incomes and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred Tax Assets, subject to the consideration of prudence are recognized and carried forward only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such Deferred Tax Assets can be realized. The tax effect is calculated on the accumulated timing difference at the year-end based on the tax rates and laws enacted or substantially enacted on Balance Sheet date.

Tax on FBT is means the specified rate on the value of fringe benefit in accordance with the provision of section 115 WC of the Income Tax Act, 1961. Accordingly, FBT is done as per the guidance note issued by the Institute of Chartered Accountants of India.

At each Balance Sheet date the Company re-assesses un-recognised deferred tax assets. It recognised unrecognized deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realised.

**16. Sales Tax /Cenvat Credit / VAT / WCT:**

Sales Tax/VAT/Works Contract Tax on construction contracts are accounted on payment basis. The cost of Material (inputs) is accounted at purchase cost net of excise duty and Value Added Tax, wherever applicable. The Excise Duty elements of materials (inputs) is debited to "Modvat Credit Receivable A/c" and Value Added Tax element of materials (inputs) is debited to "VAT Credit Receivable A/c", under the head "Loans & Advances". The Excise Duty

and Value Added Tax payable on dispatch of goods are credited to Modvat Credit Receivable A/c and VAT Credit Receivable A/c by debiting the same to Excise Duty and value added tax (sales tax), respectively in Profit & Loss A/c.

#### 17. Provision, Contingent Liabilities and Contingent Assets:

Provisions involving substantial degree of estimation in measurement are recognised when an enterprise has a present obligation as a result of past event; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates.

Contingent Liabilities are not recognized but are disclosed in the notes to accounts. Disputed demands in respect of Central Excise, Customs, Income tax and Sales Tax are disclosed as Contingent Liabilities. Payment in respect of such demands, if any, is shown as advance, till the final outcome of the matter.

Contingent Assets are neither recognized nor disclosed in the financial statements.

#### 18. Earning Per Share:

Basic Earning Per Share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period is adjusted for events of share split.

For the purpose of calculating diluted Earning Per Share, the net profit or loss for the period attributable to equity shareholders and weighted average number of equity shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

#### 19. Prior Period Items:

Prior period items are included in the respective head of accounts and material items are disclosed by way of notes to accounts.

### B. NOTES TO ACCOUNTS :

1. A In accordance with the scheme of amalgamation between Associated Transrail Structures Ltd. (ATSL) and the Company approved by the Honourable High Court of Mumbai vide their order dated 18<sup>th</sup> June, 2009 and the Honourable High Court of Gujarat at Ahmedabad vide their order dated 2<sup>nd</sup> July, 2009 which has been filed with the Registrar of Companies on 7<sup>th</sup> July, 2009 to make the scheme effective, under section 391 to 394 of the Companies Act, 1956, all the assets, liabilities and the business of ATSL, stand transferred to and vested in the Company, as a going concern, with effect from 1<sup>st</sup> April, 2008.

The said ATSL is in the business of "Construction and Engineering" and is specifically engaged in the business of Design, Supply, Erect and Commission Power transmission lines and Rural Electrification Schemes.

Accordingly, in terms of the scheme approved

- a) The Company has accounted for the amalgamation as per the Accounting Standard-14 "Accounting for Amalgamations" as stated in the Companies (Accounting Standards) Rules 2006 under the Purchase method.
- b) All the assets and liabilities of ATSL as on 1<sup>st</sup> April, 2008 have been accounted in the books of the Company at the value appearing in the books of ATSL including the Employees Stock Option deferred compensation cost and the Employees Stock Option outstanding.
- c) In consideration of the transfer of the business as a going concern, the Company shall issue 2 equity shares of Rs. 2 each for each equity share of ATSL to the equity shareholders of ATSL. Pending allotment the outstanding equity shares to be issued aggregating to Rs. 4.02 crores is shown as Equity Share Suspense Account under Share Capital.
- d) The Company shall issue one 6% Optionally Convertible Preference Share of Rs. 350 each to the holders of the 6% Optionally Convertible Preference shares in ATSL for each such convertible preference share held by them. Pending allotment the outstanding preference share to be issued aggregating to Rs. 105 Crores is shown as Preference Share Capital Suspense account under Share Capital.

- e) In exchange for the 29,02,340 equity shares of ATSL held by the Company as investments, 58,04,680 equity shares of the Company shall be issued in favour of a proposed trust to be created whose sole beneficiary shall be the company. Pending the formation of the trust and the issue of shares to the trust, the Investments in ATSL are shown as GIL shares Suspense account under Investments. When issued these shares shall be suitably disclosed in the accounts.
- f) The excess of assets over liabilities accounted in the Company representing Amalgamation Reserve is treated as part of the General Reserve shall form part of the free reserves available for distribution of dividend and shall be reckoned for Net Wealth purposes in accordance with the scheme approved by the Honourable High Court. Had this treatment not been presented in the scheme, the said reserve would have been Capital reserve.
- g) The transaction of the business of ATSL with effect from 01.04.2008 have been incorporated in the accounts on the basis of the Audited Financial Statements of the business, which is treated as a Branch, as audited by M/s M.G.Shah & Associates and M/s Vinod Modi & Associates, the statutory auditors of the erstwhile ATSL before its amalgamation with the Company, who have been appointed by the Board of Directors of the Company as Branch Auditors.
- h) All equity inter group transactions have been eliminated on incorporation of the accounts of ATSL in the company.
- B. In view of the Amalgamation of the business of ATSL in these financial statements the figures for the current year are not comparable with that of the previous year.
- C. The preference capital to be issued to the holders of the preference share capital in the erstwhile ATSL as aforesaid are convertible optionally at the option of the preference share holder at the end of 18 months from the date of issue of the preference shares by ATSL which is 14<sup>th</sup> July, 2009 into 2 equity shares of the Company. The provision for the dividends on the preference shares are made pending the issue of the preference shares. In the event of the preference shareholder not exercising the option, the preference shares become non-convertible and are redeemable at par at the end of five years from the date of allotment of the original Optionally Convertible Preference Shares.
- D. The dividends received by the Company during the year of Rs. 0.29 Crores from the erstwhile ATSL relating to the proposed dividend of ATSL for the year ended 31<sup>st</sup> March, 2008 has been adjusted in the retained earnings.
2. 8.75% - Secured Redeemable Non Convertible Debentures of Rs. 5 Crores are secured by hypothecation of specific Plant & Machinery and pari-passu charge by mortgage of immovable property in Gujarat. The debentures are due for repayment at the end of 8<sup>th</sup>, 9<sup>th</sup> and 10<sup>th</sup> year from the date of allotment. i.e. 30<sup>th</sup> March, 2003.
- 7.50% - Redeemable Non Convertible Debentures of Rs.15 Crores and 7.25% - Redeemable Non Convertible Debentures of Rs. 6 crores are secured by hypothecation of specific Plant & Machinery and pari-passu charge by mortgage of immovable property in Gujarat with 8.75% Secured Redeemable Non Convertible Debentures of Rs. 5 crores. The Debentures are due for repayment at the end of 8<sup>th</sup>, 9<sup>th</sup> and 10<sup>th</sup> year from the date of allotment i.e. 29<sup>th</sup> September, 2003.
- 7.50% - Redeemable Non-Convertible Debentures of Rs.38 Crores and 7.25% Redeemable Non-Convertible Debentures of Rs. 12 Crores are secured by hypothecation of specific Plant & Machinery with pari-passu charge by mortgage of immovable property in Gujarat with 8.75% Secured Redeemable Non-Convertible Debentures of Rs. 5 Crores and 7.50% Secured Non-convertible Debenture of Rs. 15 Crores and 7.25% Secured Non convertible Debenture of Rs. 6 Crores. The Debentures are due for repayment at the end of 8<sup>th</sup>, 9<sup>th</sup> and 10<sup>th</sup> year from the date of allotment i.e. 5<sup>th</sup> August, 2005.
- 9.95% - Redeemable Non Convertible Debentures of Rs. 50 Crores are secured by hypothecation of specific Plant & Machinery with pari passu charge by mortgage of immovable property in Gujarat with 8.75% Secured Redeemable Non-Convertible Debentures of Rs. 5 Crores and 7.50% Secured Non-convertible Debenture of Rs. 53 Crores and 7.25% Secured Non convertible Debenture of Rs. 18 Crores. The Debentures are due for repayment at the end of 8<sup>th</sup>, 9<sup>th</sup> and 10<sup>th</sup> year from the date of allotment being, 24<sup>th</sup> March, 2008.



10.80% - Redeemable Non Convertible Debentures of Rs. 100 Crores are secured by hypothecation of specific Plant & Machinery with pari passu charge by mortgage of immovable property in Gujarat with 9.95 % Secured Redeemable Non-Convertible Debentures of Rs. 50 Crores and 8.75% Secured Redeemable Non-Convertible Debentures of Rs. 5 Crores and 7.50% Secured Non-convertible Debenture of Rs. 53 Crores and 7.25% Secured Non convertible Debenture of Rs. 18 Crores. The Debentures are due for repayment at the end of 5<sup>th</sup>, 6<sup>th</sup> and 7<sup>th</sup> year from the date of allotment being, 25<sup>th</sup> July, 2008.

3. Issued Share Capital includes 725,800 shares of Rs. 2/- each kept in abeyance.
4. Share Forfeited account includes Rs. 0.26 Crores of Securities Premium collected on application in respect of forfeited shares.
5. As per the intimation available with the Company, there are no Micro, Small and Medium Enterprises, as defined in the Micro, Small, Medium Enterprises Development Act, 2006, to whom the Company owes dues on account of principal amount together with interest and accordingly no additional disclosures have been made.

The above information regarding Micro, Small and Medium Enterprises have been determined to the extent such parties have been identified on the basis of information available with the Company. This has been relied upon by the Auditors.

6. The Company has made following Purchases & Sales of Investments during the period ended 31st March, 2009.

**a) Mutual Fund:**

(Rs. in Crores)

Particulars	Units	Purchase Cost	Sale Value
CAN Liquid Fund	10,16,46,660.97	102.00	102.06
Standard Chartered MF GMND GSSIF Medium Term	39,78,120.34	4.00	4.00
Standard Chartered MF G 50 Grindlays Floating Rate Fund LT Ins. Plan	1,79,90,105.44	18.00	18.06
IDFC MF GCCD IDFC Cash Fund Super Inst Plan C	2,49,93,751.56	25.00	25.01

**b) Investment:**

During the year, the Company has subscribed & transferred to its subsidiary Gammon Infrastructure Projects Ltd. 50,000 Shares (Rs. 0.05 Crores) in Youngthang Power Ventures Ltd. a Subsidiary and 50,000 Shares (Rs. 0.05 Crores) in Rajahmundry Godavari Bridge Ltd. another Subsidiary.

During the year, the Company has also purchased 50,00,000 shares in SAE Power Lines S.r.l., a Subsidiary for Rs. 31.21 Crores and sold subsequently for Rs. 31.97 Crores to its overseas wholly owned subsidiary.

During the year the Company also received Rs. 52.85 Crores as advance for transfer of beneficial interest of the Company in its subsidiary Youngthang Power Ventures Limited from Gammon Infrastructure Projects Limited. This advance was later returned back since the said Gammon Infrastructure Projects Limited directly invested in Youngthang Power Ventures Limited on being permitted by the Client.

7. Loans and advances include Rs. 50 Crores (*Previous Year Rs. 11.04 Crores*) which are secured by pledge of equity shares of a private company. The security value is adequate to recover the amount advanced.
8. (a) Foreign currency exposure un-hedged as at 31<sup>st</sup> March, 2009 is Rs. 363.49 Crores (*Previous Year Rs. 61.18 Crores*) receivables and Rs. 250.46 Crores (*Previous Year Rs. 128.44 Crores*) payables.
- (b) In respect of currency swap derivative contracts entered into by the Company, the Company has Marked to Market loss of Rs. 7.15 Crores (*Previous Year Rs. 4.60 Crores*) as at 31<sup>st</sup> March, 2009 based on the valuation given by the bankers. Following the principle of prudence and in accordance with the announcement of the ICAI, the Company has made a provision for the same. Since the same was entered into to reduce the cost of borrowings, the said MTM loss is included under Financial Costs.
- (c) The company has entered into forward contracts for hedging the foreign currency receivables from its projects which are in the nature of firm commitments and highly probable future transactions. The Company contends that these are entered into to hedge the currency risks arising out of the firm commitments and that the announcement of the ICAI on derivatives is not applicable to such transactions. The notional marked to market losses is expected

to be offset by the higher realisations from the foreign currency receivables as the project progress. Therefore the Company has not provided marked to market losses on such forward contracts amounting to Rs. 15.93 Crores as at 31<sup>st</sup> March, 2009.

9. Sundry Creditors include Rs. 12.03 Crores (*Previous Year Rs. 3.76 Crores*) due to Gammon Infrastructure Projects Ltd., Rs. 0.16 crores (*Previous Year Rs. 0.25 Crores*) due to Cochin Bridge Infrastructure Company Ltd, Advance from client include Rs. 24 Crores (*Previous Year Rs. 18 Crores*) due to Mumbai Nasik Expressway Ltd., Rs. 47.71 Crores (*Previous Year Rs. 52.48 Crores*) due to Kosi Bridge Infrastructure Company Ltd., and Rs. 56.03 crores (*Previous Year Rs. 63.02 Crores*) due to Gorakhpur Infrastructure Company Ltd., Rs. 31.25 Crores (*Previous Year Rs. Nil*) due to Rajahmundry Godavari Bridge Ltd., all subsidiary companies, Rs. 0.97 Crores (*Previous Year Rs. Nil*) due to Indira Container Terminal Private Ltd., an associate company.

Sundry Debtors include Rs. 8.92 Crores (*Previous Year Rs. 2.71 Crores*) due from Rajamundry Expressway Ltd., Rs. 5.21 crores (*Previous Year Rs. 2.36 Crores*) due from Andhra Expressway Ltd., Rs. 3.89 Crores (*Previous Year Rs. Nil*) due from Rajahmundry Godavari Bridge Ltd., Rs. 1.56 Crores (*Previous Year Rs. Nil*) due from SAE Powerlines S.r.l., Rs. 9.31 crores (*Previous Year Rs. 0.13 Crores*) due from Mumbai Nasik Expressway Ltd., all subsidiary companies, Rs. 0.87 crores (*Previous Year Rs. 0.87 Crores*) due from Vizag Seaport Pvt. Ltd., a Joint Venture Company.

Loans and Advances include Rs. 0.41 Crores (*Previous Year Rs. 0.41 Crores*) due from Vizag Seaport Pvt. Ltd., a Joint Venture Company, Rs. 4.98 Crores (*Previous Year Rs. Nil*) due from SAE Powerlines S.r.l., a Subsidiary Company

Interest receivables include Rs. 2.40 Crores (*Previous Year Rs. 1.61 Crores*) due from Gammon & Billimoria Ltd., Rs. 13.62 Crores (*Previous Year Rs. 0.87 Crores*) due from Gammon Realty Ltd., Rs. Nil (*Previous Year Rs. 0.03 Crores*) due from Gammon Cooling Tower Ltd., Rs. Nil (*Previous Year Rs. 0.07 Crores*) due from Gammon Infrastructure Projects Ltd., Rs. 0.14 Crores (*Previous Year Rs. Nil*) due from Deepmala Infrastructure Pvt. Ltd., Rs. 1.42 Crores (*Previous Year Rs. Nil*) due from SAE Power Lines s.r.l., Rs. 0.02 Crores (*Previous Year Rs. Nil*) due from ATSL Holding B.V. Netherlands, Rs. 0.02 Crores (*Previous Year Rs. Nil*) due from Transrail Lighting Ltd., all subsidiary companies

Investment includes Rs. 32.88 Crores (*Previous Year Rs. 48.72 Crores*) received from Gammon Infrastructure Projects Ltd., on account of deposit for acquisition of shares.

10. **Managerial Remuneration :**

<b>Particulars</b>	<b>Year ended March 2009 (Rs. in Crores)</b>	<i>Year ended March 2008 (Rs. in Crores)</i>
Managerial remuneration for Directors included in the Profit and Loss Account comprises :		
Salaries, Contribution to Provident Fund and Other Funds	<b>2.20</b>	1.81
Commission	<b>0.30</b>	0.30
Sitting Fees to Independent Directors	<b>0.09</b>	0.07
Perquisites (at monetary value)	<b>0.03</b>	0.03
<b>TOTAL</b>	<b>2.62</b>	2.21

Computation of remuneration payable to Managing and Whole-time Directors as per Schedule XIII to the Companies Act, 1956

Profit Before Taxation as per Profit and Loss Account	<b>208.69</b>	139.34
Add: Directors' remuneration	<b>2.62</b>	2.21
Directors' fees	<b>0.09</b>	0.07
Depreciation	<b>63.95</b>	46.21
Loss/ (Profit) on sale of assets	<b>(0.44)</b>	(0.08)
Less : Depreciation under section 350	<b>63.95</b>	46.21
Loss/ (Profit) on sale of assets as per section 350	<b>(0.44)</b>	(0.08)
Net Profit under section 349 of the Companies Act, 1956	<b>211.40</b>	141.62
<b>Managerial Remuneration at 10% thereof</b>	<b>21.14</b>	14.16

11. In respect of the road projects undertaken by the Company, in furtherance to the recommendation of the Dispute Resolution Board (DRB), the Company has been awarded claims by the Arbitration Tribunal for an aggregate amount of Rs. 94.54 Crores. The Company contends that such awards has reached finally for the determination of the amounts of such claim and are reasonably confident of recovery of such claims although the client has moved the court for set aside of the award.

Considering the fact that the Company has received favourable awards from the DRB and the arbitration tribunal, the Management is reasonably certain that the claims will get favourable verdict from the courts.

Accordingly, the Company has recognized contract revenue of Rs. 94.54 Crores from such awards including Rs. 57.04 Crores recognized in the previous year on the basis of the DRB recommendation and opinion of experts on the matter.

12. **Provident Fund:**

The provisions of the Employees' Provident Fund and Miscellaneous Provisions Act, 1952, have been implemented at the work sites where code numbers have been allotted. In respect of the remaining work sites necessary applications have been made for allotment of code numbers.

However, a provision of Rs.0.25 Crores is available to cover any liability arising there from.

13. **Foreign Exchange Earnings:**

Particulars	Year ended March, 2009 (Rs. in Crores)	Year ended March, 2008 (Rs. in Crores)
Revenue from overseas Project and receipts from World Bank aided projects in Foreign Currency	27.93	12.67
Earnings in foreign currency - FOB	150.68	-
Others	2.01	-

14. (a) Remittance of Dividend in Foreign Currency

Pertaining to	Non resident Shareholders	No of shares	Amount (Net) (Rs. In Crores)
2007-2008 (Final Dividend)	10	79,33,205	0.40
2006-2007 (Final Dividend)	12	79,34,455	0.08
2006-2007 (Interim Dividend)	11	79,34,420	0.32

(b) Expenditure in Foreign Currency

Particulars	Year ended March, 2009 (Rs. in Crores)	Year ended March, 2008 (Rs. in Crores)
(i) Expenditure at Foreign Sites / Foreign Branches		
Commission paid	-	13.61
Others	16.20	0.61
(ii) Other Expenditure :		
Books and Periodical / Membership and Subscription	0.05	0.08
Travelling	0.68	0.45
Royalty and Technical /Professional fees	16.09	7.14
Bank charges	0.11	2.33
Interest paid	3.17	3.43
Agency Commission	0.86	-
Bought out materials, stores & spares	47.78	-
Others	0.59	0.08
<b>Total</b>	<b>85.53</b>	<b>27.73</b>



## (c) C I F Value of Imports :

Particulars	Year ended March, 2009 (Rs. in Crores)	Year ended March, 2008 (Rs. in Crores)
Capital goods	42.22	30.79
Material	4.03	3.93
Consumables, Components and Spares	4.93	5.32
<b>Total</b>	<b>51.18</b>	<b>40.04</b>

15. Pursuant to the amalgamation of ATSL with the Company, the outstanding options of the employees of the erstwhile ATSL outstanding as on 1<sup>st</sup> April, 2008 have been taken up as an obligation by the Company in accordance with the Scheme approved by the court. Accordingly the Company has accounted for the grant of 1,06,300 options to such employees at an exercise prize of Rs. 80 per share. The Company will issue two equity shares against each option in terms of the scheme of amalgamation approved by the Courts.

The options were granted by the erstwhile ATSL on 27<sup>th</sup> March, 2007. The options vest in a graded manner over the period of four years and are exercisable during a period of three years from the date of vesting thereof.

Since the assets and liabilities of the erstwhile ATSL has been accounted at the book value, the accounting effect in the accounts are continued at the same value.

The fair value of the option however has been computed under the Black Scholes method considering the data of the Company as on the date of grant of option for the purpose of disclosure as required under Guidance note on Employee share based payments detailed hereunder.

Options Granted on 27<sup>th</sup> March, 2007: -

Vesting Date	No. Of Options	Exercise Period	Intrinsic Value on the date of grant of options (Rs)	Fair Value of options as on date of grant of option (Rs)
(1)	(2)	(3)	(4)	(5)
28th September, 2008	21,260	28.9.2008 to 27.9.2011	250.00	677.65
28th September, 2009	26,575	28.9.2009 to 27.9.2012	250.00	677.65
28th March, 2010	26,575	28.3.2010 to 27.3.2013	250.00	677.65
28th March, 2011	31,890	28.3.2011 to 27.3.2014	250.00	677.65
	<b>106,300</b>			

Had the compensation cost been accounted under the Fair value method, the Company's net profit would have changed as follows:-

Particulars	(Rs. in crores) Year Ended 31 <sup>st</sup> March 2009
Net Income as reported	140.48
Add : ESOP compensation cost as accounted on Intrinsic value method	0.86
Less : ESOP compensation cost as accounted on Fair value method	1.59
Net Profit Adjusted	139.75
Basic earnings per share - as reported	12.46
Basic earning per share – adjusted	12.40
Diluted earning per share – as reported	12.35
Diluted earning per share – adjusted	12.29

The fair value of options accounted pursuant to the scheme of amalgamation was determined as at the date of grant of the options using the Black Scholes Option Pricing Model with the following assumptions:

- Risk free interest rate .....7.50%
- Expected dividend yield.....0.39%
- Expected life of the option..... 3 years
- Expected volatility of share price.....52.64%

The status of Employees Stock Options for the year ended March 31, 2009 is as under:

Particulars	No. of Option Shares
Option Shares Outstanding as at 01.04.2008	1,06,300
Options exercised during the year	1,220
Option Shares granted during the year	-
Option Shares lapsed during the year	2,600
Option Shares Outstanding as at 31.03.2009	1,02,480

During the year before the approval of the scheme some employees have exercised option that had vested in them and were allotted equity share of the erstwhile ATSL. In accordance with the scheme 1220 equity shares are allotted to such employees which is shown under Equity Share Suspense Account. The excess of the consideration of Rs. 80/- over the face value of 2 equity shares has been shown under Security Premium.

16. Consumption of Raw Materials:

(Rs. in Crores)

Particulars	2008-09	
	Amount	%
Imported	1.04	0.30
Indigenous	347.36	99.70

17. Additional information pursuant to Schedule VI to the Companies Act, 1956.

- Licensed and installed capacity and production of goods manufactured in connection with the Transmission Towers projects

Particulars	Transmission Line Towers & Parts	Conductors
Licensed/ Registered capacity	N.A.	70,000 MT p.a.
Installed capacity(as certified by the Management and accepted by the Auditors, being a technical matter)	60,000 MT p.a.	24,000 MT p.a.
Actual production including job work	64,210 MT	3,266 MT

- Opening and Closing stock of goods manufactured and traded in :

(Rs. in Crores)

Particulars	2008-09	
	Qty. (MT)	Amount
Opening Stock-Transmission Line Towers & Parts	6,126	30.09
Closing Stock-Transmission Line Towers & Parts*	6,780	41.61
Outside Purchases lying at Port	-	1.02
Purchase of tower material (MT)	1,011	-
Opening Stock-Conductor (KMs)	7.135	0.01
Closing Stock-Conductor (KMs)	150.266	2.34

\* Excludes 667 MT considered as Scrap Stock.

(Rs. in Crores)

<b>Raw materials consumed-Transmission Line Towers &amp; Parts :</b>	<b>Qty. (MT)</b>	<b>Amount</b>
Steel	67,724	291.23
Zinc	3,077	25.32
<b>Raw materials consumed-Conductor:</b>		
Aluminium Ingots	2,676.887	25.29
Aluminium /EC Wire Rod	229.721	3.46
GI Wire	538.853	2.82
<b>Turnover:</b>		
Sale of Towers *(Includes Job work)	63,900	380.24
Sale of Power (In KWH)	73,30,860	2.47
Conductor (KMs)	7,286.514	49.21
<b>Goods Traded in :</b>		
Steel	6,509.34	30.99
Zinc	175.484	1.65

iii. In respect of construction activities, quantitative data as required by Part II Para ii, 4c, 4d of Schedule VI to the Companies Act, 1956 is not furnished.

18. Disclosure in accordance with Accounting Standard - 7 (Revised), in respect of contracts entered into on or after April 1,2003

	<b>Year ended March, 2009 (Rs. in Crores)</b>	<i>Year ended March, 2008 (Rs. in Crores)</i>
Turnover for the year	2,628.41	2,072.50
Aggregate Expenditure (Net of inventory adjustments) for contracts existing as at the year end,	6,026.29	3,547.27
Aggregate Contract Profits/Losses recognized for contracts existing as at the year end,	861.82	535.85
Contract Advances (Net)	625.69	1,122.15
Gross Amount due from Customers for contract work	383.04	318.34
Gross Amount due to customers for contract work	45.06	Nil

19. Disclosure relating to Employee Benefits – As per Revised AS – 15

As per Accounting Standard -15 "Employee Benefits" and as defined in the accounting standard the summarised components of net benefit expense recognized in the Profit and Loss Account and the funded status and amounts recognized in the Balance Sheet are given herein below.

(Rs. in Crores)

<b>Sr. No.</b>	<b>Particulars</b>	<b>Gratuity 2008-09</b>	<b>Gratuity 2007-08</b>
<b>I</b>	<b>Change in Benefit Obligation</b>		
	Liability at the beginning of the year	5.17	3.83
	Interest cost	0.42	0.28
	Current Service Cost	0.57	0.41
	Past Service Cost (Non Vested Benefit)	-	-
	Past Service Cost (Vested Benefit)	-	-
	Benefit Paid	(0.47)	(0.56)
	Actuarial (gain)/loss on obligations	0.34	0.24
	Curtailments and Settlements	-	-
	Liability at the end of the year	6.03	4.20

Sr. No.	Particulars	Gratuity 2008-09	Gratuity 2007-08
<b>II.</b>	<b>Fair Value of Plan Assets</b>		
	Fair Value of Plan Assets at the beginning of the year	3.70	2.69
	Expected Return on Plan Assets	0.32	0.23
	Contributions	0.50	0.43
	Benefit paid	(0.47)	(0.56)
	Actuarial gain/(loss) on Plan Assets	-	-
	Fair Value of Plan Assets at the end of the year	4.05	2.79
	Total Actuarial (gain)/loss to be Recognised	0.34	0.24
<b>III.</b>	<b>Actual Return on Plan Assets</b>		
	Expected Return on Plan Assets	0.32	0.23
	Actuarial gain/(loss) on Plan Assets	-	-
	Actual Return on Plan Assets	0.32	0.23
<b>IV.</b>	<b>Amount Recognised in the Balance Sheet.</b>		
	Liability at the end of the year	6.03	4.20
	Fair Value of Plan Assets at the end of the year	4.05	2.79
	Difference	1.98	1.41
	Unrecognised Past Service Cost	-	-
	Amount Recognised in the Balance Sheet	1.98	1.41
<b>V.</b>	<b>Expenses Recognised in the Income Statement</b>		
	Current Service Cost	0.57	0.41
	Interest Cost	0.42	0.29
	Expected Return on Plan Assets	(0.32)	(0.23)
	Net Actuarial (gain)/loss To Be Recognised	0.34	0.23
	Past Service Cost (Non Vested Benefit) Recognised	-	-
	Past Service Cost (Vested Benefit) Recognised	-	-
	Effect of Curtailment or Settlements	-	-
	Expense to be Recognised in Profit and Loss Account	1.01	0.70
	Excess Provision of earlier years written back	-	(0.56)
	Expense Recognised in Profit and Loss Account	1.01	0.14
<b>VI.</b>	<b>Balance Sheet Reconciliation</b>		
	Opening Net Liability	1.47	1.14
	Expense as above	1.01	0.70
	Employers Contribution	(0.50)	(0.43)
	Effect of Curtailment or Settlements	-	-
	Amount Recognised in Balance Sheet	1.98	1.41
<b>VII</b>	<b>Actuarial Assumptions</b>		
	Discount Rate Current	8.00%	8.00%

**Note :**

- i) Employer's contribution includes payments made by the Company directly to its past employees.
- ii) The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.
- iii) The Company's Gratuity fund is managed by Life Insurance Corporation of India. The plan assets under the fund are deposited under approved securities.
- iv) The Company's Leave Encashment liability is entirely unfunded.

20. The Company is engaged mainly in only one reportable segment viz., "Construction and Engineering" including the business transferred from the erstwhile ATSL on amalgamation with the Company with all its manufacturing operations which are integral to its transmission tower business. Additionally the Company has revenue from Windmills which 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 Accounting Standard AS -17 is done. The Company also primarily operates under one geographical segment namely India.
21. Disclosure of transactions with Related Parties, as required by Accounting Standard – 18 "Related Party Disclosures" has been set out in a separate statement annexed to this Schedule.
22. Disclosure under Accounting Standard – 19 "Leases", issued by the Institute of Chartered Accountants of India. The Company has taken various residential/godowns/offices premises (including Furniture and Fittings if any) under lease and license agreements for periods which generally range between 11 months to 3 years. These arrangements are renewable by mutual consent on mutually agreed terms. Under some of these arrangements the Company has given refundable security deposits. The lease payments are recognized in Profit and Loss Account under Rent, Rates and Taxes.

23. Earning per Share (EPS) :

Earnings Per Share (EPS) = Net Profit attributable to shareholders / Weighted Number of Shares Outstanding

<b>Particulars</b>	<b>As at 31<sup>st</sup> March, 2009</b>	<i>As at 31<sup>st</sup> March, 2008</i>
Net Profit After Taxation (Rs. In crores)	<b>140.48</b>	<i>86.13</i>
Preference Dividend (incl. Dividend Distribution Tax)	<b>7.37</b>	<i>-</i>
Net Profit Attributable to the Equity Share holders	<b>133.11</b>	<i>86.13</i>
Weighted Number of Shares during the period – Basic	<b>10,68,50,776</b>	<i>8,67,44,670</i>
Weighted Number of Shares during the period – Diluted	<b>11,37,48,742</b>	<i>8,74,70,470</i>
Earning Per Share – Basic (Rs.)	<b>12.46</b>	<i>9.93</i>
Earning Per Share – Diluted (Rs.)	<b>12.35</b>	<i>9.85</i>

For the purposes of computation of earning per shares the equity shares to be issued against the Equity Share Suspense account pursuant to the scheme of amalgamation, preference dividend on preference share suspense account and the options granted to the employees of the erstwhile ATSL have been considered in the weighted average shares during the period. Similarly 7,25,800 equity shares kept in abeyance from earlier equity offerings have also been considered for dilution.

24. The Company does not have any long term foreign currency monetary items, either during the year or as at the Balance Sheet date and therefore the Company is not required to exercise the option under the amendment to AS-11.
25. The market value of investments does not consider the market value of the Company's share which is part of the shares to be issued to the proposed trust to be created for the issue of equity shares of the Company in lieu of the shares held by the Company in ATSL pursuant to the Amalgamation of the Company with ATSL.
26. **Diminution in the Value of Investments**
- A. During the year, the company through its Special Purpose Investment Vehicle acquired the following stakes-
- 1) Francotosi Meccanica, Italy
  - 2) Sofinter, Italy
  - 3) Sadelmi, Italy
  - 4) SAE, Italy
- B. The Company through its step down subsidiary P. Van Eerd Beheersmaatschappij B. V, Netherlands (PVAN) held a 50% shareholding in Sadelmi S.p.A., Italy (Sadelmi) with the remaining 50% held by Busi Impianti S.p.A, Italy since April, 2008. During the financial year under review, due to the economic conditions prevailing in different parts of the world where Sadelmi was present some of the projects under execution encountered serious contractual problems. Sadelmi therefore sought creditors' protection through a Court in Italy and simultaneously, as part of scheme, applied for transferring the remaining projects of Euro 46 million and leased all references standing in its name since inception to a new company Busi Power S.r.L. wholly held by Busi Group. By an Agreement dated 2<sup>nd</sup> March, 2009, Busi Group agreed to give PVAN 50% stake in lieu of its stake in Sadelmi for a consideration of Euro 1 and convert the S.r.L. status into an S.p.A. to facilitate the same. Consequently PVAN will cease to be a shareholder of Sadelmi from that date and will become a shareholder of Busi Power. Pending the approval of the courts in Italy for the composition no effects have been given in these accounts.



Busi Group has also agreed to bring cash of Euro 2,500,000 into Busi S.r.L in order to capitalize a wholly owned subsidiary in India as earlier contemplated by the shareholders of Sadelmi S.p.A. and has also permitted it to freely draw upon the references to undertake future Projects. Consequent upon this arrangement, Busi Group will be wholly responsible for the operations and all future funding of Busi Power S.r.L and Gammon will be wholly responsible for the operations and future funding of the Indian subsidiary for the projects undertaken by them in the territories identified respectively for them. Each party will however share 50% of the profits of the respective Busi Power and the Indian Subsidiary.

The results of these operations will be consolidated in the Company with effect from FY 2010.

27. The break up of Deferred Tax Liability and Assets are as follows.

<b>Particulars</b>	<b>Year ended March, 2009 (Rs. in Crores)</b>	<i>Year ended March, 2008 (Rs. in Crores)</i>
Deferred Tax Liability		
- On Account of Depreciation	<b>67.21</b>	45.83
Deferred Tax Assets		
- On Account of Gratuity/Leave Encashment Provision	<b>4.30</b>	1.82
- On Account of Interest on NCD	<b>0.28</b>	0.50
- On Account of Other Disallowances	<b>8.27</b>	6.34
<b>Net Balance</b>	<b>54.36</b>	37.17

28. The Company had deposited customs duty of Rs 2.20 crores under protest in respect of certain machineries imported for the project in Sikkim. The Company contends that the import of machinery is duty free as per the Project Import regulations prevailing then. The Company has preferred an appeal against the levy of Custom Duty. Pending outcome of the appeal, the said amount is carried under Advances recoverable in cash or in kind.
29. Unpaid dividend includes Rs. 0.09 crores (*Previous year – Rs. 0.05 crores*) to be transferred to the Investor Education & Protection Fund.
30. Balances in Foreign Bank Accounts are as per ledger and are subject to reconciliation.
31. The balance with The Freyssinet Prestressed Concrete Company Limited is as per books of accounts and subject to reconciliation.

32. **CONTINGENT LIABILITIES :**

<b>Sr. No. Particulars</b>	<b>As at 31.03.2009 (Rs. in crores)</b>	<i>As at 31.03.2008 (Rs. in crores)</i>
1 Liability on contracts remaining to be executed on Capital Accounts	<b>63.73</b>	72.19
2 Counter Guarantees given to Bankers for Guarantees given by them and Corporate Guarantees, on behalf of subsidiary, erstwhile subsidiary, associate Companies stand at	<b>4,515.33</b>	1,886.48
3 Corporate Guarantees and Counter Guarantees given to Bankers towards Company's share in the Joint Ventures for guarantees given by them to the Joint Venture Project clients	<b>502.51</b>	408.93
4 Disputed Sales Tax liability for which the Company has gone into appeal is	<b>22.23</b>	25.86
5 Claims against the Company not acknowledged as debts	<b>47.69</b>	46.02
6 Disputed Excise Duty Liability	<b>0.03</b>	0.03
7 Disputed Customs Duty Liability	<b>0.32</b>	0.32
8 Disputed Service Tax Liability	<b>15.24</b>	4.72
9 Contingent Liability on partly paid shares	-	-
10 There is a disputed demand of UCO Bank pending since 1986, of US\$ 436251 i.e. Rs.1.72 crores. Against this, UCO Bank has unilaterally adjusted the Company's Fixed Deposit of US\$ 30584 i.e. Rs.0.12 crores, which adjustment has not been accepted by the Company.		
11 In respect of Joint Venture and operations in Oman, Gammon India Limited-AL Matar JV, refer note no. 35		
12 Counter claims in arbitration matters referred by the company – liability unascertainable		



33. Cash & Bank balances include Rs 2.13 crores (*Previous Year Rs 3.18 crores*) with bank branches in foreign countries relating to certain foreign projects which are not readily available for use by the Company and are subject to exchange control regulation of the respective countries. The Fixed Deposit related interest and principal account as at the year-end are as per ledger and are subject to reconciliation, which is under progress.

34. Joint Venture :

(a) Details of Joint Ventures entered into by the Company:

Sr. No	Name of Joint Venture	Description of Interest	% of involvement
1	Gammon Atlanta	Jointly Controlled Operation	50.00%
2	Gammon BBJ	Jointly Controlled Operation	50.00%
3	Gammon Sadbhav	Jointly Controlled Operation	70.00%
4	Gammon Srinivas	Jointly Controlled Operation	80.00%
5	GIL Archirodon	Jointly Controlled Operation	98.50%
6	BBJ GIL	Jointly Controlled Operation	30.50%
7	JAGER GIL	Jointly Controlled Operation	50.00%
8	Jaeger Gammon	Jointly Controlled Operation	50.00%
9	Patel Gammon	Jointly Controlled Operation	49.00%
10	Gammon Patel	Jointly Controlled Operation	50.00%
11	Hyundai Gammon	Jointly Controlled Operation	49.00%
12	Jaeger Gammon	Jointly Controlled Operation	50.00%
13	Gammon BBJ	Jointly Controlled Operation	50.00%
14	Hyundai Gammon	Jointly Controlled Operation	49.00%
15	Jaeger Gammon	Jointly Controlled Operation	50.00%
16	SAE Gammon	Jointly Controlled Operation	25.00%
17	BBJ Gammon	Jointly Controlled Operation	49.00%
18	Gammon Hot Engineering	Jointly Controlled Operation	70.00%
19	Gammon Technofab (Fuel Storage Facility Project)	Jointly Controlled Operation	80.00%
20	Gammon Technofab (Transmission & Distribution of Electricity & Water )	Jointly Controlled Operation	70.00%
21	Gammon Limak (Vishnugod Pipalnote HEPP)	Jointly Controlled Operation	51.00%
22	Gammon Tensacuai	Jointly Controlled Operation	80.00%
23	Gammon Construtora Tensacuai	Jointly Controlled Operation	60.00%
24	Gammon Pratibha (BWSSB)	Jointly Controlled Operation	70.00%
25	Gammon Pratibha (4 Airport Terminal Buildings)	Jointly Controlled Operation	70.00%
26	Gammon Sadelmi (Tripura Gas PP)	Jointly Controlled Operation	40.00%
27	Gammon CKD Jyoti	Jointly Controlled Operation	90.00%
28	Lemcon Gammon	Jointly Controlled Operation	51.00%
29	Mosmetrostroy Gammon	Jointly Controlled Operation	49.00%
30	Gammon Sadelmi (Power Plant in Sylhet, Bangladesh)	Jointly Controlled Operation	90.00%
31	Gammon Franctosi	Jointly Controlled Operation	30.00%
32	Gammon Sadelmi (Power Project in Siddhirganj, Bangladesh)	Jointly Controlled Operation	90.00%
33	Gammon SEW	Jointly Controlled Operation	90.00%
34	Technofab Gammon (commissioning of pipeline at Srinagar)	Jointly Controlled Operation	70.00%
35	Aydeniz Gammon	Jointly Controlled Operation	30.00%
36	Gammon Veolia	Jointly Controlled Operation	60.00%
37	Afghanistan ATSL AEPC	Jointly Controlled Operation	75.00%

- (b) Details of Income & Expenditure and Assets & Liabilities of Jointly controlled entities as per the audited accounts of the Joint Venture Entity are as under-

(Rs. in Crores)

S. No.	Particulars of JV	Share of Assets	Share of Liabilities	Share of Income	Share of Expenditure
1.	Gammon Al Matar	89.27 (150.16)	13.74 (24.43)	51.27 (172.90)	54.73 (182.48)
2.	Gammon Eence Consortium	2.68 (0.66)	0.96 (-)	1.89 (0.65)	1.89 (0.65)
3.	Jager Gammon	40.18 (35.18)	42.15 (21.71)	47.53 (31.16)	47.53 (31.17)

## 35. Joint venture and operations in Oman :

- (a) In respect of the contracts under execution with MHEW, the Joint Venture has exceeded the contractual dates of completion as extended on the additional works being executed by the joint venture. The Management is hopeful of receiving the extension of time sufficient to cover the period of the delay considering that the previous variation orders have been received alongwith the EOT, thereby obviating the contractual penalty of RO 47,605 (Rs. 0.63 Crores) per day. The job has been assessed considering the EOT will be ultimately received and profit is determined accordingly.
- (b) The joint venture is executing /has executed certain works including operations and maintenance of the project based on the work instructions received from the consultant/client. Pending the receipt of the variation order in respect of the works being executed amounting to RO 3.626 Million, the job has been assessed considering the expected revenue and the balance cost estimated for the works, as the Management is confident of receipt of the variation order.
- (c) The banking facilities including fund and other non-fund based borrowings utilized by the Joint Venture entity which are in the name of the Company but have been accounted in the books of Joint Venture. The borrowings have been guaranteed by the Company and are secured by assignment of the Joint Venture contract receivable and Joint registration and insurance of all equipments. The total of such borrowings as at 31<sup>st</sup> March, 2009 is RO 2,442,181 (Rs. 32.12 Crores) [Previous Year RO 13,602,266 (Rs. 141.51 Crores)] which consists of Fund Based RO 860,440 (Rs. 11.32 Crores) [Previous Year RO 9,784,630 (Rs. 101.79 Crores)] and Non-Fund Based RO 1,581,741 (Rs. 20.80 Crores) [Previous Year RO 3,817,636 (Rs. 39.72 Crores)]
- (d) Transactions of Oman Branch and the accounting effect of the Gammon Al Matar Joint Venture profits are accounted on the basis of the accounts prepared specially for this purpose and which is duly audited by the Company's auditor.

## 36. Details of loans and advances in the nature of loans :

Disclosure of amounts outstanding at period end as per Clause 32 of the Listing Agreement:

(Rs in Crores)

	Amount Outstanding at period end		Maximum Amount Outstanding	
<b>Subsidiaries/Fellow Subsidiaries :</b>	<b>31.03.09</b>	<i>31.03.08</i>	<b>31.03.09</b>	<i>31.03.08</i>
Gammon & Billimoria Ltd.	<b>9.79</b>	<i>8.82</i>	<b>9.81</b>	<i>9.10</i>
Gammon Infrastructure Projects Ltd.	<b>—</b>	<i>29.30</i>	<b>29.30</b>	<i>29.30</i>
Gammon Realty Ltd.	<b>122.07</b>	<i>0.27</i>	<b>229.39</b>	<i>42.18</i>
Gammon Cooling Towers Ltd.	<b>—</b>	<i>0.29</i>	<b>75.45</b>	<i>68.00</i>
Gammon International FZE *	<b>165.63</b>	<i>6.46</i>	<b>165.63</b>	<i>6.46</i>
Deepmala Infrastructure Pvt. Ltd.	<b>8.16</b>	<i>—</i>	<b>107.65</b>	<i>—</i>
Transrail Lighting Ltd.	<b>0.45</b>	<i>—</i>	<b>0.91</b>	<i>—</i>
Associated Transrail Structures Ltd., Nigeria	<b>0.11</b>	<i>—</i>	<b>0.11</b>	<i>—</i>
SAE Power Lines Srl	<b>27.34</b>	<i>—</i>	<b>55.36</b>	<i>—</i>
ATSL BV Netherlands	<b>1.28</b>	<i>—</i>	<b>1.28</b>	<i>—</i>
<b>Associates &amp; Group Companies:</b>				
Fin Est SPA	<b>3.20</b>	<i>—</i>	<b>3.20</b>	<i>—</i>

\* The above loans are interest free.

None of the above loanee companies hold any shares in the Company

37. (a) The Company had in the past acquired voting rights and other beneficial interests in two companies Rajahmundry Expressway Limited and Andhra Expressway Limited in respect of 43,60,500 equity shares and 45,64,500 equity shares respectively from its Joint Venture partner in these entities in consideration of payment of deposit for the acquisition of shares of Rs. 5.66 crores. Subsequently the Company transferred its voting rights and other beneficial interests so acquired along with the voting rights and beneficial interests in respect of 1,10,92,500 equity shares of Rajahmundry Expressway Limited and 1,10,92,500 equity shares of Andhra Expressway Limited to its then wholly owned subsidiary Gammon Infrastructure Projects Limited against receipt of consideration being deposit for sale of equity shares in these companies of Rs. 32.84 crores from the subsidiary. During the year, out of the said transfer of beneficial interest, the company has transferred titular interest in respect of 54,37,500 equity shares of Rajahmundry Expressway Limited and 54,37,500 equity shares of Andhra Expressway Limited and has adjusted the deposit received against the consideration of transfer. The balance deposit made and deposit received as aforesaid are reflected under the Investment Schedule. In respect of these shares where the voting rights and beneficial rights are so transferred, the holder continues to be the original allottees as per the records of the respective companies.

(b) Similarly the Company had also transferred beneficial interest in respect of the investment in Kosi Bridge Infrastructure Company Ltd. and Gorakhpur Infrastructure Company Ltd. in favour of it's subsidiary company Gammon Infrastructure Project Ltd. in consideration of payment of deposit for an aggregate sum of Rs. 15.88 Crores. The said deposits received are reflected in the Investment schedule.

During the year, the Company has also transferred beneficial interest in respect of the Investment in Tidong Hydro Power Ltd. in favour of it's subsidiary company Gammon Infrastructure Project Ltd. in consideration of payment of deposit for an aggregate sum of Rs. 0.03 Crores. The said deposits received are reflected in the Investment schedule.

(c) As at 31 March, 2009 following is the status of transfer of beneficial interest of the group companies -

(Rs. in crores)

Sr. No.	Name of Company	31 <sup>st</sup> March 2009		31 <sup>st</sup> March 2008	
		No. of Shares	Deposit Received	No. of Shares	Deposit Received
1.	Kosi Bridge Infra. Co. Ltd	6,284,146	6.28	6,284,146	6.28
2.	Gorakhpur Infra. Co. Ltd.	9,596,923	9.60	9,596,923	9.60
3.	Andhra Expressway Ltd.	5,655,000	8.49	11,092,500	16.48
4.	Rajahmundry Expressway Ltd.	5,655,000	8.48	11,092,500	16.36
5.	Tidong Hydro Power Ltd.	25,500	0.03	-	-

(d) The Company has also entered into another agreement for transfer of beneficial interests of equity shares of Indira Container Terminal Pvt. Ltd. in respect of which the deposit is yet to be received as at the Balance Sheet date.

38. During the warranty period of the contracts, the company may have to incur cost. On the basis of technical assessment of the cost to be incurred, the company is of view that no further provision is required for any foreseeable expenditure / contingencies.

39. Previous year's figures are regrouped and rearranged with those of the current year to make them comparable.

## 40. Details of rounded off amounts:

The financial statements are represented in Rupees crores. Those items which were not represented in the financial statement due to rounding off to the nearest Rs. crores are given below.

**Balance Sheet Items**

REFER	DESCRIPTION	(Rupees)	
		AS AT 31 <sup>st</sup> MARCH, 2009	AS AT 31 <sup>st</sup> MARCH, 2008
Schedule 6	INVESTMENTS		
	(a) Trade Investments:		
	Aircscrew (India) Ltd.	1,000	1,000
	Bhagirathi Bridge Construction Co. Ltd.	30,000	30,000
	Alpine Environmental Engineers Ltd.	20,000	20,000
	Neptune Tower Properties Pvt. Ltd.	1,000	—
	(b) Other Investments:		
	Modern Flats Ltd.	22,100	22,100
	Centurion Bank Ltd. (Merged with HDFC Bank)	—	11,000
	(c) Investment In Partnership – Capital Contribution Gammon Shah	25,000	25,000
Schedule 9	CASH & BANK BALANCES WITH NON – SCHEDULED BANKS:		
	On Current Accounts:		
	a) Canara Bank, Nepal	35,095	35,095
	b) Bank Of Bhutan	2,947	2,947
	c) Nepal Bank	968	968
	d) Umma Bank, Al- Fatah	8,000	8,000
	e) Umma Bank, Tripoli	8,390	8,390
	f) Nepal Bank Ltd.	511	511
	g) Nabil Bank Site Account	3,967	3,967
	h) Nabil Bank Collection Account	16,618	16,618
Schedule 10	DUES FROM / LOAN TO SUBSIDIARY COMPANIES:		
	a) Gammon Retail Infra. Pvt. Ltd.	27,200	—
	b) Youngthan Power Ventures Ltd.	4,309	—

**Notes To Accounts**

REFER	DESCRIPTION	(Rupees)	
		Year Ended 31 <sup>st</sup> MARCH, 2009	Year Ended 31 <sup>st</sup> MARCH, 2008
Note No.32(9)	Contingent liability on partly paid shares	19,000	19,000

Schedules 1 to 16 annexed hereto form part of the Balance Sheet and Profit and Loss Account

As per our attached report of even date

For Natvarlal Vepari & Co.  
Chartered Accountants

N. JAYENDRAN  
Partner  
M. No. 40441

For and on behalf of the Board of Directors

ABHIJIT RAJAN  
Chairman & Managing Director

RAJUL A. BHANSALI  
Executive Director

DIPAK ASHAR  
Chief Financial Officer

C. C. DAYAL  
Director

D. C. BAGDE  
Director & CEO, T&D

GITA BADE  
Company Secretary

Mumbai, Dated: 9th July, 2009

Mumbai, Dated: 9th July, 2009



Annexure

Related Party Disclosure as required by Accounting Standard-18 "Related Party Disclosure"

(A) Relationships:

<b>Entities where control exists:</b>	
1	Pacific Energy Pvt. Ltd.
2	Nikhita Estate Developers Pvt. Ltd.
3	Masayor Enterprises Ltd.
4	First Asian Capital Resources Pvt. Ltd.
5	Devyani Estate & Properties Pvt. Ltd.
<b>Subsidiaries/Fellow Subsidiaries:</b>	
1	GACTAL Turnkey Projects Limited
2	Cochin Bridge Infrastructure Company Limited
3	Gammon Infrastructure Projects Limited
4	Rajahmundry Expressway Limited
5	Andhra Expressway Limited
6	Gammon & Billimoria Limited
7	Mumbai Nasik Expressway Limited
8	Sikkim Hydro Power Ventures Limited
9	Gammon Projects Developers Limited
10	Gammon Realty Limited
11	Kosi Bridge Infrastructure Company Limited
12	Gorakhpur Infrastructure Company Limited
13	Gammon & Billimoria LLC
14	Gammon International LLC, Oman
15	Gammon International FZE
16	P. Van Eerd Beheersmaatschappij BV – Netherlands
17	Tidong Hydro Power Limited
18	Marine Projects Services Limited
19	Gammon Logistics Limited
20	Deepmala Infrastructure Private Limited
21	Gammon Retail Infrastructure Private Limited
22	Gammon Power Limited
23	Gammon Holding B.V.
24	Gammon International B.V.
25	Franco Tosi Meccanica S.p.A.
26	Campo Puma Oriente SA
27	Gammon Italy S.r.l.
28	Gammon Metro Transport Limited
29	Pravara Renewable Energy Limited
30	Jaguar Projects Developers Limited
31	Rajahmundry Godavari Bridge Limited
32	Gammon Hospitality Limited

33	Youngthang Power Ventures Limited
34	Bedi Seaport Limited
35	ATSL Infrastructure Projects Limited
36	SAE Powerlines S.r.l.
37	ATSL BV, Netherland
38	Transrail Lighting Limited
39	ATSL Nigeria
40	RAS Cities and Townships Private Limited
<b>Associates &amp; Group Companies:</b>	
1	Finest S.p.A.,Italy
2	STFA Piling (India) Ltd.
<b>Joint Ventures:</b>	
1	Vizag Sea Port
2	Indira Container Terminal Pvt. Ltd.
3	Punjab Biomass Power Ltd.
4	Gammon Al Matar JV
5	Gammon Atlanta JV
6	Gammon Rizzani
7	OSE Gammon JV
8	Gammon OSE JV
9	Gammon Progressive
10	Gammon Sadelmi JV
11	Gammon SEW JV
12	Gammon Limak JV
13	Gammon Srinivas JV
14	GIL Archirodon JV
15	BBJ GIL
16	Gammon BBJ JV
17	Jaegar Gammon
18	Gammon JMC
19	Hyundai Gammon
20	Gammon Eencee Rail Linkers
21	Patel Gammon
22	Gammon Oversea Engineering Pvt. Ltd.
23	Jager Gammon JV
24	Haryana Biomass Power Ltd.
25	Sofinter S.p.A.
26	Gammon Patel JV
<b>Key Management Personnel &amp; Relatives</b>	
1	Mr. Abhijit Rajan
2	Mr. Himanshu Parikh
3	Mr. Rajul A. Bhansali



## B) Related Parties transactions during the year in normal course of business :

(Rupees in Crores)

Nature of Transactions / Relationship / Major Parties	Current Year		Previous Year	
	Amounts	Amounts from Major Parties	Amounts	Amounts from Major Parties
<b>Subsidiaries</b>				
<b>Subcontracting Income</b>	<b>344.84</b>		310.38	
Mumbai Nasik Expressway Ltd.		<b>181.49</b>		193.95
Kosi Bridge Infrastructure Company Ltd.		<b>87.74</b>		-
Gorakhpur Infrastructure Company Ltd.		<b>71.72</b>		71.84
Rajahmundry Godavari Bridge Ltd.		<b>3.89</b>		-
<b>Subcontracting Expenditure (Operating And Maintenance Income/Expenses)</b>	<b>25.82</b>		15.60	
Gammon Infrastructure Projects Ltd.		<b>25.82</b>		15.60
<b>Sale of Assets</b>	<b>2.35</b>		-	
Transrail Lighting Ltd. (TLL)		<b>2.08</b>		-
Gammon Infrastructure Projects Ltd.		<b>0.27</b>		-
<b>Sale of Material</b>	<b>9.68</b>		-	
SAE Power Lines S.r.l.		<b>9.68</b>		-
<b>Purchase of Investments / Advances towards Equity/Allotment of Shares</b>	<b>131.85</b>		18.10	
Kosi Bridge Infrastructure Company Ltd.		-		6.74
Gorakhpur Infrastructure Company Ltd.		-		10.08
RAS Cities and Townships Pvt. Ltd.		<b>25.00</b>		-
Youngthang Power Venture Ltd.		<b>52.90</b>		-
SAE Power Lines S.r.l.		<b>31.21</b>		-
<b>Sale of Investment/ Deposit for transfer of Beneficial Interest</b>	<b>100.82</b>		16.91	
SAE Power Lines S.r.l.		<b>31.97</b>		-
Gammon Infrastructure Projects Ltd.		<b>68.85</b>		1.02
<b>Refund of Deposit for transfer of Beneficial Interest / Advance towards Equity</b>	<b>121.58</b>		-	
Youngthang Power Venture Ltd.		<b>52.85</b>		-
Gammon Infrastructure Projects Ltd.		<b>68.73</b>		-
<b>Rendering of Services</b>	<b>0.32</b>		0.53	
Gammon Infrastructure Projects Ltd.		<b>0.13</b>		0.13
Rajahmundry Expressway Ltd.		<b>0.12</b>		0.30
Andhra Expressway Ltd.		<b>0.07</b>		0.99
<b>Receiving of Services</b>	<b>1.54</b>		3.04	
Gammon Infrastructure Projects Ltd.		<b>0.19</b>		-
GACTEL Turnkey Project Ltd.		<b>1.31</b>		3.17
<b>Finance provided (incl. Loans and equity contribution in cash or in kind)</b>	<b>851.49</b>		112.71	
Gammon Intl. FZE		<b>200.26</b>		-
Gammon Realty Ltd.		<b>335.51</b>		2.03
GACTEL Turnkey Project Ltd.		<b>149.31</b>		71.38
Deepmala Infra Pvt. Ltd.		<b>108.01</b>		-
Gammon Infrastructure Projects Ltd.		-		39.30



(Rupees in Crores)

Nature of Transactions / Relationship / Major Parties	Current Year		Previous Year	
	Amounts	Amounts from Major Parties	Amounts	Amounts from Major Parties
<b>Finance provided for expenses &amp; on a/c payments</b>	<b>1.67</b>		<b>9.43</b>	
Gammon Intl. FZE		-		6.46
Franco Tosi Meccanica S.p.A.		0.36		-
Gammon Infrastructure Projects Ltd.		0.35		-
Gammon International LLC Oman		0.19		-
SAE Power Lines S.r.l.		0.48		-
<b>Amount liquidated towards the finance provided</b>	<b>580.14</b>		<b>127.41</b>	
GACTEL Turnkey Project Ltd.		149.57		71.33
Deepmala Infra Pvt. Ltd.		99.85		-
Gammon Realty Ltd.		213.70		42.79
<b>Interest Income during the year</b>	<b>25.55</b>		<b>7.64</b>	
Gammon Infrastructure Projects Ltd.		-		1.01
GACTEL Turnkey Project Ltd.		4.84		1.47
Gammon Realty Ltd.		17.62		4.23
Gammon & Billimoria Ltd.		-		0.91
<b>Finance received (incl. Loans and equity contribution in cash or in kind)</b>	<b>234.37</b>		<b>0.37</b>	
Cochin Bridge Infrastructure Company Ltd.		-		0.09
Gammon Infrastructure Projects Ltd.		199.00		-
Andhra Expressway Ltd.		11.00		-
Rajahmundry Expressway Ltd.		24.00		-
Gammon & Billimoria Ltd.		0.36		0.28
<b>Amount liquidated towards the above finance</b>	<b>249.00</b>		<b>-</b>	
Gammon Infrastructure Projects Ltd.		199.00		-
Andhra Expressway Ltd.		26.00		-
Rajahmundry Expressway Ltd.		24.00		-
<b>Interest Paid</b>	<b>6.47</b>		<b>-</b>	
Gammon Infrastructure Projects Ltd.		2.64		-
Andhra Expressway Ltd.		1.49		-
Rajahmundry Expressway Ltd.		1.81		-
<b>Write off of Balances</b>	<b>0.09</b>		<b>-</b>	
Cochin Bridge Infrastructure Company Ltd.		0.09		-
<b>Contract Advance Received</b>	<b>71.25</b>		<b>89.90</b>	
Mumbai Nasik Expressway Ltd.		40.00		-
Rajahmundry Godavari Bridge Ltd.		31.25		-
Kosi Bridge Infrastructure Company Ltd.		-		34.71
Gorakhpur Infrastructure Company Ltd.		-		55.19



(Rupees in Crores)

Nature of Transactions / Relationship / Major Parties	Current Year		Previous Year	
	Amounts	Amounts from Major Parties	Amounts	Amounts from Major Parties
<b>Refund against Contract Advance</b>	<b>55.74</b>		<b>36.35</b>	
Gorakhpur Infra Co. Ltd.		<b>13.72</b>		-
Kosi Bridge Infra Co. Ltd.		<b>21.93</b>		-
Mumbai Nasik Expressway Ltd.		<b>16.00</b>		<b>36.35</b>
<b>Guarantees and Collaterals Outstanding</b>	<b>1,405.48</b>		<b>601.29</b>	
Franco Tosi Meccanica S.p.A.		<b>423.05</b>		-
Gammon Billimoria LLC		<b>425.87</b>		<b>374.76</b>
<b>Outstanding Balances Receivables</b>	<b>381.20</b>		<b>53.82</b>	
Gammon Infrastructure Projects Ltd.		-		<b>29.38</b>
Gammon Intl. FZE		<b>165.63</b>		-
Gammon Realty Ltd.		<b>135.69</b>		<b>1.14</b>
<b>Outstanding Balances Payable</b>	<b>173.32</b>		<b>138.68</b>	
Kosi Bridge Infrastructure Company Ltd.		<b>47.71</b>		<b>52.48</b>
Gammon Infrastructure Projects Ltd.		-		<b>22.17</b>
Mumbai Nasik Expressway Ltd.		<b>24.00</b>		<b>18.00</b>
Rajahmundry Godavari Bridge Ltd.		<b>31.25</b>		-
Gorakhpur Infrastructure Company Ltd.		<b>56.03</b>		<b>63.02</b>
<b>Deposit Outstanding (Payable)</b>	<b>32.87</b>		<b>48.72</b>	
Gammon Infrastructure Projects Ltd.		<b>32.87</b>		<b>48.72</b>
<b>TOTAL</b>	<b>4,807.45</b>		<b>1,590.87</b>	
<b>Associates</b>				
<b>Subcontracting Expenditure (Operating And Maintenance Income/Expenses)</b>	-		<b>15.02</b>	
Associated Transrail Structures Ltd.		-		<b>15.02</b>
<b>Finance provided (incl. Loans and equity contribution in cash or in kind)</b>	<b>3.20</b>		<b>29.00</b>	
Finest S.p.A.		<b>3.20</b>		-
Associated Transrail Structures Ltd.		-		<b>29.00</b>
<b>Finance provided for expenses &amp; on a/c payments</b>	-		<b>0.17</b>	
Associated Transrail Structures Ltd.		-		<b>0.17</b>
<b>Amount liquidated towards the finance provided</b>	-		<b>30.00</b>	
Associated Transrail Structures Ltd.		-		<b>29.99</b>
<b>Interest Income during the year</b>	-		<b>0.31</b>	
Associated Transrail Structures Ltd.		-		<b>0.31</b>
<b>Finance received (incl. Loans and equity contribution in cash or in kind)</b>	-		<b>0.02</b>	
Associated Transrail Structures Ltd.		-		<b>0.02</b>
<b>Interest paid during the year</b>	-		<b>0.19</b>	
Associated Transrail Structures Ltd.		-		<b>0.19</b>

(Rupees in Crores)

Nature of Transactions / Relationship / Major Parties	Current Year		Previous Year	
	Amounts	Amounts from Major Parties	Amounts	Amounts from Major Parties
<b>Contract Advance Received</b>	-	-	3.78	
Associated Transrail Structures Ltd.		-		3.78
<b>Contract Advance Given</b>	-	-	3.58	
Associated Transrail Structures Ltd.		-		3.58
<b>Dividend Income</b>	-	-	0.29	
Associated Transrail Structures Ltd.		-		0.29
<b>Guarantees and Collaterals Outstanding</b>	-	-	84.21	
Associated Transrail Structures Ltd.		-		84.21
<b>Outstanding Balances Receivables</b>	3.20		2.48	
Finest SpA		3.20		-
Associated Transrail Structures Ltd.		-		2.48
<b>Outstanding Balances Payable</b>	-	-	0.20	
Associated Transrail Structures Ltd.		-		0.20
<b>Total</b>	<b>6.40</b>		<b>169.24</b>	
<b>Entities where control exits</b>				
<b>Dividend paid to Shareholders</b>	1.62		1.36	
Devyani Estate & Properties Pvt. Ltd.		0.32		0.26
Masayor Enterprises Ltd.		0.19		0.15
Nikhita Estate Developers Pvt. Ltd.		0.21		0.17
Pacific Energy Pvt. Ltd.		0.90		0.75
<b>Total</b>	<b>1.62</b>		<b>1.36</b>	
<b>Key Managerial Personnel</b>				
<b>Remuneration paid</b>	2.54		2.14	
Mr Abhijit Rajan		1.43		1.43
Mr H.V. Parikh		0.54		0.36
Mr R. A. Bhansali		0.57		0.35
<b>Total</b>	<b>2.54</b>		<b>2.14</b>	
<b>Joint Venture</b>				
<b>Subcontracting Income</b>	450.97		316.51	
Patel Gammon		111.72		-
Gammon JMC		189.84		166.53
<b>Purchase of Investments / Advances towards Equity</b>	7.23		8.52	
Indira Containor Terminal Pvt. Ltd.		7.23		8.52
<b>Finance provided (incl. Loans and equity contribution in cash or in kind)</b>	33.32		58.56	
Gammon Al Matar JV		31.42		58.56
<b>Finance provided for expenses &amp; on a/c payments</b>	5.75		8.75	
Gammon Enceerail Linkers		0.73		-
Gammon Al Matar JV		5.01		8.69



(Rupees in Crores)

Nature of Transactions / Relationship / Major Parties	Current Year		Previous Year	
	Amounts	Amounts from Major Parties	Amounts	Amounts from Major Parties
<b>Amount liquidated towards the finance provided</b>	<b>2.26</b>		<b>0.45</b>	
Gammon Enceerail Linkers		<b>2.25</b>		<b>0.45</b>
<b>Interest Income during the year</b>	<b>4.15</b>		<b>1.66</b>	
Gammon Al Matar JV		<b>4.15</b>		<b>1.66</b>
<b>Interest paid during the year</b>	<b>9.98</b>		<b>3.76</b>	
Jaegar Gammon		<b>4.15</b>		<b>1.82</b>
Gammon Al Matar JV		<b>4.15</b>		<b>-</b>
Gammon Srinivas		<b>-</b>		<b>1.44</b>
<b>Contract Advance received</b>	<b>88.87</b>		<b>80.24</b>	
Jaegar Gammon		<b>13.01</b>		<b>17.00</b>
Gammon JMC		<b>20.55</b>		<b>35.18</b>
Patel Gammon		<b>50.10</b>		<b>23.34</b>
<b>Refund received against Contract Advance</b>	<b>77.01</b>		<b>101.85</b>	
Jaegar Gammon		<b>-</b>		<b>15.10</b>
Gammon JMC		<b>19.66</b>		<b>54.85</b>
Patel Gammon		<b>43.54</b>		<b>-</b>
Gammon Srinivas		<b>8.12</b>		<b>-</b>
<b>Guarantees and Collaterals Outstanding</b>	<b>967.65</b>		<b>358.27</b>	
<b>Outstanding Balances Receivables</b>	<b>270.08</b>		<b>172.60</b>	
Gammon AL Matar JV		<b>123.95</b>		<b>81.41</b>
Jaegar Gammon		<b>38.62</b>		<b>24.05</b>
Patel Gammon		<b>28.16</b>		<b>-</b>
Gammon JMC		<b>28.90</b>		<b>24.79</b>
<b>Outstanding Balances Payable</b>	<b>100.28</b>		<b>79.71</b>	
Gammon JMC		<b>-</b>		<b>4.03</b>
Jaegar Gammon		<b>28.22</b>		<b>-</b>
Patel Gammon		<b>15.78</b>		<b>-</b>
Gammon AL Matar JV		<b>44.67</b>		<b>35.38</b>
<b>Total</b>	<b>2,017.54</b>		<b>1,190.89</b>	

**BALANCE SHEET ABSTRACT OF COMPANY'S GENERAL BUSINESS PROFILE****I Registration Details:**

Registration No. 

1	1	-	9	9	7
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 State Code 

1	1
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Balance Sheet Date 

3	1	-	0	3	-	0	9
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Date Month Year

**II Capital Raised During The Year (Amount in Rs. Thousands)**

Public Issue	Right Issue																				
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Bonus Issue	Private Placements																				
<table border="1" style="width: 100%;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td></tr></table>											<table border="1" style="width: 100%;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td></tr></table>										

**III Position of Mobilisation And Deployment of Funds (Amount in Rs. Thousands)**

Total Liabilities	Total Assets																		
<table border="1" style="width: 100%;"><tr><td> </td><td>2</td><td>6</td><td>0</td><td>7</td><td>2</td><td>7</td><td>3</td><td>4</td></tr></table>		2	6	0	7	2	7	3	4	<table border="1" style="width: 100%;"><tr><td> </td><td>2</td><td>6</td><td>0</td><td>7</td><td>2</td><td>7</td><td>3</td><td>4</td></tr></table>		2	6	0	7	2	7	3	4
	2	6	0	7	2	7	3	4											
	2	6	0	7	2	7	3	4											

**Sources of Funds**

Paid-Up Capital	Reserves & Surplus																			
<table border="1" style="width: 100%;"><tr><td> </td><td> </td><td>1</td><td>2</td><td>6</td><td>7</td><td>1</td><td>2</td><td>2</td></tr></table>			1	2	6	7	1	2	2	<table border="1" style="width: 100%;"><tr><td> </td><td> </td><td>1</td><td>4</td><td>5</td><td>2</td><td>1</td><td>1</td><td>7</td><td>5</td></tr></table>			1	4	5	2	1	1	7	5
		1	2	6	7	1	2	2												
		1	4	5	2	1	1	7	5											
Secured Loans	Unsecured Loans																			
<table border="1" style="width: 100%;"><tr><td> </td><td> </td><td>3</td><td>2</td><td>5</td><td>2</td><td>5</td><td>7</td><td>2</td></tr></table>			3	2	5	2	5	7	2	<table border="1" style="width: 100%;"><tr><td> </td><td> </td><td>6</td><td>4</td><td>7</td><td>0</td><td>1</td><td>9</td><td>8</td></tr></table>			6	4	7	0	1	9	8	
		3	2	5	2	5	7	2												
		6	4	7	0	1	9	8												
Deferred Tax Liability																				
<table border="1" style="width: 100%;"><tr><td> </td><td> </td><td>5</td><td>4</td><td>3</td><td>5</td><td>7</td><td>6</td></tr></table>			5	4	3	5	7	6												
		5	4	3	5	7	6													

**Application of Funds**

Net Fixed Assets	Investments																				
<table border="1" style="width: 100%;"><tr><td> </td><td> </td><td>9</td><td>8</td><td>3</td><td>4</td><td>0</td><td>8</td><td>8</td></tr></table>			9	8	3	4	0	8	8	<table border="1" style="width: 100%;"><tr><td> </td><td> </td><td>2</td><td>2</td><td>0</td><td>6</td><td>1</td><td>1</td><td>1</td></tr></table>			2	2	0	6	1	1	1		
		9	8	3	4	0	8	8													
		2	2	0	6	1	1	1													
Net Current Assets	Misc. Expenditure																				
<table border="1" style="width: 100%;"><tr><td> </td><td> </td><td>1</td><td>4</td><td>0</td><td>3</td><td>2</td><td>5</td><td>3</td><td>5</td></tr></table>			1	4	0	3	2	5	3	5	<table border="1" style="width: 100%;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td></tr></table>										
		1	4	0	3	2	5	3	5												
Accumulated Losses																					
<table border="1" style="width: 100%;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td></tr></table>																					

**IV Performance of Company (Amount in Rs. Thousands)**

Turnover	Total Expenditure																				
<table border="1" style="width: 100%;"><tr><td> </td><td> </td><td>3</td><td>6</td><td>3</td><td>5</td><td>9</td><td>6</td><td>6</td><td>0</td></tr></table>			3	6	3	5	9	6	6	0	<table border="1" style="width: 100%;"><tr><td> </td><td> </td><td>3</td><td>4</td><td>8</td><td>6</td><td>6</td><td>2</td><td>6</td><td>9</td></tr></table>			3	4	8	6	6	2	6	9
		3	6	3	5	9	6	6	0												
		3	4	8	6	6	2	6	9												
Profit Before Tax	Profit After Tax																				
<table border="1" style="width: 100%;"><tr><td> </td><td> </td><td>2</td><td>0</td><td>8</td><td>6</td><td>8</td><td>4</td><td>4</td></tr></table>			2	0	8	6	8	4	4	<table border="1" style="width: 100%;"><tr><td> </td><td> </td><td>1</td><td>4</td><td>0</td><td>4</td><td>7</td><td>3</td><td>5</td></tr></table>			1	4	0	4	7	3	5		
		2	0	8	6	8	4	4													
		1	4	0	4	7	3	5													
Earning Per Share in Rs.	Dividend Rate %																				
<table border="1" style="width: 100%;"><tr><td> </td><td> </td><td> </td><td> </td><td>1</td><td>2</td><td>.</td><td>4</td><td>6</td></tr></table>					1	2	.	4	6	<table border="1" style="width: 100%;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td>3</td><td>0</td></tr></table>									3	0	
				1	2	.	4	6													
								3	0												

**V Generic Names Of Three Principal Services of the Company – Construction Of :**

Product Description	B R I D G E S
Product Description	T U N N E L S
Product Description	D A M S E T C



**STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956,  
RELATING TO THE SUBSIDIARY COMPANIES**

Sr. No.	Name of Subsidiaries	GACTEL Turnkey Projects Limited	Cochin Bridge Infrastructure Co. Ltd.	Gammon Infrastructure Projects Ltd.	Andhra Expressway Ltd.	Rajahmundry Expressway Ltd.	Gammon & Billimoria Ltd.	Mumbai Nasik Expressway Ltd.	Sikkim Hydro Power Ventures Ltd.	Gammon Project Developers Ltd.
1	The Financial Year of the Subsidiaries ended	31st March, 2009	31st March, 2009	31st March, 2009	31st March, 2009	31st March, 2009	31st March, 2009	31st March, 2009	31st March, 2009	31st March, 2009
2	Shares of the Subsidiary Companies held by Gammon India Limited									
	(i) Number	5,050,000	6,250,070	110,080,000	#27,115,000	#27,115,000	50,940	41,595,000	2,963,900	50,000
	(ii) Extent of Holding	100%	97.66%*	76.15%	93.50%*	93.50%*	50.94%	79.99%*	100%*	100%*
3	The net aggregate amount of Profit / Losses of the Subsidiaries Companies so far as they concern the members of Gammon India Ltd. were :									
	(i) Dealt with in the accounts of Gammon India Ltd amounted to :									
	(a) For subsidiaries' financial year ended on 31st March, 2009									
	(b) For previous financial years of the subsidiaries' since these became subsidiaries of Gammon India Ltd.									
	(ii) Not dealt with in the accounts of Gammon India Ltd. amount to :									
	(a) For subsidiaries' financial year ended on 31st March, 2009	(6.00)	0.83	10.37	15.80	17.28	0.13	**	**	-
	(b) For previous financial years of the subsidiaries' since these became subsidiaries of Gammon India Ltd.	(1.42)	2.92	17.04	42.16	46.71	0.17	-	-	(0.04)

(Rs. in Crores)

Gammon Realty Ltd.	Gorakhpur Infrastructure Company Ltd.	Kosi Bridge Infrastructure Company Limited	Marine Projects Services Limited	Tidong Hydro Power Limited	Gammon Logistics Limited	Gammon International LLC	Gammon International FZE	P.Van Eerd Beheersmaatschappaji B.V.	Deepmala Infrastructure Private Limited
31st March, 2009	31st March, 2009	31st March, 2009	31st March, 2009	31st March, 2009	31st March, 2009	31st March, 2009	31st March, 2009	31st March, 2009	31st March, 2009
15,049,940	36,897,050	24,160,500	50,000	25,500	50,000	103,500	1	35	5,100
75.06%	100%*	100%*	100%*	51%	100%*	69%	100%	100%***	51%
0.38 (4.45)	** -	** -	- -	** -	(1.70) (0.06)	- 0.02	(13.88) (0.06)	(7.52) (0.99)	** -



**STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956,  
RELATING TO THE SUBSIDIARY COMPANIES**

Sr. No.	Name of Subsidiaries	Gammon Retail Infrastructure Private Limited	Gammon Power Limited	Gammon Holdings B.V.	Gammon International B.V.	Franco Tosi Meccanica S.p.A.	Campo Puma Oriente S.A.	Gammon Italy S.r.l.	Gammon Metro Transport Limited	Pravara Renewable Energy Limited	Jaguar Projects Developers Limited
1	The Financial Year of the Subsidiaries ended	31st March, 2009	31st March, 2009	31st March, 2009	31st March, 2009	31st Dec., 2008	31st March, 2009	31st March, 2009	31st March, 2009	31st March, 2009	31st March, 2009
2	Shares of the Subsidiary Companies held by Gammon India Limited										
	(i) Number	9,900	50,000	180	180	65,315,972	6,639	10,000	10,000	50,000	50,000
	(ii) Extent of Holding	99%	100%	100%***	100%***	75.1%^	66.39%	100%^	100%*	100%*	100%*
3	The net aggregate amount of Profit / Losses of the Subsidiaries Companies so far as they concern the members of Gammon India Ltd. were :										
	(i) Dealt with in the accounts of Gammon India Ltd amounted to :										
	(a) For subsidiaries' financial year ended on 31st March, 2009										
	(b) For previous financial years of the subsidiaries' since these became subsidiaries of Gammon India Ltd.										
	(ii) Not dealt with in the accounts of Gammon India Ltd. amount to :										
	(a) For subsidiaries' financial year ended on 31st March, 2009	**	**	(36.54)	(26.51)	0.18	**	(0.03)	(0.04)	**	-
	(b) For previous financial years of the subsidiaries' since these became subsidiaries of Gammon India Ltd.	-	-	-	-	-	-	-	-	-	-

\* Subsidiaries of Gammon Infrastructure Projects Ltd. (Subsidiary of Gammon India Ltd)

\*\* Since the Company is in the Project implementation stage, no profit & Loss account is being prepared

\*\*\* Subsidiary of Gammon International FZE. (Subsidiary of Gammon India Ltd.)

^ Sharhodling is through subsidiary - Gammon International BV

# Includes Beneficial Interest in 18,12,500 shares held by Punj Lloyd Ltd.



(Rs. in Crores)

Rajahmundry Godavari Bridge Limited	Gammon Hospitality Limited	Youngthang Power Ventures Limited	Bedi Seaport Limited	RAS Cities And Townships Private Limited	ATSL Infrastructure Projects Ltd	SAE Powerlines S.r.l.	ATSL Holdings BV, Netherlands	Transrail Lighting Ltd	Associated Transrail Structures Ltd., Nigeria
31st March, 2009	31st March, 2009	31st March, 2009	31st March, 2009	31st March, 2009	31st March, 2009	31st Dec., 2008	31st March, 2009	31st March, 2009	31st March, 2009
50,000	50,000	50,000	50,000	10,000	50,000	5,000,000	180	5,150,000	10,000,000
100%*	100%*	100%*	100%*	100%*	100%	100%	100%	100%	100%
**	(0.22)	**	**	**	-	(1.80)	(0.87)	(0.16)	(0.25)
-	-	-	-	-	-	-	-	-	-

For and on behalf of the Board of Directors

ABHIJIT RAJAN  
*Chairman & Managing Director*RAJUL A. BHANSALI  
*Executive Director*C. C. DAYAL  
*Director*ROHIT MODI  
*Deputy Managing Director*D. C. BAGDE  
*Director & CEO, T&D*DIPAK ASHAR  
*Chief Financial Officer*GITA BADE  
*Company Secretary*

Mumbai, Dated: 9th September, 2009



**DETAILS OF SUBSIDIARIES OF GAMMON INDIA LTD**

(Pursuant to the Central Government Order under Section 212(8) of the Companies Act, 1956)

Sr. No.	Particulars	GACTEL Turnkey Projects Limited	Cochin Bridge Infrastructure Co. Limited.	Gammon Infrastructure Projects Limited	Andhra Expressway Limited.	Rajahmundry Expressway Limited.	Gammon & Billimoria Limited.	Mumbai Nasik Expressway Limited.	Sikkim Hydro Power Ventures Limited.	Gammon Project Developers Limited.
a	Capital	50,500,000	64,000,700	1,469,955,055	290,000,000	290,000,000	1,000,000	520,000,000	31,739,000	1,900,000
b	Reserves	(74,257,790)	38,262,546	3,763,358,301	725,003,576	742,665,806	5,935,191	327,892,705	(24,800)	(415,101)
c	Total Assets	1,147,657,832	256,332,575	5,342,174,918	2,905,554,772	3,168,208,968	554,262,066	6,211,538,418	31,852,285	1,495,929
d	Total Liabilities	1,171,415,622	154,069,329	108,861,562	1,890,551,196	2,135,543,162	547,326,875	5,363,645,713	138,085	11,030
e	Investment(except in case of investment in subsidiaries)*	4,861,718***	-	665,555,292	-	30,000,000	-	-	-	-
f	Turnover	643,235,171	54,697,128	373,409,371	558,240,000	593,858,146	-	-	-	-
g	Profit/(Loss) before Taxation	(44,260,725)	10,004,776	199,451,511	192,800,003	206,766,115	3,742,472	**	**	(19,254)
h	Provision for Taxation including Deferred Tax	15,750,663	1,366,324	57,191,281	23,858,920	22,001,368	1,161,626	-	-	-
i	Profit/(Loss) After Taxation	(60,011,388)	8,638,452	142,260,230	168,941,083	184,764,747	2,580,846	-	-	(19,254)
j	Propossed Dividend	-	-	-	-	-	-	-	-	-
<b>Details of Investment *</b>										
<b>I) Joint Ventures</b>										
	Vizag Seaport Pvt.Ltd.	-	-	414,831,837	-	-	-	-	-	-
	Punjab Biomass Power Ltd.	-	-	80,833,335	-	-	-	-	-	-
	Eversun Sparkle Maritimes Services Pvt.Ltd.	-	-	21,439,500	-	-	-	-	-	-
	SEZ Adityapur Ltd.	-	-	190,000	-	-	-	-	-	-
	Indira Container Terminal Pvt. Ltd.	-	-	142,088,320	-	-	-	-	-	-
	Modern Toll Roads	-	-	244,700	-	-	-	-	-	-
	ATSL Infrastructure Projects Ltd.	-	-	244,500	-	-	-	-	-	-
	Haryana Biomass Power Ltd.	-	-	250,000	-	-	-	-	-	-
	Sadelmi S.p.A.	-	-	-	-	-	-	-	-	-
<b>II) Other</b>										
a)	Canara Bank	-	-	2,688,000	-	-	-	-	-	-
b)	Vijaya Bank	-	-	74,720	-	-	-	-	-	-
c)	IDFC Co.Ltd	-	-	1,768,816	-	-	-	-	-	-
d)	TCS Ltd	-	-	493,000	-	-	-	-	-	-
e)	Allahabad Bank	-	-	408,564	-	-	-	-	-	-
f)	Canbank Mutual Fund	2,114,880	-	-	-	-	-	-	-	-
g)	ING Vyasya Mutual Fund	2,746,838	-	-	-	-	-	-	-	-
h)	Franklin Templeton Mutual Fund	-	-	-	-	-	-	-	-	-
i)	Reliance Mutual Fund	-	-	-	-	-	-	-	-	-
j)	HDFC Mutual Fund	-	-	-	-	-	-	-	-	-
k)	ICICI Pru Mutual Fund	-	-	-	-	-	-	-	-	-
l)	NCD of DIPL	-	-	-	-	30,000,000	-	-	-	-





**DETAILS OF SUBSIDIARIES OF GAMMON INDIA LTD**

(Pursuant to the Central Government Order under Section 212(8) of the Companies Act, 1956)

Sr. No.	Particulars	Gammon Retail Infrastructure Private Limited	Gammon Power Limited	Gammon Holdings B.V.	Gammon International B.V.	FrancoTosi Meccanica S.p.A.	Campo Puma Oriente S.A.	Gammon Italy S.r.l.	Gammon Metro Transport Limited	Pravara Renewable Energy Limited	Jaguar Projects Developers Limited
a	Capital	-	500,000	1,214,640	1,214,640	3,025,947,218	509,500	674,800	1,100,000	68,500,000	500,000
b	Reserves	-	-	(372,015,065)	(271,033,828)	(833,007,947)	-	(354,808)	(1,453,118)	(32,140)	(42,137)
c	Total Assets	-	500,000	3,376,748,577	3,793,433,730	17,002,733,571	2,183,211	456,449	77,692	70,362,208	463,481
d	Total Liabilities	-	-	3,747,549,003	4,063,252,918	14,809,794,299	1,673,711	136,457	430,810	1,894,348	5,618
e	Investment(except in case of investment in subsidiaries)*	-	-	-	-	352	-	-	-	-	-
f	Turnover	-	-	-	-	2,959,637,596	-	-	420,036	-	-
g	Profit/(Loss) before Taxation	**	**	(365,357,492)	(265,142,088)	12,523,644	**	(302,136)	376,954	**	(9,997)
h	Provision for Taxation including Deferred Tax	-	-	-	-	10,102,107	-	40,370	-	-	-
i	Profit/(Loss) After Taxation	-	-	(365,357,492)	(265,142,088)	2,421,537	-	(342,506)	376,954	-	(9,997)
j	Proposed Dividend	-	-	-	-	-	-	-	-	-	-
	<b>Details of Investment *</b>										
	<b>I) Joint Ventures</b>										
	Vizag Seaport Pvt.Ltd.	-	-	-	-	-	-	-	-	-	-
	Punjab Biomass Power Ltd.	-	-	-	-	-	-	-	-	-	-
	Eversun Sparkle Maritimes Services Pvt.Ltd.	-	-	-	-	-	-	-	-	-	-
	SEZ Adityapur Ltd.	-	-	-	-	-	-	-	-	-	-
	Indira Container Terminal Pvt. Ltd.	-	-	-	-	-	-	-	-	-	-
	Modern Toll Roads	-	-	-	-	-	-	-	-	-	-
	ATSL Infrastructure Projects Ltd.	-	-	-	-	-	-	-	-	-	-
	Haryana Biomass Power Ltd.	-	-	-	-	-	-	-	-	-	-
	Sadelmi S.p.A.	-	-	-	-	-	-	-	-	-	-
	<b>II) Other</b>										
	a) Canara Bank	-	-	-	-	-	-	-	-	-	-
	b) Vijaya Bank	-	-	-	-	-	-	-	-	-	-
	c) IDFC Co.Ltd	-	-	-	-	-	-	-	-	-	-
	d) TCS Ltd	-	-	-	-	-	-	-	-	-	-
	e) Allahabad Bank	-	-	-	-	-	-	-	-	-	-
	f) Canbank Mutual Fund	-	-	-	-	-	-	-	-	-	-
	g) ING Vyasya Mutual Fund	-	-	-	-	-	-	-	-	-	-
	h) Franklin Templeton Mutual Fund	-	-	-	-	-	-	-	-	-	-
	i) Reliance Mutual Fund	-	-	-	-	-	-	-	-	-	-
	j) HDFC Mutual Fund	-	-	-	-	-	-	-	-	-	-
	k) ICI Pru Mutual Fund	-	-	-	-	-	-	-	-	-	-
	l) NCD of DIPL	-	-	-	-	-	-	-	-	-	-

-\*\* Since the Company is in the Project Implementation stage, no Profit & Loss account is prepared

\*\*\* Excluding Investment in Gammon Infrastructure Project Ltd. of Rs. 681,652,512/-

(Amount in Rs.)

Rajahmundry Godavari Bridge Limited	Gammon Hospitality Limited	Youngthang Power Ventures Limited	Bedi Seaport Limited	RAS Cities And Townships Private Limited	ATSL Infrastructure Projects Ltd	SAE Powerlines S.r.l.	ATSL Holdings BV, Netherlands	Transrail Lighting Ltd	Associated Transrail Structures Ltd., Nigeria
390,782,200	500,000	100,000,000	2,300,000	750,100,000	500,000	341,100,000	1,152,855	51,500,000	3,400,000
(7,122,867)	(2,247,688)	(636,618)	(32,623)	(49,237)	(60,447)	(201,853,018)	(8,707,744)	(1,655,575)	(4,132,281)
383,725,193	823,333	539,535,122	2,465,605	750,050,763	446,295	2,155,152,690	691,733,073	89,507,792	471,504
65,860	2,571,021	440,171,740	198,228	-	6,742	2,015,905,707	699,287,962	39,663,367	1,203,785
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	1,652,368,762	-	-	-
**	(2,215,558)	**	**	**	(18,791)	(13,802,459)	(8,707,745)	(1,596,540)	(2,477,335)
-	-	-	-	-	-	4,221,347	-	6,000	-
-	(2,215,558)	-	-	-	(18,791)	(18,023,806)	(8,707,745)	(1,602,540)	(2,477,335)
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For and on behalf of the Board of Directors

ABHIJIT RAJAN  
Chairman & Managing Director  
RAJUL A. BHANSALI  
Executive Director  
C. C. DAYAL  
Director

ROHIT MODI  
Deputy Managing Director  
D. C. BAGDE  
Director & CEO, T&D  
DIPAK ASHAR  
Chief Financial Officer  
GITA BADE  
Company Secretary

Mumbai, Dated: 9th September, 2009



**AUDITOR'S REPORT  
TO  
THE BOARD OF DIRECTORS OF GAMMON INDIA LIMITED  
ON THE CONSOLIDATED FINANCIAL STATEMENTS**

1. We have audited the attached Consolidated Balance Sheet of **Gammon India Limited** ('GIL') Group, as at 31st March, 2009 and also the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the GIL's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.
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 statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of
  - a. Certain Subsidiaries whose financial statements reflect total assets of Rs. 4,705.23 Crores, total revenue of Rs. 967.85 Crores and net cash flows of Rs. 45.23 Crores; and,
  - b. Certain Joint Ventures whose financial statements reflect total assets of Rs. 337.14 Crores, total revenue of Rs. 73.96 Crores and cash flows amounting to Rs. (7.53) Crores, the Company's share of such assets, revenues and cash flows being Rs. 161.57 Crores, Rs. 35.17 Crores and Rs. (3.06) Crores respectively.
  - c. Certain Associates whose financial statements reflect a net total loss of Rs 1.38 Crores. The group's share of loss of such associates being Rs. (0.41) Crores.
4. The abovementioned financial statements have been audited by other auditors whose reports have been furnished to us and our opinion is based solely on the report of other auditors. Apart from the above the following have been incorporated based on Un-audited Financial Statements
  - a) One of the overseas Joint Venture Company (JVC) whose audited consolidated financial statements are not available for reasons detailed in para 2(b) of the notes to accounts. The un-audited results of the overseas JVC is incorporated in these financial statements based on consolidated financial statements approved by its Board of Directors and whose financial statements reflect total assets of Rs 3662 Crores as at December 31, 2008, total revenues of Rs. 1655 Crores for the period ended 31<sup>st</sup> December 2008 and cash flows of Rs (308.78) Crores for the period then ended, and the Group's share of such assets, total revenue and cash flows being Rs 1830.86 Crores, 827.39 Crores and Rs. (154.39) Crores respectively.
  - b) Other Joint Ventures, whose financial statements reflect total assets of Rs. 56.06 Crores as at March 31, 2009, total revenues of Rs. 4.14 Crores and cash flows of Rs. 3.05 Crores for the year then ended, and the Group's share of such assets, revenues and cash flows being Rs. 28.02 Crores, Rs. 2.07 Crores and Rs. 1.52 Crores respectively, which are based on un-audited financial statements certified by management of the said joint ventures.
  - c) Certain other Subsidiaries whose financial statements reflect total assets of Rs. 0.26 Crores, and net cash flows of Rs. 0.09 Crores.
5. The subsidiaries referred in para 3 (a) above does not include the standalone financial statements of Gammon Infrastructure Projects Limited, where the audit has been conducted by us as the joint statutory auditors of the Company.
6. We report that the consolidated financial statements have been prepared by the GIL's management in accordance with the requirements of Accounting Standards (AS)-21 "Consolidated Financial Statements", Accounting

Standards (AS)-23 "Accounting for Investments in Associates in Consolidated Financial Statements" and Accounting Standard (AS)-27 "Financial Reporting of Interests in Joint Ventures" as notified under the Companies (Accounting Standards) Rules, 2006.

7. Without qualifying our report, we draw attention to
  - a) Note B 16 (a) to the notes to accounts regarding the Early Completion Bonus accrued by two subsidiary Companies in earlier years and included in sundry debtors at March 31, 2009. The outcome of the matter cannot be presently determined and hence no provision for any liability has been made in the financial statements.
  - b) Note B 16(c) to the notes to accounts relating to recognition of contract revenue of Rs. 94.54 Crores including Previous year Rs.57.04 Crores in which 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. Recoverability of the said amount under sundry debtors is dependent upon the final outcome of the appeals getting resolved in favour of the Company.
  - c) Note B 2(d) to the notes to accounts relating to the investments of Rs. 50.64 Crores in one of the joint ventures of a wholly owned subsidiary which has applied for creditors' protection in a Court in Italy. The final outcome and the resultant investment would be dependent upon the approval of the courts to the composition scheme pending which no effects have been taken in these accounts. Pending the availability of the financial statements of the Joint Venture Company, the investment in the JVC is accounted in accordance with (AS) 13 – "Accounting for Investments".
8. Based on our audit and on consideration of reports of other auditors on separate financial statements and on the other financial information of the components, and to the best of our information and according to the explanations given to us, we are of the opinion that the attached consolidated financial statements *subject to our comments in para 4 above read together with Note B 2(b) and Note 19(c) regarding non provision for Mark to Market losses of Rs 15.93 Crores on outstanding forward contract outstanding as on 31st March, 09 which is not in accordance with Accounting Standard - 1 and announcement made by the ICAI on 29th March, 08* and further read with Note B-29 relating to the joint venture in Oman and the other notes thereon give a true and fair view in conformity with the accounting principles generally accepted in India:
  - (a) in the case of the Consolidated Balance Sheet of the state of affairs of the GIL Group as at 31st March 2009;
  - (b) in the case of the Consolidated Profit and Loss Account of the profit of the GIL Group for the year ended on that date; and
  - (c) in the case of the Consolidated Cash Flow Statement of the cash flows of the GIL Group for the year ended on that date.

For Natvarlal Vepari & Co.  
Chartered Accountants

N Jayendran  
(Partner)  
M. No. 40441

Mumbai, Dated : September 9, 2009.

**CONSOLIDATED BALANCE SHEET AS AT 31st MARCH, 2009**

	Schedule No.	31st March, 2009		31st March, 2008	
		Rs. in Crores	Rs. in Crores	Rs. in Crores	Rs. in Crores
<b>SOURCES OF FUNDS :</b>					
<b>Shareholders' Fund</b>					
Share Capital	1	126.71		17.69	
Employee Stock Options	1A	4.39		1.14	
Reserves & Surplus	2	1,555.45		1,406.28	
			1,686.55		1,425.11
<b>Minority Interest</b>			231.83		148.21
<b>Loan Funds</b>					
Secured Loans	3	2,460.82		1,315.82	
Unsecured Loans		1,866.53		371.40	
			4,327.35		1,687.22
<b>Deferred Tax Liability</b>			139.08		45.87
<b>TOTAL</b>			<b>6,384.81</b>		<b>3,306.41</b>
<b>APPLICATION OF FUNDS :</b>					
<b>Goodwill on Consolidation</b>			647.83		65.03
<b>Fixed Assets</b>					
Gross Block	4	3,682.74		1,664.51	
Less : Depreciation & Impairment		1,043.05		396.27	
Net Block		2,639.69		1,268.24	
Add : Capital Work-in-progress		1,274.98		440.59	
			3,914.67		1,708.83
<b>Investments</b>	5		94.75		165.12
<b>Foreign Currency Monetary Item Translation Difference A/c</b>			62.47		-
<b>Current Assets, Loans and Advances</b>					
Interest Accrued Receivable		11.80		5.49	
Inventories	6	1,558.29		780.57	
Sundry Debtors	7	2,719.00		757.85	
Cash & Bank Balances	8	611.37		383.54	
Loans & Advances	9	1,501.98		569.05	
			6,402.44		2,496.50
<b>Less : Current Liabilities and Provisions</b>	10				
Current Liabilities		3,885.78		928.95	
Provisions		853.87		201.51	
			4,739.65		1,130.46
<b>Miscellaneous Expenditure</b>	11		1,662.79		1,366.04
			2.30		1.39
<b>TOTAL</b>			<b>6,384.81</b>		<b>3,306.41</b>
Notes to Accounts	18				

Schedules 1 to 18 annexed hereto form part of the Consolidated Balance Sheet and Consolidated Profit and Loss Account

As per our attached report of even date

For Natvarlal Vepari & Co.  
Chartered AccountantsN. JAYENDRAN  
Partner

M. No. 40441

For and on behalf of the Board of Directors

ABHIJIT RAJAN  
Chairman & Managing DirectorRAJUL A. BHANSALI  
Executive DirectorC. C. DAYAL  
DirectorROHIT MODI  
Deputy Managing DirectorD. C. BAGDE  
Director & CEO, T&DDIPAK ASHAR  
Chief Financial OfficerGITA BADE  
Company Secretary

Mumbai, Dated: 9th September, 2009

Mumbai, Dated: 9th September, 2009



## CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2009

	Schedule No.	April 08 - March 09		April 07 - March 08	
		Rs. in Crores	Rs. in Crores	Rs. in Crores	Rs. in Crores
<b>INCOME</b>					
Sales/Turnover	12	5,212.18		2,643.46	
Less: Excise Duty		46.00		-	
		5,166.18		2,643.46	
Other Operating Income	13	53.80		5.40	
Other Income	14	58.81		10.28	
			5,278.79		2,659.14
<b>EXPENDITURE</b>					
Expenditure on Contracts / Direct Costs	15	4,389.55		2,233.46	
Establishment Expenses	16	352.75		109.54	
Financial Costs (Net)	17	241.45		97.02	
Depreciation		143.91		88.32	
			5,127.66		2,528.34
<b>PROFIT BEFORE TAX &amp; SHARE IN ASSOCIATES</b>			151.13		130.80
Add : Share of Profit/(Loss) in Associates (Refer Note B-3)			(1.87)		15.10
<b>PROFIT BEFORE TAX &amp; AFTER SHARE IN ASSOCIATES</b>			149.26		145.90
Provision for Taxation :					
- Current		85.04		59.34	
- Deferred		(3.47)		3.32	
- Fringe Benefit Tax		2.85		1.78	
			84.42		64.44
<b>PROFIT AFTER TAX</b>			64.84		81.46
<b>Add/(Less)</b>					
Transferred to Minority Interest			(13.91)		(7.97)
(Short) / Excess provision for taxation for earlier years			0.87		(2.24)
Prior Period Adjustments			4.52		0.04
<b>NET PROFIT AFTER PRIOR YEAR TAX CHARGE</b>			56.32		71.29
Profit Brought Forward from last year			118.39		84.92
<b>PROFIT AVAILABLE FOR APPROPRIATION</b>			174.71		156.21
Amount Transferred to General Reserve		29.71		14.95	
Reversal of Profits of erstwhile ATSL pursuant to Amalgamation		35.47		-	
Amount Transferred to Debenture Redemption Reserve		24.90		11.51	
Amount Transferred from Debenture Redemption Reserve		-		(13.75)	
Amount Transferred to Special Contingency Reserve		-		20.00	
Amount Transferred from Foreign Projects Reserve		(0.32)		-	
Amount Transferred to Other Reserve-AS-15		-		0.03	
Dividend from erstwhile ATSL received during the year		(0.29)		-	
Proposed Dividend					
- Equity Shares		6.50		4.34	
- Preference Shares		6.30		-	
Tax on Dividend		2.17		0.74	
Compensation Cost Reversed in Forfeiture of ESOP		(0.05)		-	
			104.39		37.82
<b>BALANCE CARRIED TO BALANCE SHEET</b>			70.32		118.39
<b>Earnings per Share</b> (Refer Note B-18)					
<u>After Prior Year Tax Charges</u>					
Basic			4.58		8.22
Diluted			4.58		8.15
Notes to Accounts	18				

Schedules 1 to 18 annexed hereto form part of the Consolidated Balance Sheet and Consolidated Profit and Loss Account

As per our attached report of even date

For Natvarlal Vepari & Co.

Chartered Accountants

N. JAYENDRAN

Partner

M. No. 40441

For and on behalf of the Board of Directors

ABHIJIT RAJAN

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Deputy Managing Director

D. C. BAGDE

Director & CEO, T&D

DIPAK ASHAR

Chief Financial Officer

GITA BADE

Company Secretary

Mumbai, Dated: 9th September, 2009

Mumbai, Dated: 9th September, 2009



## CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2009

	APRIL 2008 - MARCH 2009		APRIL 2007 - MARCH 2008	
	Rs. in Crores	Rs. in Crores	Rs. in Crores	Rs. in Crores
<b>A. CASH FLOW FROM OPERATING ACTIVITIES :</b>				
<b>Net Profit before Tax and extraordinary items</b>		<b>149.27</b>		<b>130.80</b>
Adjustments for :				
Depreciation & Amortisation	143.91		88.32	
Personnel Cost (Stock Option Scheme)	2.36		1.14	
Profit / Loss on Sale of Investments (net)	(44.13)		(4.52)	
Profit / Loss on Sale of Assets	-		(0.08)	
Dividend Income	(10.76)		(0.57)	
Interest (Net)	241.45		97.02	
Foreign Exchange Loss/Gain	0.45		0.12	
Preliminary Expenses Written Off	0.23		0.07	
Foreign Currency Translation Reserve	(17.38)		-	
Foreign Exchange Translation	31.23		-	
Prior Period Adjustments	4.52		-	
Share of Loss in Associates	1.87		-	
Amount Written Off	6.31	<b>360.06</b>	1.58	<b>183.08</b>
<b>Operating Profit before Working Capital Changes</b>		<b>509.33</b>		<b>313.88</b>
Adjustments for :				
Trade and Other Receivables	(164.86)		(185.99)	
Inventory	(636.65)		(52.84)	
Trade Payables & Working Capital Finance	900.57		189.75	
Loan and Advances	(186.39)		78.56	
Preliminary Expenses	(1.13)		(0.11)	
		<b>(88.46)</b>		<b>29.39</b>
<b>CASH GENERATED FROM THE OPERATIONS</b>		<b>420.87</b>		<b>343.27</b>
Direct Taxes paid		(173.74)		(128.28)
<b>NET CASH FLOW FROM OPERATING ACTIVITIES</b>		<b>247.13</b>		<b>214.99</b>
<b>B. CASH FLOW FROM INVESTMENT ACTIVITIES :</b>				
Goodwill on Acquisition	(560.65)		(58.21)	
Purchase of Fixed Assets (excl. impairment)	(1,044.78)		(454.32)	
Cash and bank balances taken over pursuant to amalgamation	343.12		-	
Sale of Fixed Assets	4.31		0.20	
Share Application Money Pending Allotment	2.49		(2.30)	
Purchase of Investments in - Associates	(5.52)		(0.05)	
- Others	(2,018.60)		(746.14)	
Sale of Investments in - Associates	-		0.29	
- Others	2,114.15		658.03	
Interest received	27.68		25.95	
Dividend received	10.76		0.57	
<b>NET CASH FLOW FROM INVESTMENT ACTIVITIES</b>		<b>(1,127.04)</b>		<b>(575.98)</b>

**C CASH FLOW FROM FINANCING ACTIVITIES :**

Interest Paid	(261.59)	(119.49)
Grant Received	33.24	-
Proceeds from issue of Share Capital & Securities Premium	0.01	-
Warrants redeemed of CBICL	-	(0.01)
Minority Interest Contribution	10.34	61.83
Foreign Currency Translation Reserve	(1.07)	(4.75)
Proceeds from / (Repayment of) borrowings	1,305.67	410.47
Dividend Paid	(4.85)	(4.52)
Securities Premium Money (net)	26.43	150.96
<b>NET CASH FROM FINANCING ACTIVITIES</b>	<b>1,108.18</b>	<b>494.48</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>228.27</b>	<b>133.49</b>
Balance as on 31.03.2008	383.54	250.18
Balance as on 31.03.2009	611.81	383.67
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>228.27</b>	<b>133.49</b>

**Note:**

Figure in brackets denote outflows

Cash and Cash Equivalents Include Rs 1.93 Crores as on 31.03.2009 (*Previous Year- Rs 3.18 Crores as on 31.03.2008*) with Bank branch in Foreign countries relating to certain Foreign Projects which are not readily available for use by the company.

	<b>AS AT 31.3.2009</b>	<b>AS AT 31.3.2008</b>
As Per Balance Sheet - Escrow Account	59.60	237.77
- Other Account	551.76	145.77
Effect of Exchange Rate Charges	0.45	0.13
Balance Restated above	611.81	383.67

Schedules 1 to 18 annexed hereto form part of the Consolidated Balance Sheet and Consolidated Profit and Loss Account

As per our attached report of even date

For Natvarlal Vepari & Co.  
*Chartered Accountants*

N. JAYENDRAN  
*Partner*

M. No. 40441

For and on behalf of the Board of Directors

ABHIJIT RAJAN  
*Chairman & Managing Director*

RAJUL A. BHANSALI  
*Executive Director*

C. C. DAYAL  
*Director*

ROHIT MODI  
*Deputy Managing Director*

D. C. BAGDE  
*Director & CEO, T&D*

DIPAK ASHAR  
*Chief Financial Officer*

GITA BADE  
*Company Secretary*

Mumbai, Dated: 9th September, 2009

Mumbai, Dated: 9th September, 2009



## SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET

	31st March, 2009		31st March, 2008	
	Rs. in Crores	Rs. in Crores	Rs. in Crores	Rs. in Crores
<b>SCHEDULE 1</b>				
<b>SHARE CAPITAL</b>				
AUTHORISED				
35,50,00,000 (Previous Year 25,00,00,000) Equity Shares of Rs. 2/- each		71.00		50.00
30,00,000 6% Optionally Convertible Preference Shares of Rs. 350/- each		105.00		-
		<u>176.00</u>		<u>50.00</u>
ISSUED				
8,83,25,210 Equity Shares of Rs 2/- each fully Paid (Previous Year 8,83,25,210 Equity Shares of Rs 2/- each)		17.69		17.69
SUBSCRIBED AND PAID-UP				
8,67,44,670 Equity Shares of Rs 2/- each . (Previous Year 8,67,44,670 Equity Shares of Rs. 2/- each)		17.35		17.35
EQUITY SHARE SUSPENSE A/C (Refer Note B-4(A))		4.02		-
PREFERENCE SHARES SUSPENSE A/C (Refer Note B-4(A))		105.00		-
SHARE FORFEITURE ACCOUNT		0.34		0.34
		<u>126.71</u>		<u>17.69</u>
<b>SCHEDULE 1A</b>				
<b>EMPLOYEE STOCK OPTIONS</b>				
Employee stock option outstanding		7.22		3.04
Less : Deferred Employee compensation outstanding		2.83		1.90
		<u>4.39</u>		<u>1.14</u>
<b>SCHEDULE 2</b>				
<b>RESERVES AND SURPLUS</b>				
Foreign Projects Reserve Account		-		0.32
General Reserve Account		276.83		126.82
Securities Premium Account		855.84		829.42
Revaluation Reserve		245.56		249.66
Debenture Redemption Reserve Account		56.27		31.37
Other Reserves (As Per Subsidiary Accounts)		0.23		0.18
Special Contingency Reserve		50.00		50.00
Capital Reserve (Grant Received From NHAI)		33.24		-
Foreign Currency Translation Reserve		(32.84)		0.12
Profit And Loss Account		70.32		118.39
		<u>1,555.45</u>		<u>1,406.28</u>
<b>SCHEDULE 3</b>				
<b>SECURED LOANS</b> (Refer Note B-5)				
Non Convertible Debentures placed with Banks and Financial Institutions		226.00		126.00
Working Capital Loan from Banks		23.21		124.23
Term Loan from Banks		876.36		61.20
Project Loans -Public Private Partnership Projects SPVs		1,335.25		1,004.39
		<u>2,460.82</u>		<u>1,315.82</u>
<b>UNSECURED LOANS</b>				
Short Term Loans from Banks		1,442.43		136.62
Other Loans :				
- From Banks	177.53		69.81	
- From Financial Institutions	-		111.55	
- From Others	246.57		53.42	
		<u>424.10</u>		<u>234.78</u>
		<u>1,866.53</u>		<u>371.40</u>

**SCHEDULE 4  
FIXED ASSETS**

PARTICULARS	GROSS BLOCK						DEPRECIATION				NET BLOCK		
	As At 01.04.2008	Opening On A/C Of Amalgam- ation/ Further Acquisition	Additions	Deduc- tions/ Adjust- ment	Foreign Translation Adjust- ment	As At 31.03.2009	As At 01.04.2008	Opening On A/C Of Amalgam- ation/ Further Acquisition	For The Year	Deduc- tions/ Adjust- ments	Foreign Translation Adjust- ment	As At 31.03.2009	As At 31.03.2008
Intangible Assets	12.50	104.59	9.61	-	9.99	136.69	-	67.46	3.77	-	7.51	57.95	12.50
Leasehold Land	0.79	172.05	2.33	(0.27)	9.27	184.17	-	16.26	1.36	-	0.95	165.60	0.79
Freehold Property	277.68	485.75	15.49	(5.97)	110.94	883.89	18.11	56.74	11.52	-	14.20	783.32	259.57
Plant And Machinery	678.08	717.55	162.00	(5.38)	131.45	1,683.70	193.74	271.14	72.37	(1.62)	40.59	1,107.48	484.33
Office Equipments	33.96	24.93	9.39	(1.42)	6.52	73.38	19.10	16.68	5.30	(0.44)	5.09	27.65	14.86
Motor Vehicles	109.32	4.88	16.75	(1.73)	1.00	130.22	44.54	2.80	12.72	(1.13)	0.79	70.50	64.78
Road & Project Bridges	486.26	-	-	-	-	486.26	114.32	-	32.14	-	-	339.80	371.94
Project/Berth	65.92	11.09	0.47	-	-	77.48	6.45	1.19	3.75	-	11.39	66.09	59.47
Windmills	-	26.95	-	-	-	26.95	-	1.47	4.18	-	-	21.30	-
<b>Total</b>	<b>1,664.51</b>	<b>1,547.79</b>	<b>216.04</b>	<b>(14.77)</b>	<b>269.17</b>	<b>3,682.74</b>	<b>396.27</b>	<b>433.74</b>	<b>147.11</b>	<b>(3.19)</b>	<b>69.13</b>	<b>2,639.69</b>	<b>1,268.24</b>
<i>Previous Year</i>	1,513.92	-	160.51	9.91	-	1,684.51	307.71	-	91.46	2.90	-	1,274.98	440.59
<b>Add: Capital WIP Including Capital Advances</b>													
<b>Total</b>												<b>3,914.67</b>	<b>1,708.83</b>

**NOTES :-**

1. Leasehold Land is at cost less amount written off.
2. The Company has once again revalued on 31st March, 2007 all its Freehold Property present in its books, most of which were revalued earlier on 31st March, 1999 by Approved valuers.  
The consequent increase in the value of Fixed Assets pursuant to both revaluation amounted to Rs.265.49 Crores and has been credited to the Revaluation Reserve A/c.
3. Depreciation for the Year Ended 31st March, 2009 amounts to Rs. 147.11 Crores (*Previous Year Ended 31st March, 2008 Rs. 91.46 Crores*) from which has been deducted a sum of Rs.3.13 Crores (*Previous Year Ended 31.03.08 Rs. 3.13 Crores*) being the Depreciation in respect of Revaluation of Fixed Assets which has been drawn from the Revaluation Reserve A/c.



	31st March, 2009		31st March, 2008	
	Rs. in Crores	Rs. in Crores	Rs. in Crores	Rs. in Crores
<b>SCHEDULE 5</b>				
<b>INVESTMENTS</b>				
<b>INVESTMENTS (AT BOOK VALUE)</b>				
1. INVESTMENT IN GOVERNMENT SECURITIES:		0.23		1.39
2. INVESTMENT IN SHARES & DEBENTURES:				
a) Trade Investments				
Associates Accounted as per AS-23 (Refer Note B-3)		26.49		58.04
b) Other Investments				
Quoted		5.30		7.55
Unquoted		58.40		0.86
3. INVESTMENT IN PARTNERSHIP - CAPITAL CONTRIBUTION				
Gammon Shah (Fully Provided) (Rs. 25,000)		-		-
4. Investment In Mutual Funds		0.84		93.00
5. Share Application Money Pending Allotment		1.99		4.48
6. GIL Share Suspense A/c (Refer note B-4)		1.69		-
<b>GRAND TOTAL</b>		<b>94.94</b>		<b>165.32</b>
Less : Provisions for Diminution in the value of Investment		0.19		0.20
		<b>94.75</b>		<b>165.12</b>
<b>SCHEDULE 6</b>				
<b>INVENTORIES</b>				
Raw Material		122.72		-
Stores and Construction Materials	259.03		203.09	
Less : Value of Materials drawn from Contractees				
Contra - Refer Schedule 10	1.17		3.28	
		<b>257.86</b>		<b>199.81</b>
Work In Progress				
- Construction		1,087.64		580.76
- Manufacturing		45.10		-
Finished Goods		44.97		-
		<b>1,558.29</b>		<b>780.57</b>
<b>SCHEDULE 7</b>				
<b>SUNDRY DEBTORS (Refer Note. B-16)</b>				
Unsecured Considered Good				
Outstanding for over six months (Including Retention Money)	1,146.34		227.43	
Other Debts (Including Retention Money)	1,555.29		493.25	
	<b>2,701.63</b>		<b>720.68</b>	
Less: Provision for Doubtful Debts	20.34		0.52	
		<b>2,681.29</b>		<b>720.16</b>
Accrued Income		37.71		37.69
		<b>2,719.00</b>		<b>757.85</b>
<b>SCHEDULE 8</b>				
<b>CASH AND BANK BALANCES</b>				
Cash in Hand		3.96		2.00
Funds-in-Transit and in hand		5.40		4.33
With Scheduled Banks				
(a) On Current Accounts		204.17		44.52
(b) Unpaid Dividend Bank Account		0.47		0.25
(c) On Fixed Deposit Account		20.06		17.57
(d) On Escrow Account		59.60		237.77
With Non-Scheduled Banks				
(a) On Current Account		252.59		75.50
(b) On Call Deposits		0.02		0.02
(c) On Fixed Deposit Account		65.10		1.58
		<b>611.37</b>		<b>383.54</b>

	31st March, 2009		31st March, 2008	
	Rs. in Crores	Rs. in Crores	Rs. in Crores	Rs. in Crores
<b>SCHEDULE 9</b>				
<b>LOANS AND ADVANCES</b>				
(Unsecured, considered good, unless otherwise stated)				
Project Advances	138.22		102.12	
Advance recoverable in cash or kind for value to be received	495.73		86.33	
Less : Provision made	2.02		0.96	
		631.93		187.49
VAT Receivable		178.13		-
Taxes Paid		390.03		219.48
Loan to Joint Venture Company		27.52		18.87
Advance for Purchase of Development Rights		76.75		56.15
Advance for Purchase of Equity Shares		-		15.79
Tender Deposits		29.70		22.27
Other Deposits / Advances		64.29		20.22
Deposits with Joint Stock Companies :				
Considered Good				
- Secured	50.04		11.04	
- Other	53.59		17.72	
Considered doubtful (including interest)	6.40		6.40	
Less : Provisions made	(6.40)		(6.40)	
		103.63		28.76
		1,501.98		569.05
<b>SCHEDULE 10</b>				
<b>CURRENT LIABILITIES</b>				
Sundry Creditors		2,609.41		638.40
Advances from Clients	1,238.64		269.01	
Less : Value of Materials drawn from Contractees				
Contra (Refer Schedule 6)	1.17		3.28	
		1,237.47		265.73
Interest accrued but not due on Loans		38.23		24.38
Unclaimed Dividends		0.52		0.26
Unclaimed Matured Fixed Deposits		0.15		0.18
		3,885.78		928.95
<b>PROVISIONS</b>				
Proposed Dividend				
- Equity Shares		6.45		4.34
- Preference Shares		6.30		-
Provision for Tax		486.63		186.90
Provision for Tax on Dividend		2.17		0.74
Provision for Risks and Contingencies		221.52		-
Provision for Staff Benefits		130.80		9.53
		853.87		201.51
<b>SCHEDULE 11</b>				
<b>MISCELLANEOUS EXPENDITURE</b>				
Preliminary & Share issue Expenses		2.30		1.39
		2.30		1.39

**SCHEDULES FORMING PART OF THE CONSOLIDATED PROFIT & LOSS ACCOUNT**

	31st March, 2009		31st March, 2008	
	Rs. in Crores	Rs. in Crores	Rs. in Crores	Rs. in Crores
<b>SCHEDULE 12</b>				
<b>SALES / TURNOVER</b>				
Sales / Turnover		5,055.43		2,499.88
Toll Proceeds		3.68		3.55
Annuity Income		116.60		116.60
Project Berth Revenue		36.47		23.43
		<u>5,212.18</u>		<u>2,643.46</u>
<b>SCHEDULE 13</b>				
<b>OTHER OPERATING INCOME</b>				
Fees & Miscellaneous Receipts		53.80		5.40
		<u>53.80</u>		<u>5.40</u>
<b>SCHEDULE 14</b>				
<b>OTHER INCOME</b>				
Dividend Income		10.76		0.57
Miscellaneous Income		2.94		5.19
Profit on Sale of Assets		0.98		-
Profit on Sale of Investments (Net)		44.13		4.52
		<u>58.81</u>		<u>10.28</u>
<b>SCHEDULE 15</b>				
<b>EXPENDITURE ON CONTRACTS/ DIRECT COSTS</b>				
Opening Works-in-progress :				
Stores and Construction Material at Sites		580.76		514.79
Add : On A/c Of Amalgamation of ATSL		13.17		-
Add : On A/c Of Acquisition of Subsidiaries / Joint Ventures		542.57		-
Opening stock of Stores and Construction Material at Sites and Godowns		203.06		216.37
Add : On A/c Of Amalgamation of ATSL		58.60		-
Add : On A/c Of Acquisition of Subsidiaries / Joint Ventures		35.81		-
	A	<u>1,433.97</u>		<u>731.16</u>
<b>Add :</b>				
Purchases of Materials		2,478.53		771.15
Sub Contract Expenses		1,199.96		954.11
Plant Hire Charges		39.05		38.72
Insurance		14.25		9.90
Fees and Consultations		24.62		12.84
Consumption of Spares		33.13		29.90
Outward Freight		34.59		-
Sales Tax		38.17		26.56
Service Tax		50.80		31.63
Power and Fuel		101.46		84.62
Site Personnel Expenses		261.68		201.12
Operation & Maintenance Exp		33.75		16.12
Sundry Expenses (As per Schedule 15A annexed)		154.42		109.45
	B	<u>4,464.41</u>		<u>2,286.12</u>



	April 2008 - March 2009		April 2007 - March 2008	
	Rs. in Crores	Rs. in Crores	Rs. in Crores	Rs. in Crores
<b>Less :</b>				
Closing Stock of Stores & Construction Materials including Materials drawn from Contractees Rs 1.16 Crores (Previous year Rs 3.53 Crores)		380.83		203.06
Closing Work-in-progress including estimated profits		1,087.64		580.76
	C	1,468.47		783.82
(A+B-C)		4,429.91		2,233.46
<b>Finished Good and WIP (Manufacturing)</b>				
Opening Stock				
- WIP - Mfg		19.61	-	-
- Finished Goods		30.10	-	-
Less : Closing stock				
- WIP - Mfg		(45.10)	-	-
- Finished Goods		(44.97)	-	-
		(40.36)		-
		4,389.55		2,233.46
<b>SCHEDULE 15A</b>				
<b>SUNDRY EXPENSES INCLUDED UNDER EXPENDITURE OF CONTRACT</b>				
Plant Repairs		21.95		10.09
Rent, Rates & Taxes		18.92		10.46
Staff Welfare		10.74		15.72
Travelling Expenses		19.21		17.97
Guarantee Bond Commission and Bank Charges		5.28		9.43
Other Site Expenses *		78.32		45.77
		154.42		109.44

\* None of the individual items included in Other Site Expenses exceeds one percent of the total turnover.

#### SCHEDULE 16

##### ESTABLISHMENT EXPENSES :

Electricity Charges	1.50	1.11
Rent	10.51	1.91
Salaries incl. Provision for Commission and Bonus	169.44	37.34
Contribution to Employees Provident Fund, ESIS & Other Funds	30.65	3.69
Contribution to Gratuity Fund	9.51	0.14
Staff Welfare Expenses	4.32	1.26
Insurance	11.77	6.47
Rates and Taxes	5.86	0.99
Communication Expenses	6.71	3.03
Travelling, Leave Passage and Motor Car Expenses	11.44	3.89
Professional Fees	37.74	10.78
Advertisement and Publicity Expenses	2.86	-
Miscellaneous Expenses	16.63	4.81
Agency Commission	-	13.61
Repairs & Maintenance	3.56	5.86
Carried forward	322.50	94.89



	<b>April 2008 - March 2009</b>		<i>April 2007 - March 2008</i>	
	<b>Rs. in Crores</b>	<b>Rs. in Crores</b>	<i>Rs. in Crores</i>	<i>Rs. in Crores</i>
Brought forward		<b>322.50</b>		<b>94.89</b>
Auditors Remuneration :				
- Audit Fees including Tax Audit Fees & Consolidation	<b>0.40</b>		<i>0.43</i>	
- Limited Review	<b>0.05</b>		<i>0.03</i>	
- Certification	<b>0.02</b>		<i>0.01</i>	
- Managerial Services	<b>0.09</b>		<i>0.01</i>	
- Reimbursement of Out of Pocket Expenses	<b>0.01</b>	<b>0.57</b>	<i>0.01</i>	<i>0.49</i>
Directors Sitting Fees		<b>1.04</b>		<i>0.08</i>
Write off against Leasehold Land		<b>0.01</b>		<i>0.01</i>
Bad Debts / Interest written off		<b>3.89</b>		<i>1.57</i>
Provision for doubtful debts (Net)		<b>2.41</b>		<i>-</i>
Donation		<b>0.16</b>		<i>0.03</i>
Exchange Loss		<b>19.58</b>		<i>12.45</i>
Loss on Sale of Assets		<b>-</b>		<i>(0.08)</i>
Preliminary / Deferred Revenue Expenses		<b>0.23</b>		<i>0.08</i>
Employee Compensation Expense - ESOS		<b>2.36</b>		<i>-</i>
		<b>352.75</b>		<i>109.54</i>
<b>SCHEDULE 17</b>				
<b>FINANCIAL COST</b>				
<b>INTEREST PAID ON :</b>				
On Fixed Period Loans		<b>84.33</b>		<i>68.10</i>
Other Loans		<b>165.54</b>		<i>39.37</i>
Provision for Marked to Market Loss		<b>2.54</b>		<i>4.60</i>
Other Finance Charges		<b>24.23</b>		<i>10.39</i>
		<b>276.64</b>		<i>122.46</i>
<b>Less : INTEREST EARNED ON</b>				
Fixed Deposits with Banks		<b>5.27</b>		<i>3.53</i>
Others		<b>28.71</b>		<i>21.56</i>
		<b>33.98</b>		<i>25.09</i>
<b>Less : Amount Transferred to Capital WIP</b>		<b>1.21</b>		<i>0.35</i>
		<b>241.45</b>		<i>97.02</i>

Interest on other loans includes interest costs in the investment SPVs of the overseas acquisitions Rs. 29.09 Crores

**SCHEDULE 18 : SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****A. ACCOUNTING POLICIES:****1. Principles of consolidation**

The Consolidated Financial Statements comprise the financial statements of GAMMON INDIA LTD. ("the Company") and its Subsidiary companies (the Company and its subsidiaries are hereinafter referred to as 'the Group'), Associates and Joint Ventures in the form of jointly controlled entities. The Consolidated Financial Statement has been prepared on the following basis:-

**a) Interests in Subsidiaries**

- The Financial Statements of the Company and its subsidiary companies have been combined on a line by line basis by adding the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transactions resulting in unrealized profits or losses as per Accounting Standard - 21 "Consolidated Financial Statements" issued by Institute of Chartered Accountants of India ('AS-21').
- The Consolidated Financial Statements have been prepared using uniform policies for like transactions and other events in similar circumstances and are presented to the extent possible in the same manner as the Company's separate financial statements.
- The excess of cost of investments of the Company over its share of equity in the Subsidiary is recognised as goodwill. The excess of share of equity of Subsidiary over the cost of investments is recognised as capital reserve.

**b) Interests in Joint Ventures**

The Company's interests in Joint Ventures in the nature of Jointly controlled entities are included in these Consolidated Financial Statements using the proportionate consolidation method as per the Accounting Standard – 27 "Financial Reporting of Interests in Joint Ventures" issued by the Institute of Chartered Accountants of India ('AS-27'). The Group combines its share of each of the assets, liabilities, income and expenses of the joint venture with similar items, on a line by line basis.

**c) Investments in Associates**

Investments in Associate Companies are accounted under the equity method as per the Accounting Standard – 23 "Accounting for Investments in Associates in Consolidated Financial Statements" issued by the Institute of Chartered Accountants of India ('AS -23').

Under the equity method, the investments in associates is carried in the balance sheet at cost plus post acquisition changes in the Group's share of net assets of the associate. The income statement reflects the Group's share of the results of operations of the associates.

The excess of the Company's cost of investment over its share of net assets in the associate on the date of acquisition of investment is accounted for as goodwill. The excess of the Company's share of net assets in the associate over the cost of its investment is accounted for as capital reserve.

Goodwill / Capital Reserve is included/adjusted in the carrying amount of the investment.

**2. Use of Estimates**

The preparation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognized in the period in which the results are known.

**3. Revenue Recognition****a) On Construction Contracts:**

Long-term contracts including Joint Ventures Projects are progressively evaluated at the end of each accounting period. On contracts under execution which have reasonably progressed, profit is recognised by evaluation of the percentage of work completed at the end of the accounting period, whereas, foreseeable losses are fully provided for, in the respective accounting period. The percentage of work completed is determined by the expenditure incurred on the job till each review date to total expenditure of the job.

Additional claims (including for escalation), which in the opinion of the Management are recoverable on the contract, are recognised at the time of evaluating the job.

- b) On supply of materials, revenue is recognized upon the delivery of goods to the client in accordance with the terms of contract. Sales include excise duty & other receivable from the customers but exclude VAT, wherever applicable.
- c) Revenues from providing services are recognized in income statement at the moment said services are completed.
- d) Insurance claims are accounted for on cash basis.
- e) On Infrastructure Development Business:
  - (i) Annuity and Toll Receipts:

The toll collection from the users is accounted when the amount is due and recovered.

The Company earns an annuity income from some of its Build, Own, Transfer ('BOT') projects which is recognised on a time basis over the period during which the annuity is earned. Revenues from bonus and other claims are recognised upon acceptance from customer/counterparty.
  - (ii) Berth Operations:

Revenue by way of Berth Hire Charges, Dust Suppression Charges, Cargo Handling Charges, Plot Rent, Wharf Age, Barge Freight, Other Charges etc. are recognized on an accrual basis and is billed as per the terms of the contract with the customers at the rates approved by Tariff Authority for Marine Ports (TAMP) as the related services are performed.

Other income is recognized on an accrual basis when the same is due.
- f) Cargo freight income is recognized at the time of booking of the consignment and is being accounted net of rebates, discounts and booking commission.
- g) Revenue for design and assemblies are recognized on the basis of work progress reports provided for each contract.
- h) Revenue from the sale of goods and finished products are recognized at the time of transfer to the customer of the risks and benefits relating to the product sold, normally coinciding with the shipment of goods to the customers and acceptance by the same; revenue from services are recognized in the accounting period where the services are rendered.

#### 4. Turnover

Turnover represents work certified as determined by taking into consideration the actual cost incurred and profit evaluated by adopting the percentage of the work completion method of accounting and once the company has transferred to the purchaser all the significant risks and benefits related to the asset ownership. Turnover also includes the revenue from the supply of material in the equipment supply contracts in accordance with the terms of contract.

#### 5. Research and Development Expenses

All expenditure of revenue nature is charged to the Profit and Loss Account of the period. All expenditure of capital nature is capitalised and depreciation provided thereon, at the rates as applied to other assets of similar nature.

The cost for development in relation to specific project are capitalized only when the Company is able to show the technical possibility of carrying out the intangible asset in order to make it available for use and sale, its intension to make it available for use and sale, the modalities the activity can provide for future economic benefits, the availability of technical, financial, as well as any other kind of resources in order to carry out development and it's capacity to reliably assess the cost attributable to the activity during its development.

After the original recognition, the costs of development are assessed net of the corresponding quotas of amortization and of the impairment loss. Further Capitalized costs for development are amortized with reference to the period of time where it is expected that the project thereof will produce revenue for the company.

#### 6. Employee Retirement Benefits

Retirement benefits in the form of a defined contribution scheme and contributions are charged to the Profit and Loss Account for the year/period when the contributions are due.

Other retirement benefits being in the nature of a defined benefit obligation is provided on the basis of an actuarial valuation made at the end of each year/period on projected Unit Credit Method.

Actuarial gains/losses are immediately taken to the Profit and Loss Account and are not deferred.

In case of certain subsidiaries and a joint venture, the entitlement of employee's retirement benefit is based upon the employee's final salary and length of service, subject to the completion of a minimum service period based on the laws of the respective country. The expected costs of these benefits are accrued over the period of employment. The terminal benefits are paid to employees' on their termination or leaving employment. Accordingly, the Company does not expect settlement against terminal benefit obligation in the near future.

## 7. Fixed Assets

Fixed Assets are valued and stated at cost of acquisition less accumulated depreciation thereon. Revalued assets are stated at the revalued amount. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition of its intended use. Borrowing costs relating to acquisition of fixed assets which take a substantial period of time to get ready for its intended use are also included to the extent they relate to the period till such assets are ready to be put to use.

## 8. Depreciation and Amortization

### Indian Operations

Depreciation for the accounting period is provided on:

- (a) Straight Line Method, for assets purchased after 2-4-1987, at the rates and in the manner specified in Schedule XIV to the Companies Act, 1956.
- (b) Written Down Value Method, for assets acquired on or prior to 2-4-1987, at the rates as specified in Schedule XIV to the Companies Act, 1956.
- (c) Depreciation on revalued component of the assets is withdrawn from the Revaluation Reserve.
- (d) The depreciation on assets used for construction has been treated as period cost.
- (e) The Infrastructure Projects Assets are amortized over a period of the rights given under the various Concession Agreements to which they relate.
- (f) Expenses incurred by the Company on periodic maintenance (required to be incurred by it in the 5<sup>th</sup>, 10<sup>th</sup> and 15<sup>th</sup> year as per the Contract with NHAI) are capitalized on the completion of said activity. These costs are amortised over the period up to which the next periodic maintenance is due. The periodic maintenance of 5<sup>th</sup> and 10<sup>th</sup> year is amortized over a period of 5 years from completion of the activity. The periodic maintenance of 15<sup>th</sup> year is written off over the balance concession period of 1 year.

### Overseas Operations

Depreciation is charged on a straight line basis over the useful life of the assets or as prescribed as per the relevant local laws of such country. Where the asset being depreciated is made up of distinctly identifiable elements, whose useful life significantly differs from that of the other parts the depreciation is provided separately in accordance with the component approach.

The estimated useful lives of the assets for calculating depreciation are as follows:-

ASSET	From	To
Building	20 Years	40 Years
Plant & Machinery	3 Years	20 Years
Computer	3 Years	7 Years
Furniture & Fixtures	3 Years	10 Years
Office Equipment	3 Years	15 Years
Motor Vehicles	3 Years	8 Years
Temporary Site Office	2 Years	8 Years

### Intangible Assets

Intangible assets are amortised over the period of the useful life of the rights and it begins when the asset is available for use. Intangible assets of infinite useful lives are not amortized but subject to impairment test, on an annual basis.

## 9. Impairment of Assets

On annual basis Company makes an assessment of any indicator that may lead to impairment of assets

including goodwill on consolidation. An asset is treated as impaired when the carrying cost of asset exceeds its recoverable value. Recoverable amount is higher of an asset's net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life.

An impairment loss is charged to the Profit and Loss Account in the year in which an asset is identified as impaired. The impairment loss recognized in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

#### 10. Investments

Investments are classified as current and long term investments. Current Investments are valued at lower of cost or market value. Long Term Investments are stated at cost. The decline in the value of Long Term Investments other than temporary is provided for.

Investments in associates are accounted under Equity Method as per Accounting Standard - 23 "Accounting for Investments in Associates in Consolidated Financial Statements" issued by Institute of Chartered Accountants of India('AS 23').

#### 11. Inventories

- (a) In case of the Indian Operations, the Stores and Construction Materials are valued and stated at lower of cost or net realizable value. The FIFO method of inventory valuation is used to determine the cost. Raw materials are valued at cost, net of Excise duty and Value Added Tax, wherever applicable. Stores and spares, loose tools are valued at cost except unserviceable and obsolete items that are valued at estimated realizable value thereof. Costs are determined on FIFO method.
- (b) Work-in-Progress on construction contracts reflects value of material inputs and expenses incurred on contracts including estimated profit in evaluated jobs.
- (c) Work -in- progress from manufacturing operation is valued at cost and Costs are determined on FIFO method.
- (d) Finished Goods are valued at cost or net realizable value, whichever is lower. Costs are determined on FIFO method except in case of overseas operations where the Finished goods are valued on Weighted Average Cost basis.
- (e) In case of the overseas Operations, the Stores & spares and Construction materials are valued at Weighted Average Cost basis.
- (f) Works-in-progress for service contracts are measured based on the status of completion of work. Whenever the results of the agreement cannot be reliably evaluated, revenues are recognized only to the extent that costs are deemed to be recoverable. The costs for purchasing goods and services are recognized in the income statement on accrual basis and develop into decreases in economic benefits, which occur in the form of cash outflows, or of impairment of assets or incurring liabilities.

#### 12. Foreign Currency Translation

- (a) Transactions in foreign currencies are recorded at the exchange rate prevailing on the date of transactions.
- (b) Current Assets and Current Liabilities are translated at the year end rate or forward contract rate.
- (c) Any Gain or Loss on account of exchange difference either on settlement or translation is recognized in the Profit and Loss Account.
- (d) Fixed Assets acquired in foreign currencies are translated at the rate prevailing on the date of Bill of Lading or, if lower, to that in force at the year end if negative changes have resulted in impairment of these assets.
- (e) The transactions of Oman branch, overseas subsidiaries and joint ventures are accounted as non-integral operations. The related exchange difference on conversion is accounted under Foreign Currency Translation Reserve Account.
- (f) The transactions of branches at Kenya, Nigeria and Algeria are accounted as integral operation.

#### 13. Taxation

Tax expenses comprise Current Tax, Deferred Tax and Fringe Benefit Tax.

Current Tax is calculated after considering benefits admissible under Income tax Act, 1961.

In case of overseas subsidiaries and joint ventures, current taxes are calculated on the basis of the taxable

income for the year, applying the tax rate in force, in those countries, as of the balance sheet date.

Deferred Tax is recognized on timing differences being the differences between the taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred Tax Assets, subject to the consideration of prudence are recognized and carried forward only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such Deferred Tax Assets can be realized. The tax effect is calculated on the accumulated timing difference at the year-end based on the tax rates and laws enacted or substantially enacted on balance sheet date.

Current and Deferred taxes are recorded in the income statement, with the exception of those relating to items directly debited against or credited to Shareholder's Equity, in which cases the tax effect is directly recognized under Shareholder's Equity. Taxes are off set if and when the income taxes are applied by the same Tax Authority and there is a legal right to off set and settlement of the net balance is expected.

At each balance sheet date the Company re-assesses unrecognized deferred tax assets. It recognised unrecognized deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realized.

Tax on FBT means the specified rate on the value of fringe benefit in accordance with the provisions of section 115WC of the income Tax Act, 1961. Accordingly, FBT is done as per the guidance note issued by the Institute of Chartered Accountants of India.

#### **14. Borrowing Cost**

Borrowing costs directly attributable to the acquisition or construction of qualifying assets are capitalized. Other borrowing costs are recognized as expenses in the period in which they are incurred. In determining the amount of borrowing costs eligible for capitalization during a period, any income earned on the temporary investment of those borrowings is deducted from the borrowing costs incurred.

#### **15. Public Grant**

Public Grants, in the presence of a formal allocation resolution, and in any event, when the right to their disbursement is considered definitive since reasonably certainty exists that the Group will observe the conditions envisaged for perception thereof and that the grants will be collected, are recorded on an accrual basis in direct correlation with the costs incurred. The public grants provided for investments are therefore booked against the purchase price or the production costs of the asset. Other operating grants are credited to the income statement under the item "Other revenues and income".

The SPV on receipt of grant as equity support from NHAI accounts the same under Shareholders funds under Reserves and Surplus, in accordance with the terms of the concession granted to the company. The grant related to operations not forming part of equity support will be credited to the Profit and Loss account.

#### **16. Employee Stock Option Scheme**

Employee stock options are evaluated and accounted on intrinsic value method as per the accounting treatment prescribed under Guidance Note on "Accounting for Employee Share-based payments" issued by the ICAI read with SEBI (Employee Stock Option Scheme & Employee Stock Purchase Scheme) Guidelines, 1999 issued by Securities and Exchange Board of India. Accordingly the excess of market value of the stock options as on the date of grant over the exercise price of the options is recognized as deferred employee compensation and is charged to profit and loss account on graded vesting basis over the vesting period of the options. The un-amortized portion of the deferred employee compensation is reduced from Employee Stock Option Outstanding which is shown under Reserves and Surplus.

#### **17. Sales Tax /Cenvat Credit / VAT / WCT**

Sales Tax/VAT/Works Contract Tax on construction contracts are accounted on payment basis. The cost of Material (inputs) is accounted at purchase cost net of excise duty and Value Added Tax, wherever applicable. The excise duty elements of materials (inputs) is debited to "Modvat Credit Receivable A/c" and Value Added Tax element of materials (inputs) is debited to "VAT Credit Receivable A/c.", under the head "Loans & Advances". The excise duty and Value Added Tax payable on dispatch of goods are credited to Modvat Credit Receivable A/c and VAT Credit Receivable A/c by debiting the same to excise duty and value added tax (sales tax), respectively in Profit & Loss A/c.

#### **18. Provision, Contingent Liabilities and Contingent Assets**

Provisions involving substantial degree of estimation in measurement are recognised when an enterprise has a

present obligation as a result of past event; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

Contingent Liabilities are not recognized but are disclosed in the notes to accounts. Disputed demands in respect of Central Excise, Customs, Income Tax and Sales Tax are disclosed as Contingent Liabilities. Payment in respect of such demands, if any, is shown as advance, till the final outcome of the matter.

Contingent Assets are neither recognized nor disclosed in the financial statements.

## 19. Earning Per Share

Basic Earning Per Share is calculated by dividing the net profit or loss for the period attributable to equity share holders by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period is adjusted for events of share split.

For the purpose of calculating diluted earning per share, the net profit or loss for the period attributable to equity shareholders and weighted average number of equity shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

## 20. Derivatives

As of the date the contract is entered into, the derivative instruments are recorded at fair value and, if the derivative instruments do not qualify as being recorded as hedging instruments, the changes in the fair value recorded after initial statement as handled as components of the operating result for the year if they relate to forward transactions (sales or purchases) and the financial result for the year if relating to interest rate swaps.

If by contrast the derivative instruments satisfy the requisites for being classified as hedging instruments, the subsequent changes in the fair value are recorded following the specific criteria indicated below. As a rule, a hedge is considered highly "effective" if, both at the start and over its duration, the changes in the fair value in the event of a fair value hedge or cash flows expected in the future in the event of a cash flow hedge of the element covered, are essentially offset by the changes in the fair value of the hedged instrument.

When the hedge concerns the fair value changes of assets or liabilities recorded in the financial statements (fair value hedge), both the changes in the fair value of the hedging instruments and the changes in that being hedged are charged to the income statement. If the hedge is not perfectly effective, or differences are noted and charged to the Profit and Loss Account for the year.

In the event of hedging aimed at neutralizing the risk of the changes in cash flows originated by the future execution of obligations contractually defined as of the financial statement reference date (cash flow hedge), the changes in the fair value of the derivative instrument registered after initial statement are recorded, solely in relation to the effective part, under the item "Cash Flow Reserve" as part of the shareholders' equity. When the economic effects originated by that being hedged manifest, the reserve is reversed to the income statement. If the hedge is not perfectly effective, the fair value change of the hedging instrument, referring to the ineffective portion of the same is immediately recorded in the income statement for the year. Vice versa, in the event a derivative instrument is transferred or can no longer be qualified as an effective hedging instrument, the portion of the "Cash Flow Reserve" representative of the fair value changes of the instrument, up to that moment recorded, is maintained as a component of shareholders' equity and reversed to the income statement following the classification approach described above, at the same time as the manifestation of the transactions originally hedged.

The fair value of financial instruments listed on an active market is based on the market prices as of the balance sheet date. The fair value of instruments which are not listed on an organized market is determined by using valuation techniques based on a series of methods and assumptions linked to the market conditions as of the balance sheet date. Other techniques, such as the estimation of the discounted cash flows, are used for the purpose of determining the fair value of the other financial instruments. The fair value of the interest rate swaps is calculated using the medium-term rate as of the balance sheet date.

Given the short term characteristics of trade receivables and payables, it is deemed that the book values, net of any write down allowances for doubtful receivables, represent a good approximation of the fair value.

## 21. Preliminary and Share Issue Expenses

### (i) GIPL:

The share issue expenses incurred before 31<sup>st</sup> March 2004 are amortised equally over a period of five years and preliminary expenses over ten years. Share issue expenses after 1<sup>st</sup> April 2004 are charged off to the



Share Premium Account, if available, or to the Profit and Loss Account.

**(ii) MNEL/GICL/KBICL/PBPL:**

The share issue expenses will be charged to the Profit and Loss Account in the first year when the Company draws up the Profit and Loss Account.

**22. Minority Interest**

Minority interest comprises of amount of equity attributable to the minority shareholders at the date on which investments are made by the Company in the subsidiaries and further movements in their share in the equity, subsequent to the date of the investments.

**B. NOTES TO ACCOUNTS**

**1. SUBSIDIARIES**

a) The following subsidiaries have been consolidated in the Financial Statements

Name of Subsidiaries	Country of Incorporation	For the Year 2008- 09		For the Year 2007- 08	
		Ownership Interest	Effective Interest	Ownership Interest	Effective Interest
<b>1 GIPL GROUP</b>					
Gammon Infrastructure Projects Ltd.(GIPL)	India	<b>76.15%</b>	<b>76.15%</b>	76.15%	76.15%
Rajahmundry Expressway Ltd.(REL)	India	<b>93.50%</b>	<b>71.20%</b>	93.50%	71.20%
Andhra Expressway Ltd.(AEL)	India	<b>93.50%</b>	<b>71.20%</b>	93.50%	71.20%
Cochin Bridge Infrastructure Co. Ltd.(CBICL)	India	<b>97.66%</b>	<b>74.37%</b>	97.66%	74.37%
Mumbai Nasik Expressway Ltd.(MNEL)	India	<b>79.99%</b>	<b>60.91%</b>	79.99%	60.91%
Sikkim Hydro Power Ventures Ltd.(SHPVL)	India	<b>100.00%</b>	<b>76.15%</b>	100.00%	76.15%
Gammon Projects Developers Ltd.(GPDL)	India	<b>100.00%</b>	<b>76.15%</b>	100.00%	76.15%
Kosi Bridge Infrastructure Company Ltd.(KBICL)	India	<b>100.00%</b>	<b>76.15%</b>	100.00%	76.15%
Gorakhpur Infrastructure Company Ltd. (GICL)	India	<b>100.00%</b>	<b>83.57%</b>	94.90%	72.27%
Marine Projects Service Ltd. (MPSL)	India	<b>100.00%</b>	<b>76.15%</b>	100.00%	76.15%
Tidong Hydro Power Ltd. (THPL)	India	<b>51.00%</b>	<b>51.00%</b>	100.00%	76.15%
Gammon Logistics Ltd. (GLL)	India	<b>100.00%</b>	<b>76.15%</b>	100.00%	76.15%
Gammon Hospitality Ltd. (GHL)	India	<b>100.00%</b>	<b>76.15%</b>	-	-
Gammon Metro Transport Ltd. (GMTL)	India	<b>100.00%</b>	<b>76.15%</b>	-	-
Jaguar Projects Developers Ltd. (JPDL)	India	<b>100.00%</b>	<b>76.15%</b>	-	-
Pravara Renewable Energy Ltd. (PREL)	India	<b>100.00%</b>	<b>76.15%</b>	-	-
Rajahmundry Godavari Bridge Ltd. (RGBL)	India	<b>100.00%</b>	<b>76.15%</b>	-	-
Ras Cities and Townships Pvt. Ltd. (RCTPL)	India	<b>100.00%</b>	<b>76.15%</b>	-	-
Youngthang Power Ventures Ltd. (YPVL)	India	<b>100.00%</b>	<b>76.15%</b>	-	-
Bedi Seaport Ltd. (BSL)	India	<b>100.00%</b>	<b>76.15%</b>	-	-
ATSL Infrastructure Projects Ltd	India	<b>100.00%</b>	<b>88.00%</b>	-	-

Name of Subsidiaries	Country of Incorporation	For the Year 2008- 09		For the Year 2007- 08	
		Ownership Interest	Effective Interest	Ownership Interest	Effective Interest
2. GACTEL Turnkey Projects Ltd. (GTPL)	India	100.00%	100.00%	100.00%	100.00%
3. Gammon & Billimoria Ltd.	India	50.94%	50.94%	50.94%	50.94%
Gammon & Billimoria LLC *	Dubai	49.00%	49.00%	49.00%	49.00%
4 Gammon International LLC, OMAN	Oman	69.00%	69.00%	69.00%	69.00%
5 GIFZE					
Gammon International FZE	Dubai	100.00%	100.00%	100.00%	100.00%
P.Van Eerd Beheersmaatschappaji B.V.- Netherlands **	Netherlands	100.00%	100.00%	100.00%	100.00%
Gammon Holdings B.V. **	Netherlands	100.00%	100.00%	-	-
Gammon International B.V. **	Netherlands	100.00%	100.00%	-	-
Franco Tosi Meccanica SPA ***	Italy	75.10%	75.10%	-	-
Gammon Italy Srl ***	Italy	100.00%	100.00%	-	-
6 Deepmala Infrastructure Private Limited	India	51.00%	51.00%	-	-
7 Gammon Retail Infrastructure Private Limited	India	99.00%	99.00%	-	-
8 Gammon Power Ltd.	India	100.00%	100.00%	-	-
9. Campo Puma Oriente S.A.	Panama	66.39%	66.39%	-	-
10. SAE Powerlines Srl	Italy	100.00%	100.00%	-	-
11. ATSL Holdings B.V., Nether Lands	Netherlands	100.00%	100.00%	-	-
12. Transrail Lighting Ltd.	India	100.00%	100.00%	-	-
13. Associated Transrail Structures Ltd., Nigeria	Nigeria	100.00%	100.00%	-	-
14. Gammon Realty Ltd. (GRL)	India	75.06%	75.06%	75.06%	75.06%

\*\* Shareholding is through subsidiary - Gammon International FZE.

\*\*\* Shareholding is through subsidiary - Gammon International B.V.

- b) \*Gammon & Billimoria Limited holds 49% of the equity of Gammon & Billimoria (LLC), a limited liability Company registered in Dubai hereafter referred as G&B LLC. Since the Management and Operational control of G&B LLC is with Gammon & Billimoria Limited, G&B LLC is being consolidated as a subsidiary under Accounting Standard (AS) - 21 issued by the Institute of Chartered Accountants of India.
- c) During the year the group has acquired 75.1% equity stake in Franco Tosi Mecannica S.p.A. (FTM), a joint stock company incorporated in Italy through its SPV Gammon Holdings BV and a 100% stake in SAE Powerlines S.r.l. (SAE) through its SPV ATSL Holdings BV. The Consolidated accounts include the results of operations from the period June 08 in case of FTM and May 2008 in case of SAE , being the date of acquisition of stake in the company to December 2008 being the date upto which the respective companies have drawn up their accounts for local requirements. The consolidated accounts do not include the results of operations for the period January to March 2009.
- d) The effect of the acquisition of the subsidiaries on the accounts of the company is given hereunder.

Name of Company	Effect on Group Profit/ (Loss) after Minority Interest (Rs. In Crores)	Net Asset as on 31.12.2008 (Rs. In Crores)
Franco Tosi	0.18	604.86
SAE	(1.80)	49.56
Gammon Italy Srl	(0.03)	-

## 2. JOINT VENTURES:

- a) The following Jointly Controlled Entities are consolidated applying Accounting Standard (AS) – 27 “Financial Reporting of Interests in Joint Venture”:

<b>Name of Jointly Controlled Entities</b>	<b>% of Interests at March 31, 2009</b>	<i>% of Interests at March 31, 2008</i>
Vizag Seaport Private Ltd ('VSPL')*	<b>47.52%</b>	42.22%
Punjab Biomass Power Ltd ('PBPL')*	<b>50.00%</b>	50.00%
Indira Container Terminal Private Ltd ('ICTPL')*#	<b>50.00%</b>	50.00%
SEZ Adityapur Ltd. ("SEZAL")*#	<b>38.00%</b>	38.00%
Haryana Biomass Power Limited ('HBPL')*	<b>50.00%</b>	-
Gammon Al Matar (GALM)	<b>85.00%</b>	85.00%
Gammon Encee Rail (Consortium)	<b>51.00%</b>	51.00%
Sofinter S.p.A.#	<b>50.00%</b>	-

\* Shareholding is through subsidiary Gammon Infrastructure Projects Ltd.

# As per unaudited Management Accounts.

- b) During the year the group has acquired 50% equity stake in Sofinter S.p.A., a joint stock company incorporated in Italy through its SPV Gammon International BV. Since the group has joint control over the operations and the management of Sofinter group the same are being consolidated as a Joint Venture. The company has been subjected to audit by their statutory auditors for the year ended December 2008 and approved by the board of Directors. Statutory auditors are expected to release their report on receipt of the report from the bankers who are examining the facilities needed by the Group Sofinter, in accordance with Sofinter's business plans and its fund requirements. Pending the issuance of the Auditors Report the accounts of Sofinter is consolidated as unaudited financial statements on the basis of the financial statements which have been the subject of audit by the Statutory Auditors on the principles of prudence and conservatism, the Management of Gammon Group has made provision of Euro 7.5 million under provision for risks and contingencies, in these Consolidated Accounts.

The Consolidated Accounts includes the results of operations from the period September 08, being the date of acquisition of stake in the company to December 2008. These accounts are based on unaudited consolidated accounts of Sofinter and are as certified by the management. The results of operations from January to March 2009 have not been included in the consolidated financial statements. The details of the companies that are consolidated as part of Sofinter group are tabulated hereunder.

### Subsidiaries:

<b>Name of Subsidiaries</b>	<b>Country of Incorporation</b>	<b>Ownership Interest</b>
Ansaldo Caldale S.p.A.	Italy	100.00%
Europower S.p.A.	Italy	100.00%
S.C. Euroboiler s.r.l.	Rumania	100.00%
Commissioning Italia s.r.l.	Italy	100.00%
Consorzio Macchi Idromacchine	Italy	70.00%
S.W.S. Saline Water Specialists s.r.l.	Italy	100.00%
Nitco S.p.A.	Italy	79.59%
Itea S.p.A.	Italy	89.96%
TAG – Tubi Alettati Gioia S.p.A.	Italy	100.00%
CCA Centro Combustione Ambiente s.r.l.	Italy	100.00%
Ansaldo Caldaie Boilers India Pvt. Ltd.	India	85.00%
Ansaldo Caldaie Boilers Egypt SAE	Egypt	98.00%
Ecoengineering Impianti s.r.l.	Italy	100.00%

**Associates:**

Name of Associates	Country of Incorporation	Ownership Interest
Ecopower s.r.l.	Italy	20.00%
Itro PVE LTD	Singapore	49.00%
SWS & GB INDIA	India	50.00%
Consorzio ENERIN.	Italy	50.00%
Consorzio Nitcomisa	Italy	50.00%
Multiservice S.p.A.	Italy	35.00%
Europower Middle East Co.	Saudi Arabia	49.00%

- c) CBICL, a subsidiary of GIPL had extended a Term Loan of Rs 8 crores to VSPL, which was fully convertible at par into equity shares of Rs 10 each on April 1, 2008. Accordingly, during the year, VSPL allotted 8,000,000 equity shares at par to CBICL on April 1, 2008. These equity shares were purchased by GIPL at par from CBICL, thereby increasing the stake of the Company in VSPL from 42.22% to 47.52%.
- d) The company through its step down subsidiary P. Van Eerd Beheersmaatschappij B.V., Netherlands (P.Van) acquired a 50% shareholding in Sadelmi S.p.A., Italy (Sadelmi) for an aggregate amount of Rs. 50.64 Crores with the remaining 50% held by Busi Impianti S.p.A, Italy since April 2008. During the financial year under review, due to the economic conditions prevailing in different parts of the world where Sadelmi was present some of the projects under execution encountered serious contractual problems. Sadelmi therefore sought creditors' protection through a Court in Italy and simultaneously, as part of scheme, applied for transferring the remaining projects of Euro 46 million and leased all references in connection therewith standing in its name since inception to a new company Busi Power S.r.l. wholly held by Busi Group. By an Agreement dated 2<sup>nd</sup> March, 2009, Busi Group agreed to give P.Van 50% stake in lieu of its stake in Sadelmi for a consideration of Euro 1 and convert the S.r.l. status into an S.p.A. to facilitate the same. Consequently P.Van will cease to be a shareholder of Sadelmi from that date and will become a shareholder of Busi Power. Pending the approval of the courts in Italy for the composition no effects have been given in these accounts. Busi Group has also agreed to bring cash of Euro 2,500,000 into Busi S.r.l. in order to capitalize Sadelmi India Pvt. Ltd. a wholly owned subsidiary in India as earlier contemplated by the shareholders of Sadelmi S.p.A. and has also permitted it to freely draw upon the references to undertake future Projects. Consequent upon this arrangement, Busi Group will be wholly responsible for the operations and all future funding of Busi Power S.r.l. and Gammon will be wholly responsible for the operations and future funding of the Indian subsidiary for the projects undertaken by them in the territories identified respectively for them. Each party will however share 50% of the profits of the respective Busi Power and the Indian Subsidiary. The results of these operations will be consolidated in the Company with effect from FY 2010. In the absence of the results of operations of Sadelmi Spa for the year ended December 2008, the same has not been consolidated in the financial statements of the group. The investment in Sadelmi S.p.A. of Rs. 50.64 Crores has therefore been accounted in accordance with AS-13- "Accounting for Investment", at cost.
- e) The proportionate share of assets, liabilities, income and expenditure of the Joint Ventures consolidated in the accounts is tabulated as below:-

(Rs. in Crores)

	As at 31.3.2009		As at 31.3.2008	
<b>ASSETS</b>				
<b>Fixed Assets:</b>	<b>626.02</b>		<i>145.66</i>	
Less : Depreciation	<b>252.40</b>	<b>373.62</b>	<i>16.26</i>	<i>129.40</i>
Capital WIP		<b>0.01</b>		<i>14.60</i>
Advance for Capital Expenditure		<b>32.25</b>		<i>2.65</i>
<b>Current Assets:</b>				
Inventories	<b>294.52</b>		<i>22.57</i>	
Sundry Debtors	<b>810.56</b>		<i>128.84</i>	
Cash & Bank Balances	<b>168.28</b>		<i>4.69</i>	
Loan & Advances	<b>224.39</b>		<i>3.70</i>	
<b>Total Current Assets (A)</b>	<b>1,497.76</b>		<i>159.80</i>	
<b>Current Liabilities (B)</b>	<b>1,218.57</b>		<i>34.83</i>	
<b>Net Current Assets (A-B)</b>		<b>279.19</b>		<i>124.97</i>
Preliminary & Share Issue Exp		<b>0.19</b>		<i>0.03</i>
<b>Total Assets</b>		<b>685.26</b>		<i>271.65</i>

(Rs. in Crores)

	As at 31.3.2009		As at 31.3.2008	
<b>LIABILITIES</b>				
<b>Loan Funds:</b>				
Secured Loans	738.11		147.39	
Unsecured Loans	4.45		82.65	
Deferred Tax Liability	(35.01)	707.55	5.65	235.69
<b>Reserves &amp; Surplus:</b>		(40.62)		(31.95)
<b>Total Liabilities</b>		<b>666.93</b>		<b>203.74</b>
<b>REVENUE ITEMS</b>				
<b>Turnover</b>		<b>965.00</b>		<b>196.66</b>
<b>Less : Expenditure</b>				
Contract expenditure & other expenditure	769.36		185.14	
Port Operation Expenses	-		-	
Administration Expenses	92.34		3.21	
Finance Cost	30.48		17.47	
Depreciation	14.80		5.63	
Preliminary/Share Exp. written Off	0.03		0.02	
Total Expenses		<b>957.61</b>		<b>211.47</b>
Profit / (Loss) Before Tax		<b>7.39</b>		<b>(14.81)</b>
Provision for Tax		<b>1.75</b>		<b>1.99</b>
<b>Profit / (Loss) After tax</b>		<b>56.26</b>		<b>(16.79)</b>

The above figures pertaining to the Joint Venture Companies are based on the audited accounts for the year ended March 31, 2009 except Sofinter S.p.A. (Upto December 2008), Indira Container Terminal Private Limited and SEZ Adityapur Limited which are based on the un-audited management accounts.

3. The following Associates have been accounted on one line basis applying the Equity Method in accordance with Accounting Standard (AS) – 23 “Accounting for Investment in Associates in Consolidated Financial Statements”. The particulars of Investments in Associates are as under :-

(Rs. in Crores)

Name of Company	% ShareHeld	Original Cost of Investments	Goodwill/ (Capital Reserve)	Adjusted/ Accumulated Profit/ (Loss) upto 31.3.2008	Profit for the Period ending 2009	Carrying Amount of Investments
Eversun Sparkle Maritime Services Private Limited *	25.36%	2.14	0.55	(0.71)	(0.56)	0.87
FIN EST SPA	50.00%	19.52	7.57	0.06	0.15	19.73
Modern Tollroads Limited *	37.32%	0.02	-	-	-	0.02
<b>TOTAL</b>		<b>21.68</b>	<b>8.12</b>	<b>(0.65)</b>	<b>(0.41)</b>	<b>20.62</b>

(\*) Shareholding is through subsidiary Gammon Infrastructure Projects Ltd. (GIPL).

In respect of FINEST SPA, the accounting of profit as per AS - 23 is carried out on the basis of audited accounts for the period from January' 08 to December' 08 being the date upto which the said company has prepared its financial statements under local laws. The above does not include disclosure information in respect of associates of one of the overseas joint ventures in the absence of details required for the disclosure being available in the Consolidated Financial Statements of the JVC. The share of loss from such associates recognised in these Consolidated Financial Statements is Rs. 1.46 Crores and the carrying value of such investments is Rs. 5.87 Crores which is included under associates.

4. A. In accordance with the scheme of amalgamation between Associated Transrail Structures Ltd. (ATSL) and the Company approved by the Honourable High Court of Mumbai vide their order dated 18<sup>th</sup> June, 2009 and the Honourable High Court of Gujarat at Ahmedabad vide their order dated 2<sup>nd</sup> July, 2009 which has been filed with the Registrar of Companies on 7<sup>th</sup> July, 2009 to make the scheme effective, under section 391 to 394 of the Companies Act 1956, all the assets, liabilities and the business of ATSL, stand transferred to and vested in the Company, as a going concern, with effect from 1<sup>st</sup> April, 2008.

The said ATSL is in the business of "Construction and Engineering" and is specifically engaged in the business of Design, Supply, Erect and Commission Power Transmission Lines and Rural Electrification Schemes.

Accordingly, in terms of the scheme approved

- a) The Company has accounted for the amalgamation as per the Accounting Standard-14 "Accounting for Amalgamations" as stated in the Companies (Accounting Standards) Rules, 2006 under the Purchase method.
  - b) All the assets and liabilities of ATSL as on 1<sup>st</sup> April, 2008 have been accounted in the books of the Company at the value appearing in the books of ATSL including the Employees Stock option deferred compensation cost and the Employees stock option outstanding.
  - c) In consideration of the transfer of the business as a going concern, the company shall issue 2 equity shares of Rs.2 each for each equity share of ATSL to the equity shareholders of ATSL. Pending allotment the outstanding equity shares to be issued aggregating to Rs.4.02 crores is shown as Equity Share Suspense account under Share Capital.
  - d) The company shall issue one 6% optionally convertible Preference share of Rs. 350 each to the holders of the 6% optionally convertible preference shares in ATSL for each such convertible preference share held by them. Pending allotment the outstanding preference share to be issued aggregating to Rs. 105 crores is shown as Preference Share Capital Suspense account under Share Capital.
  - e) In exchange for the 29,02,340 equity shares of ATSL held by the Company as investments, 58,04,680 equity shares of the Company shall be issued in favour of a proposed trust to be created whose sole beneficiary shall be the company. Pending the formation of the trust and the issue of shares to the trust, the Investments in ATSL are shown as GIL shares Suspense account under Investments. When issued these shares shall be suitably disclosed in the accounts.
  - f) The excess of assets over liabilities accounted in the company representing Amalgamation Reserve is treated as part of the General Reserve shall form part of the free reserves available for distribution of dividend and shall be reckoned for Net Wealth purposes in accordance with the scheme approved by the Honourable High Court. Had this treatment not been presented in the scheme, the said reserve would have been Capital reserve.
  - g) The transaction of the business of ATSL with effect from 1<sup>st</sup> April, 2008 have been incorporated in the accounts on the basis of the Audited Financial Statements of the business, which is treated as a Branch, as audited by M/s M.G.Shah & Associates and M/s Vinod Modi & Associates, the statutory auditors of the erstwhile ATSL before its amalgamation with the company, who have been appointed by the Board of Directors of the Company as Branch Auditors.
  - h) All equity inter group transactions have been eliminated on incorporation of the accounts of ATSL in the company.
- B. In view of the Amalgamation of the business of ATSL in these financial statements the figures for the current year are not comparable with that of the previous year.
- C. The preference capital to be issued to the holders of the preference share capital in the erstwhile ATSL as aforesaid are convertible optionally at the option of the preference share holder at the end of 18 months from the date of issue of the preference shares by ATSL which is 14<sup>th</sup> July 2009 into 2 equity shares of the Company. The provision for the dividends on the preference shares are made pending the issue of the preference shares. In the event of the preference shareholder not exercising the option, the preference shares become non-convertible and are redeemable at par at the end of five years from the date of allotment of the original optionally convertible preference shares.
- D. The dividends received by the Company during the year of Rs. 0.29 Crores from the erstwhile ATSL relating to the proposed dividend of ATSL for the year ended 31<sup>st</sup> March, 2008 has been adjusted in the retained earnings. Similarly the one line profit accounted in accordance with AS 23 in the earlier periods as an Associate by the Company has been reversed in the Appropriation account aggregating to Rs. 35.29 Crores.

## 5. SECURITY FOR LOAN AVAILED BY THE GROUP :

i) Secured Loans in the Consolidated Financial Statements comprises of the following loans:-

Company Name	March 31, 2009 (Rs. In Crores)	March 31, 2008 (Rs. In Crores)
GIL	325.25	243.99
Project SPV's	1335.24	1004.39
GBLLC	18.42	9.42
GTPPL	0.04	0.05
GALM	-	57.97
TLL	3.00	-
Franco Tosi	79.70	-
Investment SPV's	699.16	-
<b>Total</b>	<b>2460.81</b>	<b>1,315.82</b>

These loans on the books of project Special Purpose Vehicles ('SPV') companies, are project finance loans, secured principally by the project assets (immovable and movable), project contracts and future cash flow from these projects. The lenders of these projects have a "very limited recourse" to the sponsor, viz. GIPL. This limited recourse to GIPL comes in the form of Corporate Guarantees and / or Comfort Letter provided to cover :

- the difference between outstanding loans and the termination payments receivable by the SPV from clients (in case of termination of the project due to concessionaire's event of default and / or force majeure events)
- the shortfall in payment of annuity due to non-availability of road to traffic, for annuity projects
- increase in O&M expenses beyond those covered in the Financing Documents, for annuity projects
- increase in tax payments beyond those covered in the Financing Documents, for annuity projects of REL and AEL

### GIL:

#### Cash Credit :

From Canara Bank Led Consortium:

Secured by a charge over all the Company's assets in India (excluding Leasehold Property, Freehold Property and Plant & Machinery hypothecated to the Bankers and Financial Institutions under various Asset Financing Scheme).

From ICICI Bank Led Consortium and other Term Loans:

Secured by hypothecation of Plant & Machinery, Land & Building, Stocks and Debtors of Nagpur Branch.

#### NCD :

8.75% - Secured Redeemable Non Convertible Debentures of Rs. 5 crores are secured by hypothecation of specific Plant & Machinery and *pari passu* charge by mortgage of immovable property in Gujarat. The debentures are due for repayment at the end of 8th, 9th and 10th year from the date of allotment. i.e. 30<sup>th</sup> March, 2003.

7.50% - Redeemable Non Convertible Debentures of Rs.15 Crores and 7.25% - Redeemable Non Convertible Debentures of Rs. 6 Crores are secured by hypothecation of specific Plant & Machinery and *pari passu* charge by mortgage of immovable property in Gujarat with 8.75% Secured Redeemable Non Convertible Debentures of Rs. 5 Crores. The Debentures are due for repayment at the end of 8<sup>th</sup>, 9<sup>th</sup> and 10<sup>th</sup> year from the date of allotment i.e. 29<sup>th</sup> September, 2003.

7.50% - Redeemable Non Convertible Debentures of Rs. 38 Crores and 7.25% - Redeemable Non Convertible Debentures of Rs. 12 Crores are secured by hypothecation of specific Plant & Machinery with *pari passu* charge by mortgage of immovable property in Gujarat with 8.75% Secured Redeemable Non Convertible Debentures of Rs. 5 Crores and 7.50% Secured Non Convertible Debenture of Rs. 15 Crore and 7.25% Secured Non convertible Debenture of Rs. 6 crore. The Debentures are due for repayment at the end of 8<sup>th</sup>, 9<sup>th</sup> and 10<sup>th</sup> year from the date of allotment i.e. 5<sup>th</sup> August, 2005.

9.95% - Redeemable Non Convertible Debentures of Rs. 50 Crores are to be secured by hypothecation of specific Plant & Machinery with pari passu charge by mortgage of immovable property in Gujarat with 8.75% Secured Redeemable Non-Convertible Debentures of Rs. 5 Crores and 7.50% Secured Non-Convertible Debenture of Rs. 53 Crores and 7.25% Secured Non Convertible Debenture of Rs.18 crores. The Debentures are due for repayment at the end of 8<sup>th</sup>, 9<sup>th</sup> and 10<sup>th</sup> year from the date of allotment being, 24<sup>th</sup> March, 2008.

10.8% - Redeemable Non Convertible Debentures of Rs. 100 Crores are to be secured by hypothecation of specific Plant & machinery with pari passu charge by mortgage of immovable property in Gujarat with 9.95% Secured Redeemable Non-Convertible Debentures of Rs. 50 Crores and 8.75% Secured Redeemable Non-Convertible Debentures of Rs. 5 Crores and 7.5% Secured Non-convertible Debentures of Rs. 53 Crores and 7.25% Secured Non Convertible Debentures of Rs 18 crores. The Debentures are due for repayment at the end of 5<sup>th</sup>, 6<sup>th</sup> and 7<sup>th</sup> year from the date of allotment being, 25<sup>th</sup> July, 2008.

**GAMMON AL MATAR JOINT VENTURE:**

The banking facilities are in the name of a branch of a joint venture partner and are secured against a corporate guarantee of the joint venture partner, assignment of contract receivables and joint registration and insurance of all equipment.

**GAMMON & BILLIMORIA LLC:**

*Bank Loans and Overdrafts:*

The bank loans are secured by a charge on the trade accounts receivables, subordination of loan from shareholders and corporate guarantees from related parties.

*Motor Vehicle Loans:*

Motor Vehicle and equipment purchase loans are secured by a charge on the motor vehicles and equipments purchased under financing arrangements. The loan installments payable within twelve months of the balance sheet date are classified as current liabilities.

**PROJECT SPV's : AEL, REL, MNEL, KBICL, PBPL & GICL:**

The project Loans together with all upfront fee, interest, further interest, additional interest, liquidated damages, premium on prepayment, costs, expenses and other monies whatsoever stipulated in this Agreement ("Secured Obligations") shall be secured by a first mortgage and charge on all the Borrower's immovable properties, both present and future and a first charge by way of hypothecation of all the Borrower's moveable assets both present and future, Borrower's Receivables except bonus, all bank accounts, all intangibles of the Borrower including but not limited to goodwill, rights, undertakings and uncalled capital, present and future, assignment or otherwise creation of Security Interest in all the right, title, interest, benefits, claims and demands whatsoever of the Borrower in the Project Documents, duly acknowledged and consented to by the relevant counter-parties to such Project Documents to the extent not expressly provided in each such Project Document, all as amended, varied or supplemented from time to time including all guarantees and bonds issued or to be issued in terms thereof, the right, title and interest of the Borrower by way of first charge in, to and under all the Government Approvals, all the right, title, interest, benefits, claims and demands whatsoever of the Borrower in any letter of credit, guarantee including contractor guarantees and liquidated damages and performance bond provided by any party to the Project Documents, all insurance contracts/ insurance proceeds, Pledge of 51% of equity shares held by GIL and GIPL in case of MNEL, REL, AEL and 26% in case of KBICL and GICL and 30% of promoters of PBPL

**CBICL:**

Secured against mortgage of residential property of the company. Assignment of all future receivables of the company, the Pledge of shares of the Company, Corporate Guarantee of the holding company Gammon Infrastructure Projects Limited.

**VSPL:**

Secured Loans are hypothecation of movable assets and receivables of the Company.

**PBPL:**

Vehicle loan is secured by hypothecation of car purchased under the scheme from ICICI Bank Ltd.

**TLL:**

Term Loans from IDBI Bank are secured by first charge on all fixed and current assets of the company and counter corporate guarantee by Gammon India Ltd.



**FRANCO TOSI:**

Borrowings from Bank are secured by first mortgage on the company property called "Area Sud" in the municipality of Legnano- Milano.

**GHBV:**

Term Loans from ICICI Bank are secured by charge over all the assets / investments of the company. The Parent Company has also pledged its entire shareholding of the company with the Bank and Corporate Guarantee by ultimate Parent Company.

**GIBV:**

Term Loans from ICICI Bank are secured by charge over all the assets / investments of the company. The Parent Company has also pledged its entire shareholding of the company with the Bank and Corporate Guarantee by ultimate Parent Company.

**PVAN:**

Term Loans from ICICI Bank are secured by charge over all the assets / investments of the company. The Parent Company has also pledged its entire shareholding of the company with the Bank and Corporate Guarantee by ultimate Parent Company.

- ii) During the year the total amount of borrowing cost capitalized was Rs. 98.64 Crores (*Previous Year Rs. 26.86 Crores*)
6. Loans and advances include Rs. 50 Crores (*Previous year 11.04 Crores*) which are secured by pledge of equity shares of a private company. The security value is adequate to recover the amount advanced.
  7. Issued Share Capital includes 7,25,800 (*Previous Year 7,25,800*) Equity Shares of Rs. 2/- each kept in abeyance. Share Forfeited account includes Rs. 0.26 Crores (*Previous Year Rs. 0.26 Crores*) of Securities Premium collected on application in respect of forfeited shares.
  8. Gammon Infrastructure Projects Limited (GIPL) has pledged the following shares in favour of the lenders to the projects as part of the terms of financial closure of the respective companies:-

COMPANY NAME	NO. OF EQUITY SHARES		RATE(Rs.)
	March, 2009	March, 2008	
Andhra Expressway Ltd.	9,135,010	9,135,010	10/-
Rajahmundry Expressway Ltd.	14,266,318	9,135,010	10/-
Mumbai Nasik Expressway Ltd.	161,20,000	161,20,000	10/-
Gorakhpur Infra. Projects Ltd.	9,593,233	9,593,233	10/-
Kosi Bridge Infra. Co. Ltd.	6,281,730	6,281,730	10/-
Punjab Biomass Power Ltd.	15,250,000	-	10/-
Vizag Seaport Private Ltd.	20,589,729	-	10/-

9. One of the Subsidiary had charged to Profit & Loss Account, Capital expenditure incurred on Property Development in the previous year. However, during the year, the management is of view that the chances of developing the property are materializing and hence the capital expenses incurred in the previous year are now pertaining to the cost of acquisition of the potential property. Hence the expenses have been shown as an Asset by reversal of Rs. 5.01 Crores reducing the previous year's loss of Rs. 5.93 Crores.
10. Exploration and evaluation of potential mineral reserve is recognised as part of Capital Work-in-Progress under intangible assets when such costs are expected to be either recouped in full through successful exploration and development of the area of interest or by its sale or when exploration and evaluation activities in the area of interest have not yet reached a stage which permit a reasonable assessment of the existence or otherwise of economically available reserves and active and significant operations in relation to the area are continuing or are planned for the future. Exploration assets are reassessed on a regular basis and these costs are carried forward provided that at least one of the conditions outlined above is met.

**11. TAXATION:**

The break up of Deferred Tax Liability and Assets are as follows :-

(Rs. in Crores)

Particulars	Year ended 31 <sup>st</sup> March,2009	Year ended 31 <sup>st</sup> March, 2008
Deferred Tax liability		
- On Account of Depreciation	71.45	54.50
- On Account of Lease	9.28	-
- Others	167.51	-
Deferred Tax Assets		
- On Account of Gratuity/Leave Encashment Provision	4.71	1.83
- On Account of Interest on NCD	0.28	0.50
- On Account Delay in payment of TDS	8.27	6.34
- Risk and Contingencies	7.90	-
- On Account of Tax Losses	77.85	-
- Other Disallowances	10.15	-
<b>Net Deferred Tax Liability</b>	<b>139.08</b>	<b>45.83</b>

During the year, VSPL has written back Deferred Tax Liability amounting to Rs 13.38 Crores which has been accounted by the Company in proportion to its shareholding in VSPL. The proportionate amount of Deferred Tax Liability written back by the Company is Rs 6.36 Crores.

**12. CAPITAL GRANT:**

As per terms of the concession agreement dated October 14, 2005 between MNEL and NHAI, the Company is entitled for a Grant from NHAI of Rs. 51 Crores during the Construction Period and Rs.108 Crores during the Operations period. The company has received a grant of Rs. 33.24 Crores. The same is considered as equity support and is credited to capital reserve under Reserves & Surplus in terms of the concession agreement.

13. Significant Accounting Policies followed by the Company are attached with the Standalone Financial Statements. Due to inherent diversities in the legal and regulatory environment governing accounting principles, the accounting policies would be better understood when referred from the Individual Financial Statements. However, the following are instances of diverse accounting policies followed by the subsidiaries, which may materially vary with these Consolidated Financial Statements.

- a) Inventory of certain overseas JV's and Subsidiaries are valued at weighted average method as against FIFO method followed by the company and the other Subsidiaries. The inventory of the JV's and Subsidiaries constitutes 13.38 % of the total inventory.
- b) In case of SAE the Work-in-progress has been recorded on the basis of the *criterion of the completion or the status of progress*; the revenues and the job margin are recognized according to the progress of the productive activity as against the method of computing the percentage of work completed is determined by the expenditure incurred on the job till each review date to total expenditure of the job.
- c) In the absence of disclosures made in the accounts of one of the joint venture regarding effect of acquisition and disposal of subsidiaries, no such disclosure is possible to be made in the consolidated accounts.
- d) Disclosures relating to the employee benefits for the overseas components have not been given in the absence of data in the required format.

## 14. Disclosure under AS - 29

(Rs. in Crores)

Account Head	Opening Balance	Provisions made during the year	Paid / Utilized during the year	Closing Balance
Provision for Risk and Contingencies	153.25	104.06	35.80	221.52

## 15. Earning Per Share (EPS) :

Earnings Per Share (EPS) = Net Profit attributable to shareholders / Weighted Number of Shares Outstanding

Particulars	As at 31 <sup>st</sup> March, 2009	As at 31 <sup>st</sup> March, 2008
Net Profit After Taxation (Rs. in Crores)	56.32	71.29
Preference Dividend (incl. Dividend Distribution Tax)	7.37	-
Net profit attributable to the Equity Shareholders	48.95	71.29
Weighted Number of Shares during the period – Basic	10,68,50,776	8,67,44,670
Weighted Number of Shares during the period – Diluted	11,37,48,742	8,74,70,470
Earning Per Share – Basic (Rs.)	4.58	8.22
Earning Per Share – Diluted (Rs.)	4.58	8.15

For the purposes of computation of Earning Per Share the equity shares to be issued against the Equity Share Suspense account pursuant to the scheme of amalgamation, preference dividend on preference share suspense account and the options granted to the employees of the erstwhile ATSL have been considered in the weighted average shares during the period. Similarly 7,25,800 equity shares kept in abeyance from earlier equity offerings have also been considered for dilution. Since the further shares to be issued has an anti-dilutory effect, the diluted EPS is the same as basic.

## 16. SUNDRY DEBTORS/ LOANS AND ADVANCES:

## a) BONUS RECOVERABLE FROM THE NHAI:

Sundry debtors also include Rs. 15.40 Crores of Early Completion Bonus receivable from the National Highways Authority of India ('NHAI') accrued in earlier years by AEL and REL under the Contract which has been disputed by the NHAI. AEL and REL have initiated arbitration proceedings for recovery of bonus. As the companies, believe that the same is good and fully recoverable, and hence, no provision has been considered necessary against this for any amounts not recoverable.

## b) ANNUITY RECEIVABLE BY CBICL:

Under the Concession Agreement dated October 27, 1999, executed between Cochin Bridge Infrastructure Co. Ltd. (CBICL), Government of Kerala (GOK), Greater Cochin Development Authority (GCDA) and Gammon India Limited dated January 6, 2001; the entire project has been assigned to CBICL as a Concessionaire for the purpose of developing, operating and maintaining the infrastructure facility on BOT basis for 13 years and nine months. Subsequently a Supplementary Concession Agreement is being worked out as per the Government of Kerala's Order Nos. G.O. (M.S.) No. 11/2005/PWD dated January 24, 2005 and G.O. (M.S) No. 16/2005/PWD dated March 1, 2005 between the Government of Kerala, Greater Cochin Development Authority and CBICL. In terms of the order, the period of concession has been increased by 6 years and CBICL is entitled to yearly annuity receipts which it is accounting as revenue. CBICL has since not made any provision against the said receivables.

## c) In respect of the road projects undertaken by the company, in furtherance to the recommendation of the Dispute Resolution Board (DRB), the company has been awarded claims by the Arbitration Tribunal for an aggregate amount of Rs. 94.54 Crores. The Company contends that such awards has reached finally for the determination of the amounts of such claim and are reasonably confident of recovery of such claims although the client has moved the court for set aside of the award.

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.

Accordingly the company has recognized contract revenue of Rs. 94.54 Crores from such awards including

Rs. 57.04 Crores recognized in the previous year on the basis of the DRB recommendation and opinion of experts on the matter.

17. Disclosure in accordance with Accounting Standard - 7 (Revised), in respect of contracts entered into on or after April 1, 2003 :-

<b>Particulars</b>	<b>Year ended March, 2009 (Rs. in Crores)</b>	<i>Year ended March, 2008 (Rs. in Crores)</i>
Turnover for the year	<b>2752.71</b>	2260.81
Aggregate Expenditure (Net of inventory adjustments) for contracts existing as at the year end	<b>6713.25</b>	4132.96
Aggregate Contract Profits/Losses recognized for contracts existing as at the year end	<b>914.46</b>	572.53
Contract Advances (Net)	<b>640.26</b>	1134.88
Gross Amount due from customers for contract work	<b>462.59</b>	450.00
Gross Amount due to customers for contract work	<b>66.48</b>	2.58

Disclosure under AS-7 has been done only for the parent company and the Indian Subsidiaries in the absence of similar disclosure information being available from the other component companies in these financial statements especially the overseas subsidiaries and joint ventures. This being the year of acquisition for many of the subsidiaries the data for such disclosures was not arranged. The management is taking steps to align disclosures from all such subsidiaries in the future years by active interactions with such companies.

**18. DISCLOSURE RELATING TO EMPLOYEE BENEFITS:**

As per Accounting Standard -15 "Employee Benefits" and as defined in the accounting standard the summarized components of net benefit expense recognized (Gratuity) in the profit and loss account and the funded status and amounts recognized in the Balance Sheet are given herein below :-

		<b>(Rs. in Crores)</b>	
<b>Sr. No.</b>	<b>Particulars</b>	<b>2008-09</b>	<i>2007-08</i>
<b>I</b>	<b>Change in Benefit Obligation</b>		
	Liability at the beginning of the year.	<b>5.30</b>	3.88
	Interest cost.	<b>0.43</b>	0.29
	Current Service Cost.	<b>0.63</b>	0.44
	Past Service Cost (Non Vested Benefit)	-	-
	Past Service Cost (Vested Benefit)	-	-
	Benefit Paid	<b>(0.47)</b>	(0.61)
	Actuarial (gain)/loss on obligations	<b>0.34</b>	0.32
	Curtailments and Settlements	-	-
	Liability at the end of the year	<b>6.23</b>	4.33
<b>II.</b>	<b>Fair Value of Plan Assets</b>		
	Fair Value of Plan Assets at the beginning of the year	<b>3.70</b>	2.69
	Expected Return on Plan Assets	<b>0.32</b>	0.23
	Contributions	<b>0.50</b>	0.43
	Benefit paid	<b>(0.47)</b>	(0.56)

		(Rs. in Crores)	
Sr. No.	Particulars	2008-09	2007-08
	Actuarial gain/(loss) on Plan Assets	-	-
	Fair Value of Plan Assets at the end of the year	4.05	2.79
	Total Actuarial gain/(loss) to be Recognised.	0.34	0.24
<b>III.</b>	<b>Actual Return on Plan Assets</b>		
	Expected Return on Plan Assets	0.32	0.23
	Actuarial gain/(loss) on Plan Assets	-	-
	Actual Return on Plan Assets	0.32	0.23
<b>IV.</b>	<b>Amount Recognised in the Balance Sheet.</b>		
	Liability at the end of the year	6.23	4.33
	Fair Value of Plan Assets at the end of the year.	4.05	2.79
	Difference	2.18	1.54
	Unrecognised Past Service Cost.	-	-
	Amount Recognised in the Balance Sheet.	2.18	1.54
<b>V.</b>	<b>Expenses Recognised in the Income Statement</b>		
	Current Service Cost	0.63	0.44
	Interest Cost.	0.43	0.29
	Expected Return on Plan Assets	(0.32)	(0.23)
	Net Actuarial (gain)/loss To Be Recognised	0.34	0.32
	Past Service Cost (Non Vested Benefit) Recognised	-	-
	Past Service Cost (Vested Benefit) Recognised	-	-
	Effect of Curtailment or Settlements	-	-
	Expense to be Recognised in Profit and Loss Account	1.08	0.83
	Excess Provision of earlier years written back	(0.05)	(0.56)
	Expense Recognised in Profit and Loss Account	1.03	0.26
<b>VI</b>	<b>Balance Sheet Reconcilliation</b>		
	Opening Net Liability	1.60	1.19
	Expense as above	1.08	0.83
	Employers Contribution	(0.50)	(0.47)
	Effect of Curtailment or Settlements	-	-
	Amount Recognised in Balance Sheet	2.18	1.54
<b>VII</b>	<b>Acturial Assumptions</b>		
	Discount Rate Current	8.00 %	8.00 %

- i) Employer's contribution includes payments made by the Company directly to its past employees.
- ii) The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.
- iii) The Company's Gratuity fund is managed by Life Insurance Corporation of India. The plan assets under the fund are deposited under approved securities.
- iv) The Company's Leave Encashment is entirely unfunded.

**19. FOREIGN CURRENCY TRANSACTIONS, DERIVATIVE INSTRUMENTS AND UN-HEDGED FOREIGN CURRENCY EXPOSURE:**

- a. Foreign currency exposure un-hedged for the group as at 31<sup>st</sup> March, 2009 is at Rs. 368.34 Crores (*Previous Year Rs. 61.18 Crores*) receivables and Rs. 1022.06 Crores (*Previous Year Rs. 128.44 Crores*) payables.
- b. In respect of currency swap derivative contracts entered into by the company, the company has Marked to Market loss of Rs. 7.15 Crores (*Previous Year Rs. 4.60 Crores*) as at 31<sup>st</sup> March 2009 based on the valuation given by the bankers. Following the principle of prudence and in accordance with the announcement of the ICAI, the company has made a provision for the same. Since the same was entered into to reduce the cost of borrowings, the said MTM loss is included under Financial Costs.
- c. The company has entered into forward contracts for hedging the foreign currency receivables from its projects which are in the nature of firm commitments and highly probable future transactions. The company contends that these are entered into to hedge the currency risks arising out of the firm commitments and that the announcement of the ICAI on derivatives is not applicable to such transactions. The notional Marked to Market losses is expected to be offset by the higher realizations from the foreign currency receivables as the project progress. Therefore the company has not provided Marked to Market losses on such forward contracts amounting to Rs. 15.93 Crores as at 31<sup>st</sup> March 2009.
- d. The breakup of the outstanding derivative position of the Overseas Subsidiaries is tabulated hereunder.

(Rs. in Crores)

Particulars	As at 31 <sup>st</sup> Dec, 2008	
	Assets	Liabilities
Derivatives on exchange rates	4.35	2.21
Derivatives on interest rates	-	1.39
<b>Total non-current derivatives</b>	<b>4.35</b>	<b>3.60</b>

- e. In line with notification of the Companies (Accounting Standards) Amendment Rules, 2009 issued by Ministry of Corporate Affairs on March 31, 2009 amending Accounting Standard - 11 (AS - 11) "The Effects of Changes in Foreign Exchange Rates (revised 2003)", some of the overseas subsidiaries who have prepared the accounts as per Indian GAAP for the purposes of consolidation have chosen to exercise the option under para 46 inserted in the standard by the notification. Accordingly, exchange differences on all long term monetary items, with retrospective effect from April 01, 2007, are:
  - i. To the extent such items are used for the acquisition of a depreciable capital asset are added to / deducted from the cost of the asset and depreciated over the balance life of the asset.
  - ii. In other cases accumulated in the "Foreign Currency Monetary Item Translation Difference Account" and amortized to the Profit and Loss Account over the balance life of the long term monetary item but not beyond March 31, 2011.

As a result of point (a) and (b) above, amortization cost charged to the Profit and Loss Account during the year was Rs. 31.23 Crores & Rs. 62.47 Crores has been accumulated in the "Foreign Currency Monetary Item Translation Difference Account", being the amount remaining to be amortized as at March 31, 2009. On account of exercise of this option, the profit after tax is higher by Rs. 62.47 Crores which would have resulted in the profit after tax being a loss of Rs. 6.15 Crores.

**20. ESOPS :**
**GIL**

Pursuant to the amalgamation of ATSL with the Company, the outstanding options of the employees of the erstwhile ATSL outstanding as on 1<sup>st</sup> April 2008 have been taken up as an obligation by the Company in accordance with the Scheme approved by the court. Accordingly the company has accounted for the grant of 1,06,300 options to such employees at an exercise prize of Rs. 80 per share. The company will issue two equity shares against each option in terms of the scheme of amalgamation approved by the Courts.

The options vest in a graded manner over the period of four years and are exercisable during a period of three years from the date of vesting thereof.

Since the assets and liabilities of the erstwhile ATSL has been accounted at the book value, the accounting effect in the accounts are continued at the same value.

**GIPL**

GIPL has instituted an ESOP Scheme during the year 2007-08, approved by the shareholders vide their resolution dated May 4, 2007, as per which the Board of Directors of the Company granted 1,640,000 stock options to its employees pursuant to the ESOP Scheme on July 1, 2007 and October 1, 2007. Each options entitles an employee to subscribe to 1 equity share of the Company at an exercise price of Rs 80 per share. Out of the options granted, 75,000 options were forfeited during the year 2007-08.

During the current year, the Compensation Committee of the Board of the Directors of the Subsidiary Company GIPL at its meeting held on October 1, 2008, has further granted 1,410,000 options to eligible employees of the Company at the market price of Rs 63.95 per equity share, prevailing on September 30, 2008 upon expiry of the respective vesting period which ranges from one to three years.

Further, during the year, the Compensation Committee of the Board of Directors of GIPL at its meeting held on December 5, 2008, allotted 500,000 stock options under the "GIPL Employees Stock Options Scheme 2008" to its Managing Director enabling him to apply for 500,000 equity shares at par on completion of the vesting period of one year. The market price on the date of grant was Rs 43.45 per equity share.

21. The market value of investments does not consider the market value of the Company's share which is part of the shares to be issued to the proposed trust to be created for the issue of equity shares of the company in lieu of the shares held by the company in ATSL pursuant to the amalgamation of the company with ATSL.

**22. CONTINGENT LIABILITIES :**

		(Rs. in Crores)	
Sr. No.	Particulars	As at 31.03.09	As at 31.03.08
i.	Liability on contracts remaining to be executed on capital accounts	2833.69	3393.53
ii.	Counter Guarantees given to Bankers for Guarantees given by them and Corporate Guarantees, on behalf of subsidiary, erstwhile subsidiary, associate companies stand at	3340.98	2396.29
iii.	Corporate Guarantees and Counter Guarantees given to Bankers towards Company's share in the Joint Ventures for guarantees given by them to the Joint Venture Project Clients	504.29	408.93
iv.	Corporate Guarantees and Counter Guarantees given to Bankers by a step down subsidiary & Joint Venture for their Projects	1860.53	-
v.	Disputed Sales Tax Liability for which the Company has gone into Appeal	22.23	25.86
vi.	Claims against the Company not acknowledged as debt	47.69	46.02
vii.	Disputed Excise Duty Liability	0.03	0.03
viii.	Disputed Customs Duty Liability	0.32	0.32
ix.	Disputed Service Tax Liability	15.24	4.72
x.	Contingent Liability on partly paid shares	-	-
xi.	Disputed Income Tax - Demand for which the Company Appeals are pending before Appellant Authority	56.66	5.51
xii.	Counter claims in arbitration matter referred by the company - liability unascertainable		

(a) There is a disputed demand of UCO Bank pending since 1986, of US\$ 436,251 i.e. Rs.1.72 Crores. Against this, UCO Bank has unilaterally adjusted the Company's Fixed Deposit of US\$ 30,584 i.e. Rs.0.12 Crores which adjustment has not been accepted by the Company.

(b) In respect of Joint Venture and operations in Oman, Gammon India Limited-AL Matar JV, refer note no. 29.

(c) An amount of Rs 17.77 Crores claimed by the Collector and District Registrar, Rajahmundry, pursuant to and Order dated March 15, 2005, as deficit stamp duty payable on the Concession Agreement entered into between REL and National Highway Authority of India ('NHAI'), classifying the Concession Agreement as a 'lease' under Article 31(d) of the Indian Stamp Act. REL has impugned the Order by way of a writ petition before

the High Court of Andhra Pradesh at Hyderabad. No provision is considered necessary in respect of the said demand, as the management believes that there is no contravention of the Indian Stamp Act.

(d) Export Commitments in Joint Venture VSPL:

Particulars	(Rs. in Crores)	
	As at March, 2009	As at March, 2008
Under EPCG Scheme	8.81	-

23. Balances in Foreign Bank Accounts are as per ledger and are subject to reconciliation.

24. Cash & Bank balances include 2.13 Crores (*Previous Year Rs.3.18 Crores*) with bank branches in foreign countries relating to certain foreign projects which are not readily available for use by the Company and are subject to exchange control regulation of the respective countries. The Fixed Deposit related interest and principal account as at the year-end are as per ledger and are subject to reconciliation, which is under progress.

25. **DETAILS OF JOINT VENTURES ENTERED INTO BY THE COMPANY :**

Sr. No	Name of Joint Venture	Description of Interest	% of involvement
1	Gammon Atlanta	Jointly Controlled Operation	50.00%
2	Gammon BBJ	Jointly Controlled Operation	50.00%
3	Gammon Sadbhav	Jointly Controlled Operation	70.00%
4	Gammon Srinivas	Jointly Controlled Operation	80.00%
5	GIL Archirodon	Jointly Controlled Operation	98.50%
6	BBJ GIL	Jointly Controlled Operation	30.50%
7	JAGER GIL	Jointly Controlled Operation	50.00%
8	Jaeger Gammon	Jointly Controlled Operation	50.00%
9	Patel Gammon	Jointly Controlled Operation	49.00%
10	Gammon Patel	Jointly Controlled Operation	50.00%
11	Hyundai Gammon	Jointly Controlled Operation	49.00%
12	Jaeger Gammon	Jointly Controlled Operation	50.00%
13	Gammon BBJ	Jointly Controlled Operation	50.00%
14	Hyundai Gammon	Jointly Controlled Operation	49.00%
15	Jaeger Gammon	Jointly Controlled Operation	50.00%
16	SAE Gammon	Jointly Controlled Operation	25.00%
17	BBJ Gammon	Jointly Controlled Operation	49.00%
18	Gammon Hot Engineering	Jointly Controlled Operation	70.00%
19	Gammon Technofab (Fuel Storage Facility Project)	Jointly Controlled Operation	80.00%
20	Gammon Technofab (Transmission & Distribution of Electricity & Water )	Jointly Controlled Operation	70.00%
21	Gammon Limak (Vishnugod Pipalnote HEPP)	Jointly Controlled Operation	51.00%
22	Gammon Tensacuai	Jointly Controlled Operation	80.00%
23	Gammon Construtora Tensacuai	Jointly Controlled Operation	60.00%
24	Gammon Pratibha (BWSSB)	Jointly Controlled Operation	70.00%
25	Gammon Pratibha (4 Airport Terminal Buildings)	Jointly Controlled Operation	70.00%



Sr. No	Name of Joint Venture	Description of Interest	% of involvement
26	Gammon Sadelmi (Tripura Gas PP)	Jointly Controlled Operation	40.00%
27	Gammon CKD Jyoti	Jointly Controlled Operation	90.00%
28	Lemcon Gammon	Jointly Controlled Operation	51.00%
29	Mosmetrostroy Gammon	Jointly Controlled Operation	49.00%
30	Gammon Sadelmi (Power Plant in Sylhet, Bangladesh)	Jointly Controlled Operation	90.00%
31	Gammon Franctosi	Jointly Controlled Operation	30.00%
32	Gammon Sadelmi (Power Project in Siddhirganj, Bangladesh)	Jointly Controlled Operation	90.00%
33	Gammon SEW	Jointly Controlled Operation	90.00%
34	Technofab Gammon (commissioning of pipeline at Srinagar)	Jointly Controlled Operation	70.00%
35	Aydeniz Gammon	Jointly Controlled Operation	30.00%
36	Gammon Veolia	Jointly Controlled Operation	60.00%
37	Afghanistan ATSL AEPC	Jointly Controlled Operation	75.00%

26. The Company is engaged mainly in only one reportable segment viz., "Construction and Engineering" including the business transferred from the erstwhile ATSL on amalgamation with the company with all its manufacturing operations which are integral to its transmission tower business and the business of manufacturing and installation of power generation equipments viz turbines and boilers etc. Additionally the company has revenue from Windmills which 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 Accounting Standard AS -17 is done.

The Company although operates on a worldwide basis across the globe, they operate in two principal geographical areas of the world in India and the other countries. The following table presents the break-up of the revenues and assets regarding the geographical segments.

Particulars	Amount (Rs. in Crores)			Percentage (%)	
	Domestic	Overseas	Total	Domestic	Overseas
Segment Revenue	3591.95	1686.86	5278.81	68.04	31.96
Segment Asset	6420.37	3991.48	10411.85	61.66	38.34
Capital Expenditure	2694.87	1219.80	3914.67	68.84	31.16

27. The **Related Party Disclosure** pertaining to the group related parties as required by Accounting Standard (AS) 18 'Related Party Disclosures' is annexed to these Notes as Annexure - 1 .
28. Disclosure under Accounting Standard – 19 "Leases", issued by the Institute of Chartered Accountants of India.

The Company has taken various residential/godowns/offices premises (including Furniture and Fittings if any) under lease and license agreements for periods which generally range between 11 months to 3 years. These arrangements are renewable by mutual consent on mutually agreed terms. Under some of these arrangements the Company has given refundable security deposits. The lease payments are recognized in Profit and Loss Account under Rent, rates and Taxes.

Vizag Seaport Private Limited (VSPL) leases land from VPT under non-cancelable operating lease agreements and temporary housing from others under cancelable operating lease agreements. Total rental expense under non-cancelable operating leases was Rs. 0.72 Crores (*Previous Year Rs. 0.85 Crores*) and under cancelable operating leases was Rs. 0.03 Crores (*Previous Year Rs. 0.03 Crores*) which has been disclosed as lease rentals in the Profit and Loss Account.

A detailed break up of amount payable to leasing companies is as follows:-

Particulars	(Rs. in Crores)
	Amount payable to Leasing Companies
Within 1 Year	4.47
Between 1 and 5 Years	19.59
Beyond 5 Years	106.08

**29. JOINT VENTURE AND OPERATIONS IN OMAN :**

- a) The company's share of profit under Joint Venture is accounted under other income as per the audited accounts of the Joint Venture. In respect of the contracts under execution with MHEW, the Joint Venture has exceeded the contractual dates of completion as extended. The Joint Venture has requested for further extension of the time which is pending approval. The Joint Venture has nevertheless completed substantial portion of work by the Balance Sheet date and is hopeful of receiving the extension of time sufficient to cover the period of the delay, thereby obviating the contractual penalty of RO 40,000 (Rs. 0.53 Crores) per day. However the official EOT letter is under process and is awaited. Pending the receipt of the same, the job has been assessed considering that the EOT will ultimately be received and profit is determined accordingly. On the basis of Joint Venture Profit and Loss Account, the company has recognized its share of loss of Rs. 3.46 Crores in their financial statements.
  - (b) The banking facilities including fund and other non-fund based borrowings utilized by the Joint Venture entity which are in the name of the company but have been accounted in the books of Joint Venture. The borrowings have been guaranteed by the company and are secured by assignment of the Joint Venture contract receivable and Joint registration and insurance of all equipments. The total of such borrowings as at 31<sup>st</sup> March, 2009 is RO 2,442,181 (Rs. 32.12 Crores) [Previous Year RO 13,602,266 (Rs. 141.51 Crores)] which consists of Fund based RO 802,720 (Rs. 10.56 Crores) [Previous Year RO 9,784,630 (Rs. 101.79 Crores)] and Non-fund based RO 1,639,461 (Rs. 21.56 Crores) [Previous Year RO 3,817,636 (Rs. 39.72 Crores)]
  - (c) Transactions of Oman Branch and the accounting effect of the Gammon Al Matar Joint Venture profits are accounted on the basis of the accounts prepared specially for this purpose and which is duly audited by the company's auditor.
30. Since Kosi Bridge Infrastructure Company Limited (KBICL), Gorakhpur Infrastructure Company Limited (GICL), Mumbai Nasik Expressway Limited (MNEL), Haryana Biomass Power Ltd.(HBPL), Tidong Hydro Power Ltd.(THPL), Punjab Biomass Power Limited (PBPL), Indira Containers Terminal(P) Ltd.(ICTPL), Sikkim Hydro Power Ventures Ltd.(SHPVL), and SEZ Adityapur are in project implementation stage, no profit and loss account is prepared. All the expenses incurred are capitalized to project expenses pending allocation, which will be allocated to the various fixed assets on completion of the project.
31. Figures pertaining to the Subsidiary Companies and Joint Venture acquired during the year and the other companies have been reclassified wherever necessary to bring them in line with the Company's Financial Statements. Figures for the previous period do not include the results from operations of the overseas acquisitions and amalgamation of ATSL, hence the results for the previous period are not comparable with that of the current period.
32. Previous period figures are regrouped and rearranged wherever necessary to facilitate limited comparability with that of current period.
33. Annexure I forms an integral part of these financial statements.

As per our attached report of even date  
For Natvarlal Vepari & Co.  
*Chartered Accountants*  
N. JAYENDRAN  
*Partner*  
M. No. 40441

For and on behalf of the Board of Directors

ABHIJIT RAJAN <i>Chairman &amp; Managing Director</i>	ROHIT MODI <i>Deputy Managing Director</i>
RAJUL A. BHANSALI <i>Executive Director</i>	D. C. BAGDE <i>Director &amp; CEO, T&amp;D</i>
C. C. DAYAL <i>Director</i>	DIPAK ASHAR <i>Chief Financial Officer</i>
	GITA BADE <i>Company Secretary</i>

Mumbai, Dated: 9th September, 2009

Mumbai, Dated: 9th September, 2009

## Annexure I

## Related party Disclosure as required by AS 18 " Related Party Disclosures":

## A) Relationships:

Entities where control exists:	
1	Pacific Energy Pvt. Ltd.
2	Nikhita Estate Developers Pvt. Ltd.
3	Masayor Enterprises Ltd.
4	First Asian Capital Resources Pvt. Ltd.
5	Devyani Estate & Properties Pvt. Ltd.
Associates & Group Companies:	
1	STFA Piling (India) Ltd.
2	Eversun Sparkle Maritime Services Pvt. Ltd.
3	Modern Tollroads Ltd
4	FIN EST S.p.A.
Key Management Personnel & Relatives	
1	Mr. Abhijit Rajan
2	Mr. Himanshu Parikh
3	Mr. Rajul A. Bhansali
4	Mr. Parvez Umrigar

Joint Ventures:	
1	Gammon Atlanta
2	Gammon BBJ
3	Gammon Limak
4	Gammon Srinivas
5	GIL Archirodon
6	BBJ GIL
7	Gammon SEW JV
8	Jaeger Gammon
9	Patel Gammon
10	Gammon Oversea Engineering Pvt Ltd
11	Gammon JMC
12	Hyundai Gammon
13	Jaeger Gammon
14	Gammon Encee Rail
15	Gammon Pratibha
16	Gammon Rizzani
17	OSE Gammon
18	Gammon OSE
19	Gammon Progressive
20	Gammon Sadelmi

## B) Related Parties transactions during the year in normal course of business :

(Rupees in Crores)

Nature of Transactions / relationship / major parties	Current Year		Previous Year	
	Amounts	Amounts from major Parties	Amounts	Amounts from major Parties
<b>Associates</b>				
Subcontracting Expenditure (Operating And Maintenance Income/(Expenses) Associated Transrail Structures Ltd.	—	—	15.02	15.02
Purchase of Investments/Advances towards Equity/Allotment of Shares Associated Transrail Structures Ltd.	—	—	2.08	2.08
Finance provided (incl. Loans and equity contribution in cash or in kind) Finest S.p.A. Associated Transrail Structures Ltd.	3.20	3.20	95.52	— 95.50
Finance provided for expenses & on a/c payments Associated Transrail Structures Ltd.	—	—	0.17	0.17
Amount liquidated towards the finance provided Associated Transrail Structures Ltd.	—	—	88.50	88.49



(Rupees in Crores)

Nature of Transactions / relationship / major parties	Current Year		Previous Year	
	Amounts	Amounts from major Parties	Amounts	Amounts from major Parties
Interest Income during the year	—	—	2.58	—
Associated Transrail Structures Ltd.	—	—	—	2.58
Finance received (incl. Loans and equity contribution in cash or in kind)	—	—	1.99	—
Associated Transrail Structures Ltd.	—	—	—	1.99
Interest paid during the year	—	—	0.19	—
Contract Advance received	—	—	3.78	—
Contract Advance Given	—	—	13.58	—
Associated Transrail Structures Ltd.	—	—	—	13.58
Dividend Income	—	—	0.29	—
Associated Transrail Structures Ltd.	—	—	—	0.29
Guarantees and Collaterals Outstanding	—	—	84.21	—
Associated Transrail Structures Ltd.	—	—	—	84.21
Outstanding Balances Receivables	3.20	—	17.50	—
Finest SpA	—	3.20	—	—
Associated Transrail Structures Ltd.	3.20	—	17.50	17.49
Outstanding Balances Payable	—	—	0.20	—
<b>Total</b>	<b>6.40</b>	<b>—</b>	<b>325.60</b>	<b>—</b>
<b>Entities where control exits</b>				
Dividend paid to Shareholders	1.62	—	1.36	—
Devyani Estate & Properties Pvt. Ltd	—	0.32	—	0.26
Masayor Enterprises Limited	—	0.19	—	0.15
Nikhita Estate Developers Pvt. Ltd.	—	0.21	—	0.17
Pacific Energy Pvt. Ltd.	—	0.90	—	0.75
<b>Total</b>	<b>1.62</b>	<b>—</b>	<b>1.36</b>	<b>—</b>
<b>Key Managerial Personnel</b>				
Remuneration paid	4.22	—	2.98	—
Mr Abhijit Rajan	—	1.43	—	1.43
Mr H.V. Parikh	—	0.54	—	0.36
Mr R A Bhansali	—	0.57	—	0.35
Mr Parvez Umrigar	—	1.68	—	0.84
Gross Value of Stock Option Issued	1.67	—	1.14	—
Mr Parvez Umrigar	—	1.67	—	1.14
Amortization of Option Issued	0.93	—	0.48	—
Mr Parvez Umrigar	—	0.93	—	0.48
<b>Total</b>	<b>6.82</b>	<b>—</b>	<b>4.60</b>	<b>—</b>

(Rupees in Crores)

Nature of Transactions / relationship / major parties	Current Year		Previous Year	
	Amounts	Amounts from major Parties	Amounts	Amounts from major Parties
<b>Joint Venture</b>				
Subcontracting Income	<b>450.00</b>		316.51	
Patel Gammon		<b>111.72</b>		45.41
Gammon JMC		<b>189.84</b>		166.53
Finance provided (incl. Loans and equity contribution in cash or in kind)	<b>1.89</b>		—	
Gammon Enceerail		<b>1.89</b>		—
Finance provided for expenses & on a/c payments	<b>0.73</b>		0.06	
Gammon Enceerail		<b>0.73</b>		0.05
Amount liquidated towards the finance provided	<b>2.26</b>		0.45	
Gammon Enceerail		<b>2.25</b>		—
Interest paid during the year	<b>5.82</b>		3.76	
Jaegar Gammon		<b>4.15</b>		1.82
Gammon Srinivas		<b>—</b>		1.44
Contract Advance received	<b>87.90</b>		80.24	
Jaegar-Gammon		<b>13.01</b>		17.00
Gammon -JMC		<b>20.55</b>		35.18
Patel Gammon		<b>50.10</b>		23.34
Refund received against Contract Advance	<b>77.01</b>		101.85	
Jaegar-Gammon		<b>—</b>		15.10
Gammon JMC		<b>19.66</b>		54.85
Patel Gammon		<b>43.54</b>		14.12
Gammon Srinivas		<b>8.12</b>		—
Guarantees and Collaterals Outstanding	<b>354.97</b>		295.58	
Gammon Srinivas		<b>37.87</b>		—
Patel Gammon		<b>100.30</b>		59.46
Jaegar-Gammon		<b>92.27</b>		49.93
Outstanding Balances Receivables	<b>146.12</b>		89.91	
OSE- Gammon		<b>23.11</b>		—
Jaegar-Gammon		<b>38.62</b>		24.05
Patel Gammon		<b>28.16</b>		15.63
Gammon JMC		<b>28.90</b>		24.79
Outstanding Balances Payable	<b>54.64</b>		44.33	
Jaeger Gammon		<b>28.22</b>		17.45
Patel Gammon		<b>15.78</b>		9.22
Gammon Srinivas		<b>—</b>		9.70
<b>Total</b>	<b>1,181.34</b>		932.70	





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