



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



CHAIRMAN'S ADDRESS



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

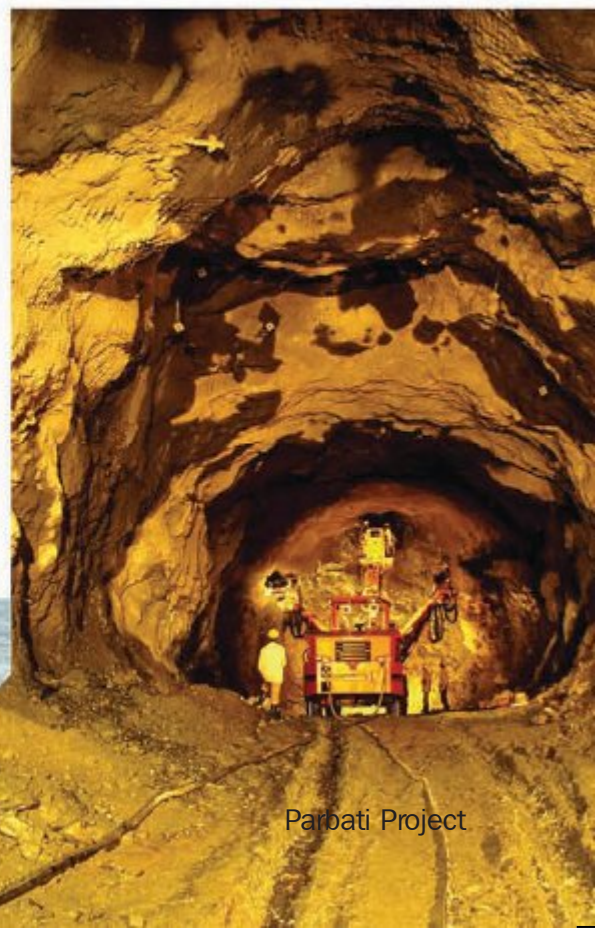
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Email: gammon@gammonindia.com



Kalpakkam Nuclear Project



Parbati Project



Dubai Wealhtcare Tower

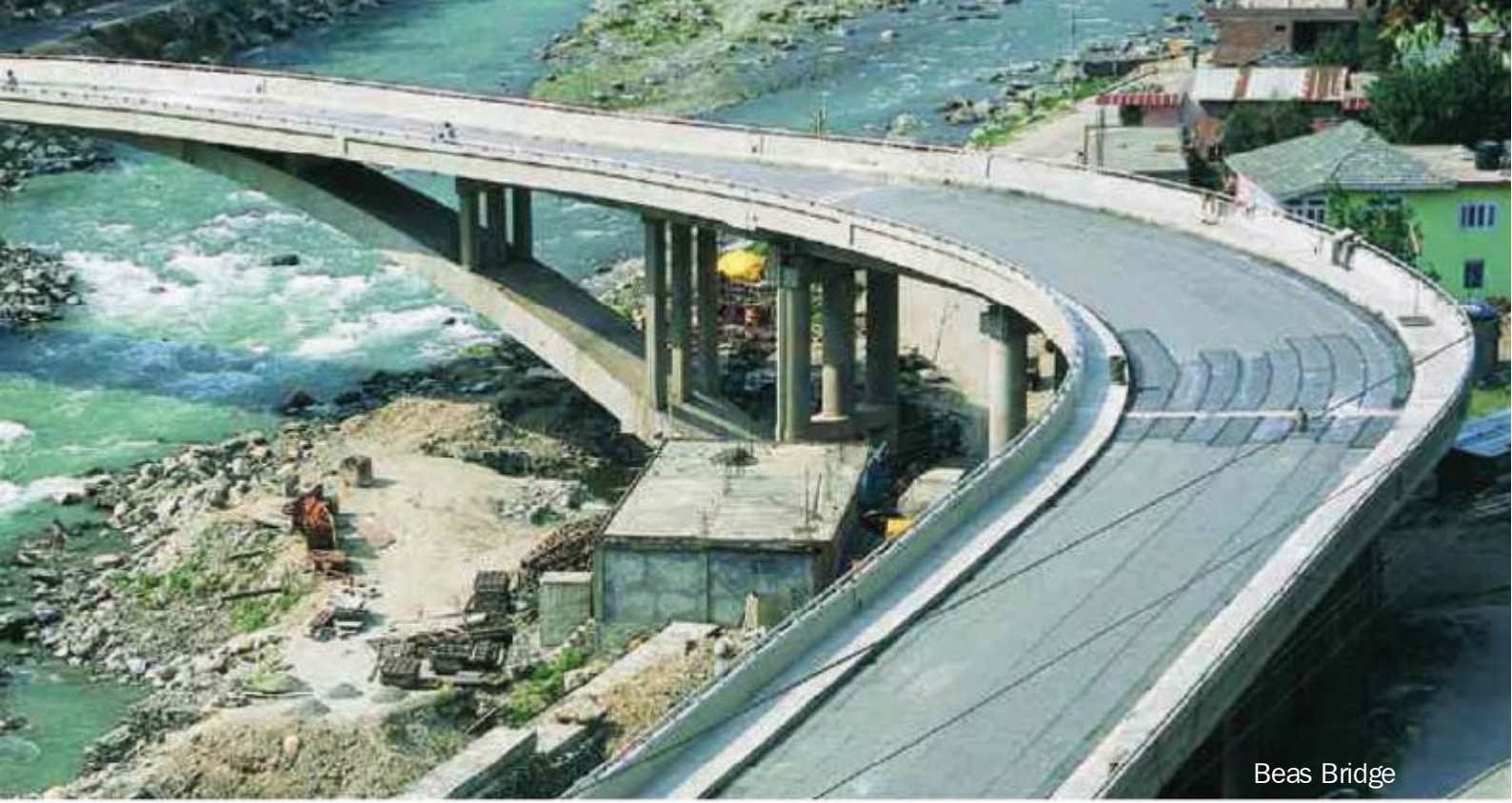
AN INDUSTRY LEADER

BALANCE SHEET (Rs. in Crores)

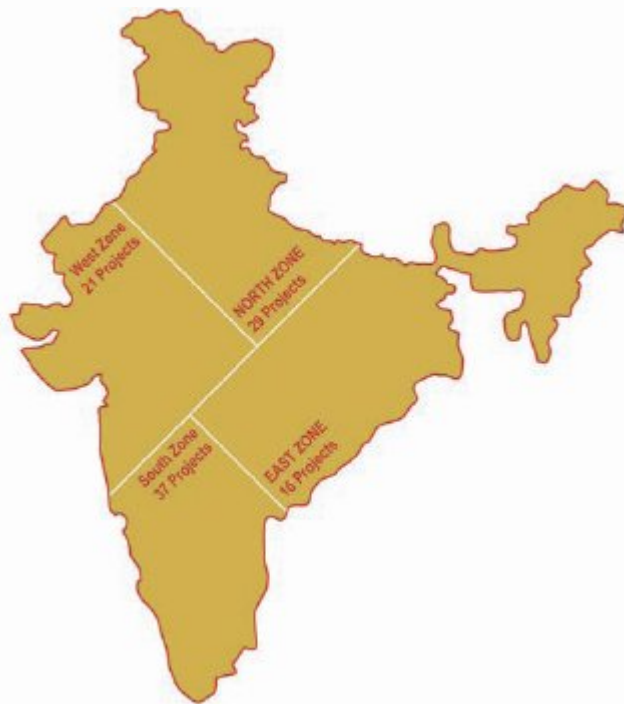
PARTICULARS	As at 31st March 2009	As at 31st March 1999	PARTICULARS	As at 31st March 2009	As at 31st March 1999
SOURCE OF FUNDS			APPLICATION OF FUNDS		
Own Funds	1580.64	143.36	Fixed Assets	983.41	137.51
Borrowed Funds	972.27	39.10	Investments	220.61	16.63
Deferred Tax Liability	54.36	NIL	Working Capital	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
TURNOVER	3681.96	2513.74	2084.33	1645.69	866.60	1119.72	726.65	513.99	503.76	451.67
PROFIT BEFORE TAX	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 31st 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
Total	29	37	16	21	103



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
A. FINANCIAL POSITION		
LIABILITIES		
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
SHAREHOLDERS FUNDS :		
Loan Funds	65.58	88.85
Deferred Tax Liability	0	0
TOTAL CAPITAL EMPLOYED		
	218	251.6
ASSETS :		
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
TOTAL ASSETS		
	218	251.6
B. OPERATING RESULTS		
TURNOVER		
Other Income	451.67	503.76
	5.09	7.01
TOTAL INCOME		
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
C. EQUITY SHARE DATA		
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
D. IMPORTANT RATIOS		
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

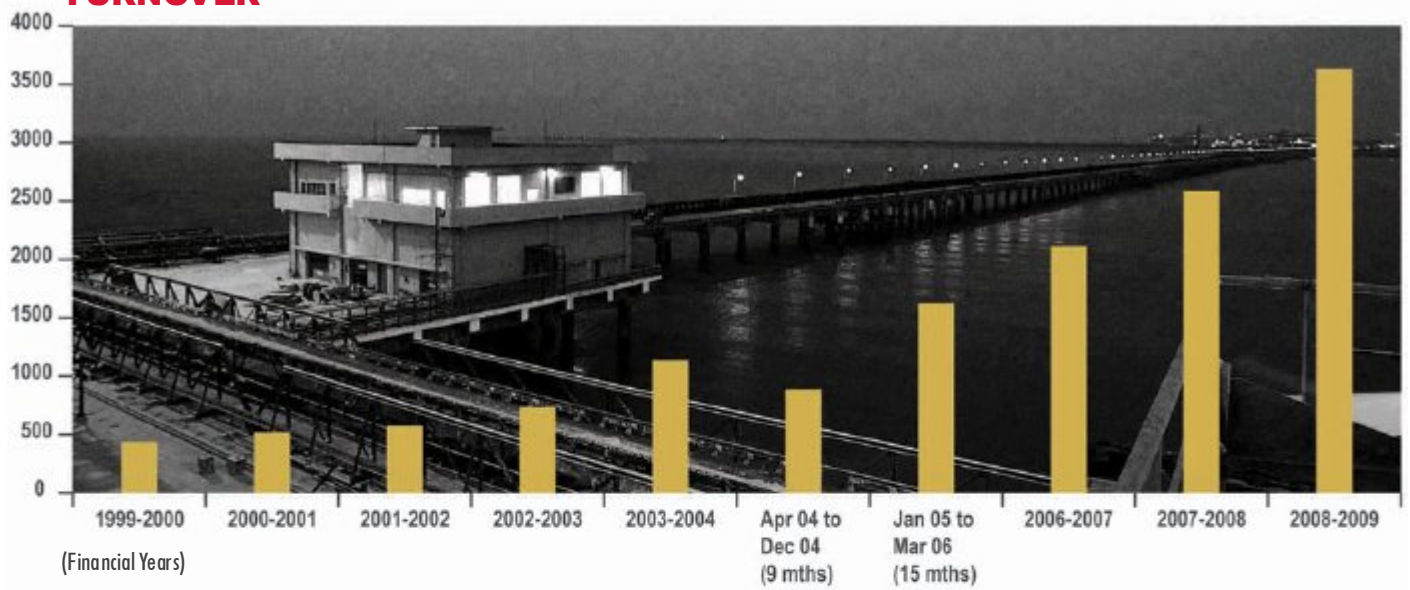


TORVALDALIGA, ITALY
Biggest power plant in Italy applying clean coal technology

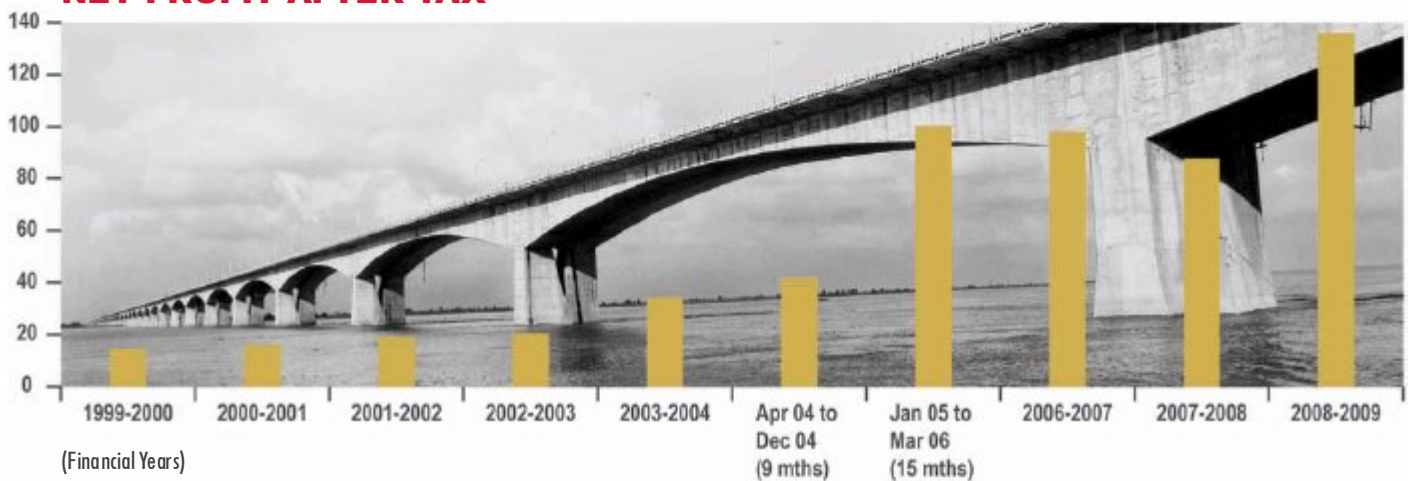


PERFORMANCE HIGHLIGHTS

TURNOVER

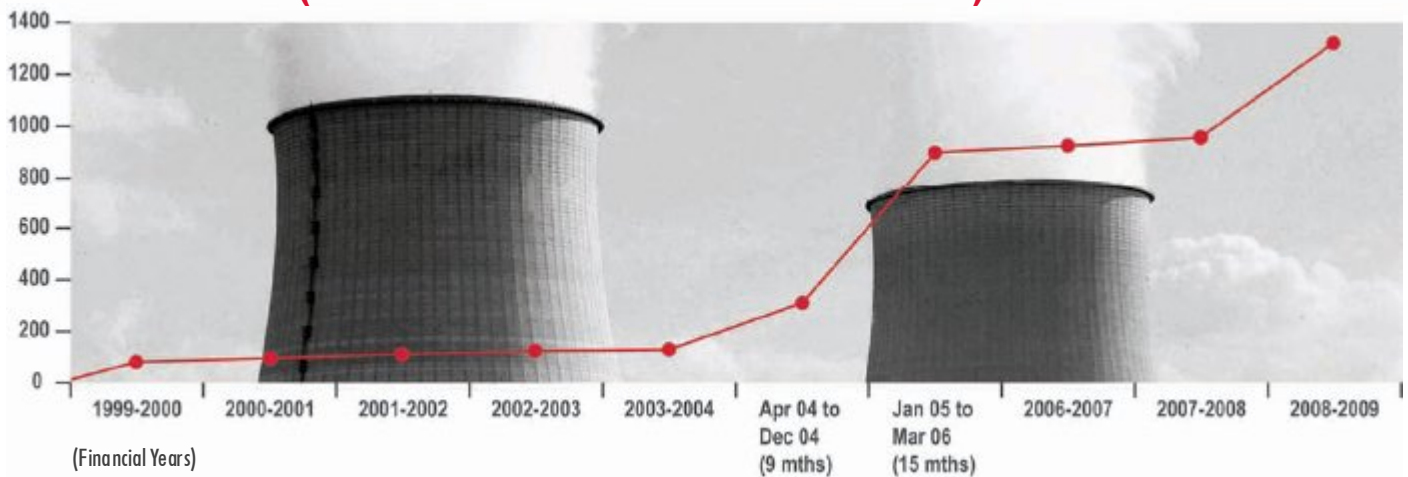


NET PROFIT AFTER TAX

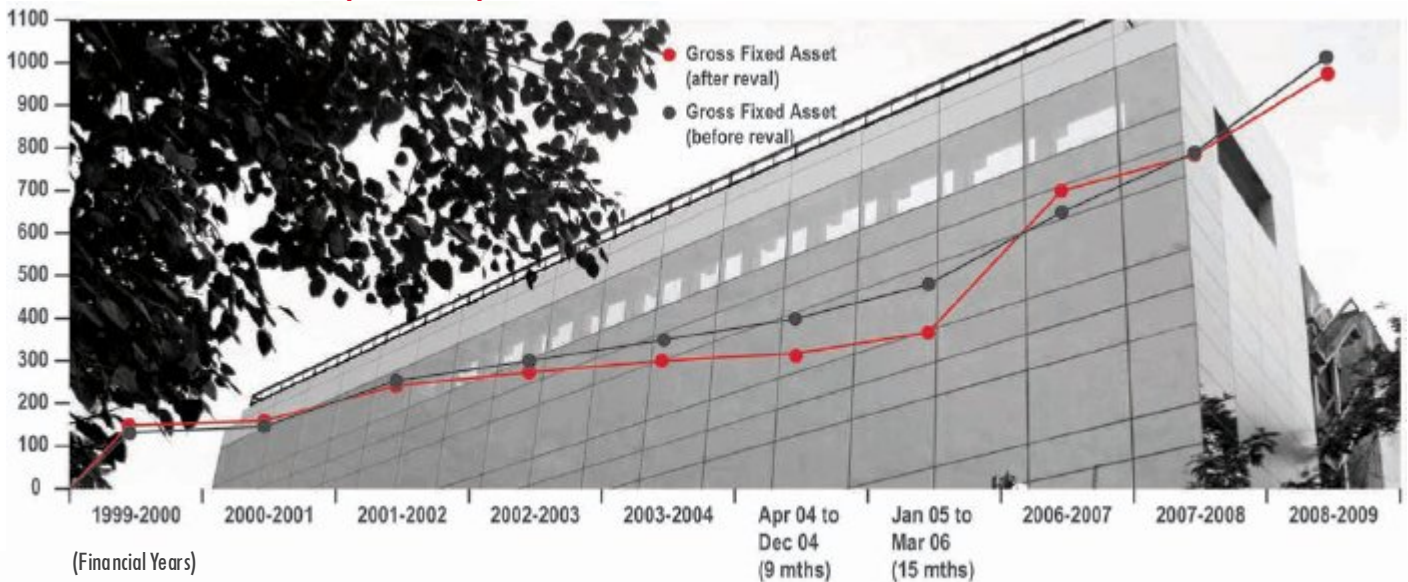




NET WORTH (EXCLUDING REVALUATION RESERVE)



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 31st March 2009.

1. FINANCIAL PERFORMANCE:

(Rs.in Crores)

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

The turnover of the company on a standalone basis stood at Rs. 3,682 Crores for the year ended 31st 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 31st 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 31st 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 9th 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 2nd 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 7th July 2009. Consequently the scheme has become effective from 7th July 2009, the appointed date being 1st April 2008. The Financial Accounts for the year ended 31st 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 31st 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 31st 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- SADEMI

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 31st 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 17th 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 31st 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 31st 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 21st 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 9th 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 9th 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 29th March 2009, was re-appointed as the Whole time Director of the Company for a further period of 3 years w.e.f 30th 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 31st 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 31st March 2009; and of the profit of the Company for the said period ended 31st 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 9th 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 : 9th 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

Statement showing details of Options granted to Senior Managerial Personnel

Name	Designation	Number of options granted
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 : 9th 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 1st 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 29th March, 2009 was re-appointed as a Whole-time Director designated as Executive Director – International Operations w.e.f. 30th March, 2009.
2. Mr. Naval Choudhary was inducted as an Additional Non-Executive Independent Director w.e.f. 21st May, 2009.

3. Mr. Parvez Umrigar was inducted as an Additional Non- Executive and Non- Independent Director w.e.f. 1st June, 2009.
4. Mr. Rohit Modi was inducted as a Whole-time Director designated as Deputy Managing Director w.e.f. 7th June, 2009.
5. Mr. Atul Kumar Shukla was inducted as an Additional Non-Executive Independent Director w.e.f. 9th 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. 9th 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 th 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 31st 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 31st 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
Total	1,28,35,000	95,32,721	30,00,000	2,53,67,721

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 24th 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;

Name of the Member	Category	No. of Audit Committee Meetings attended
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. 24th October, 2008.

Mr. C.C. Dayal, Chairman of the Audit Committee was present at the previous Annual General Meeting held on 25th 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 31st March, 2009, there were no pending letters/ complaints. The status of Shareholders' complaints received upto 31st March, 2009 is as stated below:

No. of Complaints received during the twelve months period ended 31 st March, 2009	69
No. of Complaints resolved as on 31 st March, 2009	69
No of Complaints pending as on 31 st March, 2009	NIL
No. of pending share transfers as on 31 st 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. 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 th September, 2008 at 3.30 p.m
85th	2006-2007	18 th September, 2007 at 3.00 p.m.
84th	Fifteen Months ended 31 st March, 2006	26 th 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 th September, 2008	No Special Resolution was passed.
18 th September, 2007	<ul style="list-style-type: none"> i) Authorizing the Board to borrow in excess of the paid-up capital and free reserves of the Company under section 293(1) (d). 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). iii) * Altering the Object Clause of Memorandum of Association of the Company by inserting new sub-clause 36F. 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.
26 th September 2006	<ul style="list-style-type: none"> i) Alteration of Articles of Association of the Company by deleting Article Nos. 235 to 244. 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.

* 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 7th 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 15th 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 7th 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 21st 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 5th 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 31st 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. Official announcements are sent to the Stock Exchanges.
- (c) **Website:** The Company's corporate website 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.

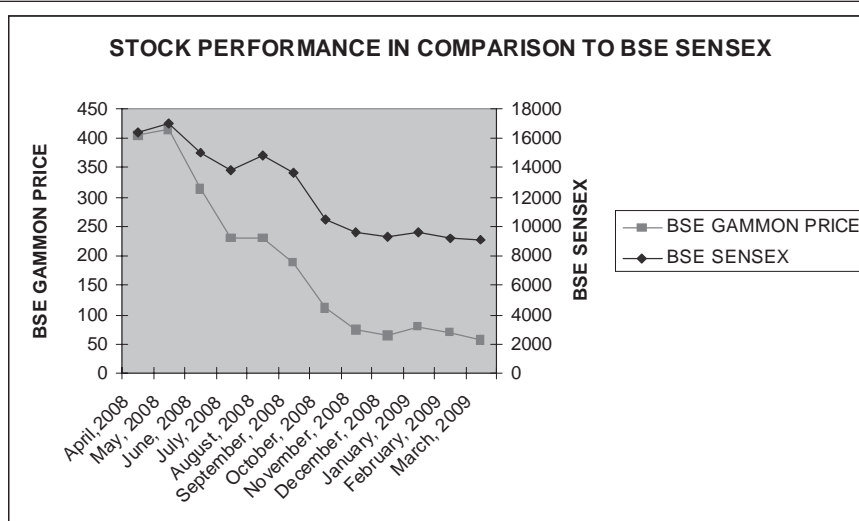
9. GENERAL SHAREHOLDER INFORMATION:

Date, Time and Venue of the 87th Annual General Meeting	Wednesday, 14 th 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 th June 2009–31 st July, 2009. Results for the Half year ending 30 th September, 2009 – Last week of October, 2009. Results for the quarter ending 31 st December, 2009 – Last week of January, 2010 Results for the year ending 31 st March, 2010 - Last week of June 2010.
Date of Book Closure	Friday, 9 th October, 2009 to Wednesday, 14 th 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



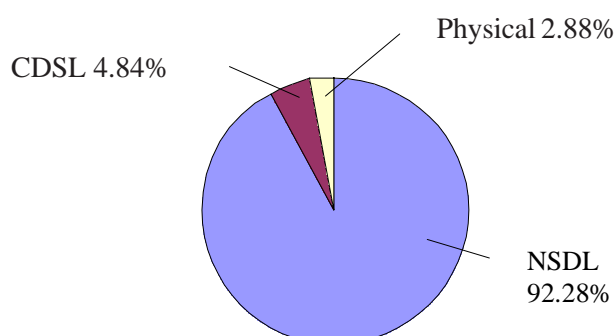
10. DISTRIBUTION OF SHAREHOLDING AS ON 31ST MARCH, 2009 :

<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
TOTAL	28517	100.000	87470470	100.0000

11. DEMATERIALISATION OF SHARES AS ON 31ST 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
Total	8,74,70,470	100.00

(* 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.

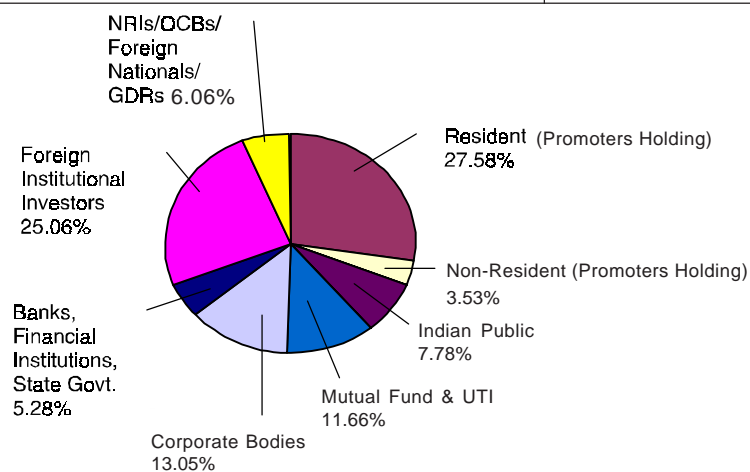
Facsimile : 022 – 2430 0529.

Website: www.gammonindia.com

Email: investors@gammonindia.com

15. CATEGORIES OF SHAREHOLDERS: (AS ON 31ST MARCH, 2009)

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





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 31st 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 : 9th September 2009.

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 : 9th September, 2009.

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 : 9th September, 2009



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 1st 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 31st 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 31st 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 31st 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 Lakhs.

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 7th 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 11th Five Year Plan period has been estimated as follows:

Sector	Rs in Crores
Central	75,000
State	65,000
Total	1,40,000

An investment of Rs 55,000 Crores is planned in the 11th 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 31st 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 31st 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 31st 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.

**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.



- 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 31st 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 31st 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 31st 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 31st 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
SOURCES OF FUNDS :					
Shareholders' Funds					
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>	
			1,580.64		1,228.66
Loan Funds					
Secured Loans	3	325.25		243.99	
Unsecured Loans	4	<u>647.02</u>		<u>133.07</u>	
			972.27		377.06
Deferred Tax Liability (Refer Note B-27)			54.36		37.17
TOTAL			<u>2,607.27</u>		<u>1,642.89</u>
APPLICATION OF FUNDS :					
Fixed Assets					
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>	
			983.41		791.45
Investments	6		220.61		160.78
Current Assets, Loans and Advances					
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>	
		3,303.76		1,571.46	
Less: Current Liabilities and Provisions	11				
Current Liabilities		1,874.38		868.93	
Provisions		<u>26.13</u>		<u>11.87</u>	
		1,900.51		880.80	
			1,403.25		690.66
TOTAL			<u>2,607.27</u>		<u>1,642.89</u>
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 31st MARCH, 2009

	Schedule No.	2008-09		2007-08	
		Rs. in Crores	Rs. in Crores	Rs. in Crores	Rs. in Crores
INCOME:					
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
EXPENDITURE:					
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
PROFIT BEFORE TAX			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
PROFIT AFTER TAX			139.00		88.32
Add / (Less)					
Excess / (Short) provision of taxation for earlier years			1.48		(2.19)
NET PROFIT FOR THE YEAR			140.48		86.13
Profit brought forward from last years			159.92		111.58
PROFIT AVAILABLE FOR APPROPRIATION			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
Earnings Per Share (Refer Note B-23)					
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 31st MARCH, 2009**

	2008-2009		2007-2008	
	Rs. in Crores	Rs. in Crores	Rs. in Crores	Rs. in Crores
A. CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit before Tax and extraordinary items		208.68		139.34
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	
		134.93		73.46
Operating Profit Before Working Capital Changes		343.61		212.80
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	
		(68.38)		73.91
CASH GENERATED FROM THE OPERATIONS		275.23		286.71
Direct Taxes Paid		(101.59)		(112.78)
NET CASH FROM OPERATING ACTIVITIES		173.64		173.93
B. CASH FLOW FROM INVESTMENT ACTIVITIES				
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)	
Purchase of Investments				
- Subsidiary, Joint Ventures & Associates	(19.62)		(26.64)	
- Deposit paid on acquisition of shares	-		-	
- Others	(100.19)		(49.67)	
Sale of Investments:				
- 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	
NET CASH FLOW FROM INVESTMENT ACTIVITIES		(548.61)		(182.36)

	2008-2009		2007-2008	
	Rs. in Crores	Rs. in Crores	Rs. in Crores	Rs. in Crores
C CASH FLOW FROM FINANCING ACTIVITIES				
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)	
NET CASH FROM FINANCING ACTIVITIES		388.69		(49.34)
NET INCREASE IN CASH AND CASH EQUIVALENTS		13.72		(57.77)
Balance as on 31.03.2008		38.09		95.99
Balance as on 31.03.2009		51.81		38.22
NET INCREASE IN CASH AND CASH EQUIVALENTS		13.72		(57.77)

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 st March, 2009		31 st March, 2008	
	Rs. in Crores	Rs. in Crores	Rs. in Crores	Rs. in Crores
SCHEDULE 1				
SHARE CAPITAL				
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>
SCHEDULE 1 A				
EMPLOYEE STOCK OPTION OUTSTANDING				
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>		-
SCHEDULE 2				
RESERVES AND SURPLUS				
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 st March, 2009		31 st March, 2008	
	Rs. in Crores	Rs. in Crores	Rs. in Crores	Rs. in Crores
REVALUATION RESERVE				
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
DEBENTURE REDEMPTION RESERVE				
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
SPECIAL CONTINGENCY RESERVE				
As per last Balance Sheet	50.00		30.00	
Add : Transferred from Profit and Loss A/c	-		20.00	
		50.00		50.00
FOREIGN CURRENCY TRANSLATION RESERVE				
Arising out of current year	(0.82)		0.07	
PROFIT AND LOSS ACCOUNT		231.43		159.92
		1,452.12		1,210.97
SCHEDULE 3				
SECURED LOANS				
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
SCHEDULE 4				
UNSECURED LOANS				
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



Vidyasagar Setu, Kolkata



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